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M. MELISSA MANDA

OF COUNSEL  
RICHARD T. CIOTTONE

June 30, 2005

Ms. Colleen Dale  
Secretary  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

**FILED**

JUN 30 2005

**Re: Green Hills Telephone Corporation**

Missouri Public  
Service Commission

Dear Ms. Dale:

Enclosed for filing on behalf of Green Hills Telephone Corporation please find an original and eight (8) copies of an Application and attached Appendices.


Would you please see that this filing is brought to the attention of the appropriate Commission personnel.

I thank you in advance for your cooperation in this matter.

Sincerely yours,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:



Sondra B. Morgan

SBM/lar

Enclosure

cc: Office of the Public Counsel  
Dan Joyce  
Renee Reeter

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED

JUN 30 2005

Missouri Public  
Service Commission

In the matter of the Application )  
of GREEN HILLS TELEPHONE )  
CORPORATION for authority to )  
borrow an amount not to exceed )  
\$22,704,000 from the United )  
States of America acting through )  
the Rural Utilities Service and the Rural )  
Telephone Bank and in connection )  
therewith to execute a Loan Agreement, )  
Promissory Note, and a Restated )  
Mortgage, Security Agreement )  
and Financing Statement. )

Case No. \_\_\_\_\_

APPLICATION

Comes now Green Hills Telephone Corporation (hereinafter referred to as "Applicant") and, pursuant to Section 392.300, RSMo 2000, Section 392.310, RSMo 2000, and 4 CSR 240-3.530, states to the Missouri Public Service Commission ("Commission") as follows:

1. Applicant is a corporation organized and existing under the laws of the State of Missouri and is in good standing in all respects. A Certificate of Good Standing from the Missouri Secretary of State is marked as Appendix 1 attached hereto and made a part hereof for all purposes. Applicant's headquarters and principal place of business is located at 7926 NE State Route M, Breckenridge, Missouri, 64625, and Applicant is engaged generally in the rendering of telecommunications service to approximately 3200 customers subject to the jurisdiction of the Commission in thirteen (13) exchanges located in the Missouri counties of Caldwell, Carroll, Davies, Linn, Livingston and Ray as shown by its exchange area maps on file with and approved by this Commission. Applicant's telephone number is (660) 644-5411, its fax number is (660) 644-5464, and it can be reached by e-mail at rreeter@ghtc.com.

2. All communications with respect to this Application and this proceeding should be directed to:

W. R. England, III  
Sondra B. Morgan  
Brydon, Swearngen & England P.C.  
P. O. Box 456  
Jefferson City, Missouri 65102  
Telephone No. (573) 635-7166  
Facsimile No. (573) 635-0427  
E-mail [smorgan@brydonlaw.com](mailto:smorgan@brydonlaw.com)

and

Renee' Reeter  
Green Hills Telephone Corporation  
P O Box 227  
Breckenridge, Missouri 64625  
Telephone No. (660) 644-5411  
Facsimile No. (660) 644-5464  
E-mail [rreeter@ghtc.com](mailto:rreeter@ghtc.com)

3. Applicant proposes to borrow certain sums, not to exceed \$22,704,000 from the Rural Utilities Service ("RUS") in order to fund capital improvements and to finance the operating needs of Applicant.

4. The borrowing referred to in paragraph three (3) will be used by Applicant for the construction, completion, extension and improvement of its facilities within the state; specifically, the proceeds of the loan will be used to complete a project designed to provide digital loops and broadband capability to all existing and new customers by the end of 2015.

5. Applicant proposes to enter into a loan agreement with RUS substantially in the form of the Loan Agreement marked Appendix 2 attached hereto and made a part hereof for all purposes.

6. In connection with this borrowing and in compliance with the RUS Project

Designation "Missouri 534-M11 and TP1/TA1 "Breckenridge"" as set out in the Loan Agreement, Applicant proposes to execute and deliver the following promissory note:

Promissory Note payable to the United States of America acting through the Administrator of the Rural Utilities Service in the aggregate principal amount of \$22,704,000.00 bearing interest at the rate of five percent (5%) per annum and providing for payment of the indebtedness evidenced thereby within nineteen (19) years from the date thereof, substantially in the form of the Promissory Note marked Appendix 3, attached hereto and made a part hereof for all purposes; and

7. As security for the loan, Applicant proposes to execute and deliver a restated mortgage, security agreement, and financing statement on substantially all the assets of Applicant substantially in the form of the Restated Mortgage, Security Agreement and Financing Statement marked Appendix 4, attached hereto and made a part hereof for all purposes.

8. Marked Appendix 5, attached hereto and made a part hereof for all purposes, is an original certified copy of the Resolution of the Board of Directors of Green Hills Telephone Corporation, which approves the making of the loan, the execution of the promissory notes and the giving of security therefore.

9. Marked Appendix 6, attached hereto and made a part hereof for all purposes, is a pro forma balance sheet and pro forma income statement of Applicant showing the effect of the proposed financing upon bonded and other indebtedness.

10. Marked Appendix 7, attached hereto and made a part hereof for all purposes is a capitalization expenditure schedule for the prior five (5) years as required by § 392.310, RSMo 2000.

11. No portion of the proceeds of the loan will be used for the purpose of

guaranteeing, taking over, refunding, discharging or retiring existing indebtedness, therefore the amounts will be subject to the fee schedule as set forth in § 386.300, RSMo 2000.

12. Applicant has no pending action or final unsatisfied judgment or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this application.

13. Applicant does not have any annual reports or assessment fees that are overdue.

WHEREFORE, Applicant prays this Commission enter its order:

A. Approving and authorizing the transactions as set forth in this Application and authorizing Applicant to:

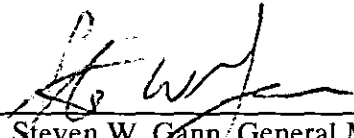
1. Borrow from RUS an amount not to exceed \$22,704,000, substantially in accordance with the terms and conditions of the Loan Agreement attached hereto as Appendix 2;
2. Execute and deliver a promissory note evidencing the loan, substantially in the form of the Promissory Note attached hereto as Appendix 3 in the total sum not to exceed \$22,704,000.
3. Execute and deliver a restated mortgage, security agreement and financing statement for the purpose of placing a lien on its assets and securing the loan substantially in the form of the Restated Mortgage, Security Agreement and Financing Statement attached hereto as Appendix 4;
4. Do and perform or cause to be done and performed all such other acts and things, as well as to make, execute and deliver any and all documents as may be necessary, advisable or proper to the end that the

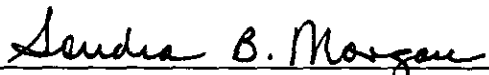
intent and purposes of this financing may be fully effectuated;

B. Finding that the money, property and labor to be procured by said transaction is reasonably required for the purposes specified above, and that no part of the proceeds shall be reasonably chargeable to operating expenses or to income; and,

C. Granting such further relief in this matter as the Commission may deem necessary.

By: \_\_\_\_\_

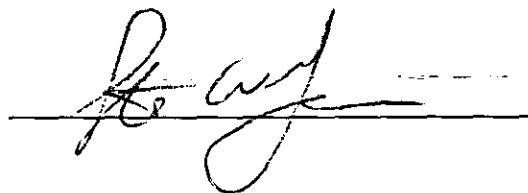
  
Steven W. Gann, General Manager  
Green Hills Telephone Corporation

  
W. R. England, III Mo.23975  
Sondra B. Morgan Mo.35482  
BRYDON, SWEARENGEN & ENGLAND P.C.  
312 East Capitol Avenue  
P. O. Box 456  
Jefferson City, Missouri 65102  
(573) 635-7166  
(573) 635-0427 (fax)  
[smorgan@brydonlaw.com](mailto:smorgan@brydonlaw.com) (email)

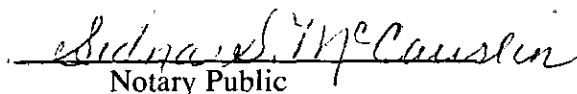
Attorneys for Applicant  
Green Hills Telephone Corporation

STATE OF MISSOURI                    )  
  ) ss.  
COUNTY OF Caldwell                )

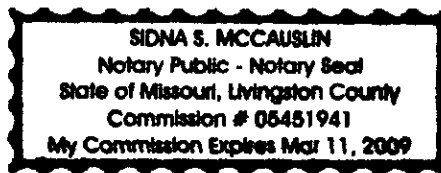
Steven W. Gann, being duly sworn upon his oath, states that he is the General Manager of Green Hills Telephone Corporation and as such, is duly authorized to sign this Application and this affidavit on its behalf; that he has read the foregoing Application and exhibits thereto; that the matters and things contained in said Application and exhibits are true and correct to the best of his knowledge, information and belief.



Subscribed and sworn to before me this 21st day of June, 2005.

  
Notary Public

My commission expires:

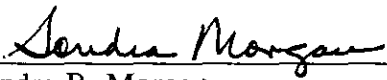


Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by electronic transmission, hand-delivered or mailed, United States Mail, postage prepaid, this 30th day of June, 2005 to:

Dan Joyce  
General Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Lewis Mills  
Public Counsel  
The Office of Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

  
\_\_\_\_\_  
Sondra B. Morgan



# STATE OF MISSOURI



Robin Carnahan  
Secretary of State

## CORPORATION DIVISION CERTIFICATE OF GOOD STANDING

I, ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

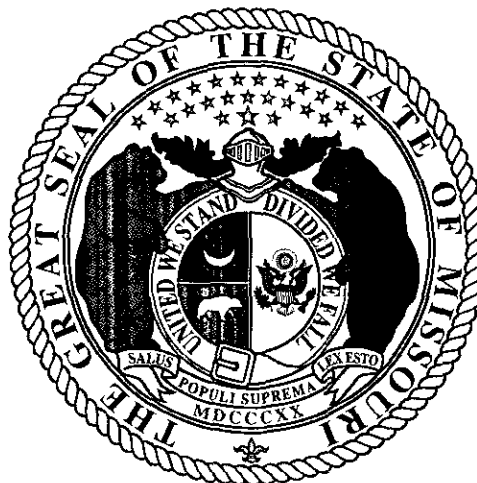
**GREEN HILLS TELEPHONE CORPORATION**  
**T00000570B**

was created under the laws of this State on the 13th day of May, 1952, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 21st day of June, 2005

A handwritten signature in cursive script that reads "Robin Carnahan".

Secretary of State



Certification Number: 7798833-1 Reference:  
Verify this certificate online at <http://www.sos.mo.gov/businessentity/verification>

RUS Project Designation:

Missouri 534-M11 and TP1/TA1 "Breckenridge"

LOAN AGREEMENT

dated as of February 17, 2005

between

GREEN HILLS TELEPHONE CORPORATION

and

THE UNITED STATES OF AMERICA

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

## LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement,") dated as of February 17, 2005 is between **GREEN HILLS TELEPHONE CORPORATION** (hereinafter the "Borrower,") a corporation organized and existing under the laws of Missouri, and the **UNITED STATES OF AMERICA**, (hereinafter the "Government") acting through the Administrator of the Rural Utilities Service ("RUS.")

WHEREAS the Borrower has applied to RUS, requesting financial assistance (hereinafter the "Application") to provide telecommunications and/or broadband services in rural areas;

WHEREAS RUS is willing to extend financial assistance, in the form of loans or loan guarantees to the Borrower, pursuant to the Rural Electrification Act of 1936 (7 U.S.C. 901 *et seq.*)(the "Act,") and all applicable federal regulations, on the terms and conditions stated herein;

WHEREAS the Borrower and Wheeling Telephone Company ("Wheeling") entered into an Agreement and Plan of Merger, dated February 13, 1995, pursuant to which the Borrower acquired all of Wheeling's property as well as Wheeling's rights under its loan contract (the "Wheeling/RUS Loan Agreement") with the Government as defined herein;

WHEREAS pursuant to the Agreement and Plan of Merger, the Borrower is responsible for Wheeling's obligations to the Government, including, without limitation, Wheeling's obligations under the Wheeling/RUS Loan Agreement and notes issued by Wheeling to the Government to evidence repayment of such loans; and

WHEREAS the parties hereto intend the Wheeling/RUS Loan Agreement shall be included in the definition of Prior Telephone Loan Contracts hereunder.

THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties agree and bind themselves as follows:

### ARTICLE I – DEFINITIONS

The terms defined herein include both the plural and the singular. Unless otherwise specifically provided, all accounting terms not otherwise defined herein shall have the meanings assigned to them, and all determinations and computations herein provided for shall be made in accordance with Accounting Requirements.

"Accounting Requirements" shall mean the system of accounting prescribed by RUS in RUS Regulations.

"Advance" or "Advances" shall mean an advance or advances made or approved by RUS under its respective Note(s).

"Affiliate" or "Affiliated Company" of any specified person or entity means any other person or entity directly or indirectly controlling of, controlled by, under direct or indirect common control with, or related to, such specified person or entity. For the purpose of this definition, "control" of any specified person or entity means the power to direct the management and policies of such specified person or entity, directly or indirectly, whether through the ownership of stock, by contract, or otherwise.

"Application" shall have the meaning as defined above in the second paragraph hereof.

"Broadband Loan" shall mean the broadband loan described in Section 3.1.

"Broadband Loan Expiration Date" shall have the meaning as defined in Paragraph (a)(ii) of Section 3.1.

"Business Day" shall mean any day that RUS and the Department of Treasury are both open for business.

5.4. "Construction Fund Account" shall have the meaning as defined in Paragraph (d) of Section

"Distributions" shall have the meaning as defined in Section 6.9.

"Event of Default" shall have the meaning as defined in Article VIII.

"Interest Expense" shall have the meaning as defined in Attachment 3.

"Laws" shall have the meaning as defined in paragraph (e) of Article II.

"Loan(s)" shall mean, collectively, the loans described in Section 3.1.

"Loan Documents" shall mean, collectively, this Agreement, Security Documents, and the Note(s).

"Material Adverse Effect" shall mean a material adverse effect on, or change in, the condition, financial or otherwise, operations, properties, business or prospects of the Borrower or on the ability of the Borrower to perform its obligations under the Loan Documents as determined by RUS.

"Net Income" or "Net Margins" shall have the meaning as defined in Attachment 3.

"Net Worth" shall have the meaning as defined in Attachment 3.

"Note(s)" shall have the meaning as defined in Paragraph (a) of Section 3.2.

"Permitted Encumbrances" shall have the meaning as defined in the Security Documents.

"Pledged Deposit Account" shall have the meaning as defined in Section 5.4.

"Prior Telephone Loan Contracts" shall mean all telephone loan agreements previously entered into by RUS and the Borrower.

"Project" shall have the meaning as defined in Paragraph (a) of Section 3.4.

"RUS Regulations" shall mean the rules, regulations and bulletins of general applicability published by RUS from time to time, as such rules, regulations and bulletins exist at the date of applicability thereof, and shall also include any rule and regulations of other Federal entities which RUS is required by law to implement. Any reference to specific RUS Regulations shall mean the version of and cite to such regulation effective at the date of applicability thereof.

"Security Documents" shall mean, collectively, any mortgage, security agreement, financing statement, deposit account control agreement or other document providing collateral for the Loan(s).

"Subsidiaries" shall mean the subsidiaries listed in Schedule 1.

3.1. "Telecommunications Loan" shall mean the telecommunications loan described in Section

"Telecommunications Loan Expiration Date" shall have the meaning as defined in Paragraph (b)(ii) of Section 3.1.

"Telecommunications Loan Guarantee" shall mean the telecommunications loan guarantee described in Section 3.1.

"TIER" shall mean the Borrower's total Net Income or Net Margins plus Interest Expense payable for such year divided by Interest Expense payable for such year, as determined in Schedule 1 hereto.

"TIER Commencement Date" shall have the meaning as defined in Section 5.12.

"Total Assets" shall have the meaning as defined in Attachment 3.

## ARTICLE II - REPRESENTATIONS AND WARRANTIES

Recognizing that RUS is relying hereon, the Borrower represents and warrants, as of the date of this Agreement, the following:

- (a) *Organization; Power, Etc* The Borrower: (i) is the type of organization specified in the first paragraph hereof, duly organized, validly existing, and in good standing under the laws of the State identified in the first paragraph hereof; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business make such qualification necessary; (iii) has legal power to own and operate its assets and to carry on its business and to enter into and perform its obligations under the Loan Documents; (iv) has duly and lawfully obtained and maintained all material licenses, certificates, permits, authorizations, and approvals necessary to conduct its business or required by applicable Laws; and (v) is eligible to obtain the financial assistance from RUS contemplated by this Agreement.
- (b) *Authority.* The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary actions and do not violate any provision of law or any charter, articles of incorporation, organization documents or bylaws of the Borrower or result in a breach of, or constitute a default under, any agreement, security agreement, note or other instrument to which the Borrower is a party or by which it may be bound. The Borrower has not received any notice from any other party to any of the foregoing that a default has occurred or that any event or condition exists that with the giving of notice or lapse of time or both would constitute such a default.
- (c) *Consents.* No consent, approval, authorization, order, filing, qualification, license, or permit of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.
- (d) *Binding Agreement.* Each of the Loan Documents is, or when executed and delivered will be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed in equity or by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.
- (e) *Compliance with Laws.* The Borrower is in compliance in all material respects with all federal, state and local laws, rules, regulations, ordinances, codes and orders (collectively, "Laws.")
- (f) *Litigation.* There are no pending or threatened legal, arbitration or governmental actions or proceedings to which the Borrower is a party or to which any of its

property is subject which, if adversely determined, could have a Material Adverse Effect.

- (g) *Information Submitted with Application.* All information, reports, and other documents and data submitted to RUS in connection with the Application were, at the time the same were furnished, complete, and correct in all material respects. Any financial statements or data submitted to RUS in connection with the Application present fairly, in all material respects, the financial position of the Borrower and the results of its operations in conformity with Accounting Requirements. Since the date thereof, there has been no material adverse change in the financial condition or operations of the Borrower.
- (h) *Location of Properties.* All real property and interests therein of the Borrower are located in the states, counties, or parishes identified in the Security Documents.
- (i) *Principal Place of Business.* The principal place of business and chief executive office of the Borrower is at the address of the Borrower specified in Schedule 1 hereto.
- (j) *Organization Number.* The Borrower's organization number is correctly identified in Schedule 1 hereto.
- (k) *Subsidiaries and Parent.* Any subsidiaries or parent of the Borrower are disclosed on the attached Schedule 1.
- (l) *Defaults Under Other Agreements.* No default by the Borrower has occurred under any agreement or instrument to which the Borrower is a party, or to which any of its property is subject, that could have a Material Adverse Effect.
- (m) *Title to Property.* Except as disclosed in writing in the opinion of counsel, the Borrower holds good and marketable title to all of the collateral securing the Loan(s), free and clear of any liens, security interests, or other encumbrances except for Permitted Encumbrances.

### ARTICLE III – THE LOANS

#### Section 3.1 Loans

- (a) *Broadband Loan.* RUS agrees to make and the Borrower agrees to accept, on the terms and conditions stated in this Agreement, a Broadband Loan, in the amount specified in Schedule 1 hereto.
  - (i) *Interest Rate.* The portion of the Broadband Loan specified in Schedule 1 hereto will bear interest at the comparable Treasury rate for comparable maturities, as determined by RUS, and the portion of the Loan specified in Schedule 1 hereto will bear interest at the rate of four percent (4%) per annum.
  - (ii) *Broadband Loan Expiration Date.* The obligation of RUS to advance the Broadband Loan or any portion thereof shall expire on a date ("Broadband Loan Expiration Date") five years from the date of the Note(s). No portion of the Broadband Loan will be advanced by RUS to the Borrower after the Broadband Loan Expiration Date. RUS, in its sole discretion, may approve an extension of the Broadband Loan Expiration Date, provided that the Borrower notifies RUS, in writing at least ten days prior to the Broadband

Loan Expiration Date, of the reasons and need for an extension, together with a suggested revised Broadband Loan Expiration Date.

- (b) *Telecommunications Loan.* RUS agrees to make and the Borrower agrees to accept, on the terms and conditions stated in this Agreement, a Telecommunications Loan, in the amount specified in Schedule 1 hereto.
  - (i) *Interest Rate.* The portion of the Telecommunications Loan specified in Schedule 1 hereto will bear interest at the Cost-of-Money Interest Rate determined by the Government pursuant to 7 U.S.C. 935(d)(2)(A) of the Act and its implementing regulations, as amended from time to time (7 C.F.R. 1735.31(c)) and the portion of the Telecommunications Loan specified in Schedule 1 hereto will bear interest at the rate of five percent (5%) per annum.
  - (ii) *Telecommunications Loan Expiration Date.* The obligation of RUS to advance the Telecommunications Loan or any portion thereof shall expire on a date ("Telecommunications Loan Expiration Date") five (5) years from the date of the Note(s). No portion of the Telecommunications Loan will be advanced by RUS to the Borrower after the Telecommunications Loan Expiration Date. RUS, in its sole discretion, may approve an extension of the Telecommunications Loan Expiration Date, provided that the Borrower notifies RUS, in writing at least ten (10) days prior to the Telecommunications Loan Expiration Date, of the reasons and need for an extension, together with a suggested revised Telecommunications Loan Expiration Date.
- (c) *Telecommunications Loan Guarantee.* RUS agrees to guarantee the loan identified in Schedule 1 hereto and the Borrower agrees to accept such guarantee, on the terms and conditions stated in this Agreement.
  - (i) *Interest Rate.* Each Advance of funds subject to the Telecommunications Loan Guarantee shall bear interest at the rate established by FFB at the time such Advance is made on the basis of the determination made by the Secretary of the Treasury pursuant to 12 U.S.C. 2285(b) of the Federal Financing Bank Act of 1973, as amended.
  - (ii) *Telecommunications Loan Guarantee Expiration Date.* The obligation of RUS to approve requests for Advances made under the Telecommunications Loan Guarantee or any portion thereof shall expire on the Last Advance Date as specified in the applicable guaranteed Note.

### **Section 3.2 Loan Documents**

- (a) The debt created by the Loan(s) will be evidenced by a note(s) ("Note(s)") executed by the Borrower and payable, as applicable, to the United States of America or, in the case of a loan guarantee, to the guaranteed lender. The Borrower shall repay the Loan(s) in accordance with the Note(s) which shall be payable and bear interest in accordance with its (their) terms.
- (b) The Borrower shall execute the Security Documents covering all of the Borrower's property, in form and substance satisfactory to RUS and such other security instruments as required by RUS.

### Section 3.3 Payment

Except as otherwise prescribed by RUS, if any, the Borrower shall make all payments on the Note(s) utilizing electronic funds transfer procedures as specified by RUS.

### Section 3.4 Project

- (a) *Loan Purpose.* The Loan has been made solely to finance the project specifically described in the Application to furnish or improve telecommunications and/or broadband services in rural areas (the "Project.")
- (b) *Changes to Project.* The Borrower shall obtain the prior written approval of RUS regarding any material change to the scope, loan design, construction, delivery of services, or objectives of the Project.

## ARTICLE IV – CONDITIONS OF LENDING

### Section 4.1 General Conditions

In connection with the execution and delivery of this Agreement, each of the following conditions shall be satisfied (all documents, certificates, and other evidence of such conditions are to be satisfactory to RUS in its discretion):

- (a) *Legal Matters.* All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for RUS;
- (b) *Loan Documents.* RUS shall receive duly executed originals of the Loan Documents;
- (c) *Filed and Recorded Security Documents.* RUS shall have received the following documents securing the Loan(s): (i) executed, filed, and indexed financing statements covering all of the personal property and fixtures of the Borrower and (ii) executed, filed, and recorded counterparts of a mortgage covering all of the Borrower's real property;
- (d) *Articles of Incorporation, Charter, Bylaws, and Organizational Documents.* With respect to corporate and cooperative Borrowers, RUS shall have received copies of the Borrower's articles of incorporation, charter, and bylaws. With respect to limited liability companies or similar organizations, RUS shall have received copies of the Borrower's organizational documents containing provisions reflecting the obligations of the Borrower in paragraphs (c) and (d) of Section 6.3.
- (e) *Authorizations.* RUS shall have received satisfactory evidence that all Loan Documents and proceedings of the Borrower necessary for duly authorizing the execution, delivery, and performance of the Loan Documents have been obtained and are in full force and effect;
- (f) *Approvals.* RUS shall have received satisfactory evidence that the Borrower has duly registered as required by law with all state, federal, and other public authorities and regulatory bodies and has obtained all authorizations, certificates, permits, licenses, franchises and approvals necessary for, or required as a condition of, the validity and enforceability of each of the Loan Documents and for the construction and operation of the Project;



- (g) *Title Evidence.* RUS shall have received satisfactory evidence that the Borrower has good and marketable title to its property, including the Project, and holds such franchises, permits, leases, easements, rights, privileges, licenses, or right-of-way instruments, reasonably adequate in form and substance, as may be required by law for the continued maintenance and operation of its existing facilities and the Project;
- (h) *Tariff Evidence.* RUS shall receive evidence from each Borrower with rates imposed by tariff, that it has duly adopted a tariff, which (1) will provide for such grades of telephone service as RUS may approve, (2) does not include mileage or zone charges on any telephone service provided by the Project, and (3) is designed with a view to (i) paying and discharging all taxes, maintenance expenses, and operating expenses of the Borrower's system, (ii) making all payments in respect of principal and interest on the Note(s) when and as the same shall become due, (iii) providing and maintaining reasonable working capital of the Borrower, and (iv) producing and maintaining the TIER, specified in Schedule 1 hereto;
- (i) *Broadband Rate Evidence.* For Broadband loans, RUS shall receive evidence that the Borrower has duly adopted rates which are designed with a view to (i) paying and discharging all taxes, maintenance expenses, and operating expenses of the Borrower's system, (ii) making all payments in respect of principal and interest on the Note(s) when and as the same shall become due, (iii) providing and maintaining reasonable working capital of the Borrower, and (iv) producing and maintaining the TIER, specified in Schedule 1 hereto.
- (j) *Opinion of Counsel.* RUS shall receive an opinion of counsel for the Borrower (who shall be acceptable to RUS) in form and content acceptable to RUS;

#### **Section 4.2 Conditions to Advances**

The obligations of RUS to make any Advances under its Loan(s) or approve any requests for Advances under its Loan Guarantee(s) are subject to the satisfaction of each of the following conditions precedent on or before the date of such Advance (all documents, certificates and other evidence of such conditions precedent are to be satisfactory to RUS in its discretion):

- (a) *Continuing Representations and Warranties.* That the representations and warranties of the Borrower contained in this Agreement be true and correct on and as of the date of such Advance as though made on and as of such date;
- (b) *Material Adverse Effect.* That no event has occurred which has had or could have a Material Adverse Effect;
- (c) *Event of Default.* That no Event of Default and no event which with the passage of time or giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing, or shall have occurred after giving effect to such Advance on the books of the Borrower;
- (d) *Requisitions and Supporting Documentation*
  - (1) *Broadband Loans.* That RUS shall have received a requisition for Broadband loan funds, not more frequently than once a month, and supporting documentation from the Borrower in accordance with Rural Utilities Service RUS Bulletin 1738-2, *Rural Broadband Access Loan and Loan Guarantee Advance and Construction Procedures Guide*, as amended and supplemented from time to time (hereinafter "RUS Bulletin 1738-2,") attached hereto as Attachment 1 or available at <http://www.usda.gov/rus/telecom/broadband/rus-bulletin-1738-web2-6-03.doc>;

- (2) *Telecommunications Loan and Loan Guarantee.* That RUS shall have received a requisition for Telecommunications Loan funds and Loan Guarantee funds not more frequently than once a month, and supporting documentation from the Borrower in accordance with RUS Regulations;
- (e) *Flood Insurance.* That for any Advance used in whole or in part to finance the construction or acquisition of any building in any area identified by the Secretary of Housing and Urban Development pursuant to the Flood Disaster Protection Act of 1973 (the "Flood Insurance Act") or any rules, regulations or orders issued to implement the Flood Insurance Act as any area having special flood hazards, or to finance any facilities or materials to be located in any such building, or in any building owned or occupied by the Borrower and located in such a flood hazard area, the Borrower shall have submitted evidence, in form and substance satisfactory to RUS or RUS has otherwise determined, that (i) the community in which such area is located is then participating in the national flood insurance program, as required by the Flood Insurance Act and any related regulations, and (ii) the Borrower has obtained flood insurance coverage with respect to such building and contents as may then be required pursuant to the Flood Insurance Act and any related regulations;
- (f) *Current Financial Information and Certification of Authority.* That RUS has received from the Borrower (i) its current, updated balance sheet, statement of cash flow, and income statement and (ii) a duly authorized and executed certification, Form 675, "Certification of Authority," designating an officer, employee, or agent of the Borrower as the person or persons authorized to execute and submit, on behalf of the Borrower, REA Form 481, "Financial Requirement Statement;"
- (g) *Fidelity Bond or Theft Insurance Coverage.* That RUS has received from the Borrower, except Borrowers which are units of government, evidence, that the Borrower has obtained fidelity bond or theft insurance coverage in accordance with RUS Regulations;
- (h) *Pledged Deposit Account.* That, in connection with Broadband Loans (or with respect to Telecommunications Loans and Loan Guarantees when required on Schedule 1, or otherwise directed in writing by RUS), the Borrower has opened a Pledged Deposit Account under terms satisfactory to RUS;
- (i) *Compliance with Deposit Requirements for Broadband Loans.* That, in connection with Broadband Loans, RUS has received from the Borrower, evidence that the Borrower has maintained on deposit in account, funds in the amount specified in Schedule 1 to cover operating expenses, in accordance with 7 C.F.R. Section 1738.20(b), and has provided RUS with an advance schedule for such funds;
- (j) *Compliance with Loan Documents.* That the Borrower is in material compliance with the Loan Documents;
- (k) *RUS Loan Guarantee Requirements.* In connection with the Telecommunications Loan Guarantee:
- (1) That RUS and the FFB have entered into a contract and that the FFB has agreed to make the loan to the Borrower, which will be guaranteed by RUS;
  - (2) That RUS has received evidence that any conditions in the contract referred to above in subparagraph (1) have been satisfied; and
  - (3) That RUS has received a promissory note payable to FFB in the amount to be guaranteed by RUS and a reimbursement note payable to the order of the

Government, both duly authorized, executed and delivered by the Borrower, within the time period prescribed by RUS;

- (l) *Additional Documents.* The Borrower agrees to provide RUS with such additional documents as RUS may request; and
- (m) *Additional Conditions.* The Borrower has met all additional conditions specified in Schedule 1 hereto.

**Section 4.3 First Advance to Pay Off Interim Construction Financing; Restrictions on Subsequent Advances**

Loan funds to pay off RUS approved interim construction financing, if any, will be included in the first loan advance. Thereafter no further advances will be made unless and until the Borrower has furnished evidence, in form and content satisfactory to RUS, that such interim construction financing has been paid in full and any associated liens have been duly discharged from record.

**ARTICLE V – AFFIRMATIVE COVENANTS**

**Section 5.1 Generally**

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower shall duly observe each of the affirmative covenants contained in this Article V.

**Section 5.2 Use of Advances**

The Borrower shall apply the proceeds of Advances in accordance with its Application with such modifications as may be mutually agreed to in writing by RUS and the Borrower.

**Section 5.3 Unused and Disallowed Advances**

- (a) The Borrower shall return forthwith to RUS any and all advanced portions of the Loan(s) or Loan Guarantee(s) not disbursed by the Borrower for the Project or not needed to complete the Project with any interest earned thereon when deposited in the Pledged Deposit Account or other account approved by RUS.
- (b) The Borrower shall reimburse RUS for any advanced funds whose original expenditure has been disallowed by a RUS loan audit. Disallowances shall be satisfied, as directed by RUS, by either administrative offset against requests for Advances or repaying the disallowed amount directly to the United States Treasury. Such disallowed amounts shall accrue interest payable to RUS from the date RUS delivers to the Borrower a written demand for payment. Interest shall accrue at the lesser of the following: the interest rate of the disallowed Advance or the then current United States Treasury rate as prescribed by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletin. Closeout of the Loan will not affect such right to disallow expenditures and recover, in full, any amount on the basis of a subsequent audit, or other review or the Borrower's obligation to return any disallowed expenditures.

**Section 5.4 Deposit of Advances into Pledged Deposit Account and Construction Fund Account**

- (a) *Broadband Loans.* The Borrower of Broadband Loans shall open and maintain a deposit account pledged to RUS ("Pledged Deposit Account,") in a bank or depository whose deposits are insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS and shall be designated by the RUS name

of the Borrower followed by the words "Pledged Deposit Account." The Borrower shall promptly deposit proceeds from all Advances of the Broadband Loan, including previously advanced funds whose original expenditure has been disallowed by a RUS loan audit, and other funds described on Schedule 1 hereto (hereinafter "Additional Funds") into the Pledged Deposit Account. Moneys in the Pledged Deposit Account shall be used solely for the purposes for which the Advance was made, for the purposes as set forth in Schedule 1 hereto (hereinafter "Additional Purposes,") or for such other purposes as may be approved by RUS. Deposits and disbursements from the Pledged Deposit Account shall be made and recorded in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.

- (b) *Telecommunications Loans and Loan Guarantees and Bank Loans.* The Borrower of Telecommunications Loans and/or Loan Guarantees, when required on Schedule 1 or otherwise directed in writing by RUS, shall open and maintain a deposit account pledged to RUS for Telecommunications Loans and Loan Guarantees. Such account shall be in a bank or depository whose deposits are insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS, and shall be designated by the corporate name of the Borrower followed by the words "Pledged Deposit Account." The Borrower shall promptly deposit proceeds from Loan Advances, including previously advanced funds whose original expenditure has been disallowed by a RUS loan fund audit, and any Additional Funds into the Pledged Deposit Account. Moneys in the Pledged Deposit Account shall be used solely for the purposes approved by RUS or other Additional Purposes and shall be withdrawn from time to time only as permitted by RUS.
- (c) *First Lien on Pledged Deposit Account.* The Borrower shall establish and maintain the Pledged Deposit Account as a deposit account and perfect a first and prior lien in such account for RUS, (pursuant to a deposit account agreement or similar agreement or mechanism for perfecting as provided by applicable law) in form acceptable to RUS.
- (d) *Construction Fund Account.* The Borrower shall promptly deposit Loan Advances not required to be deposited in a Pledged Deposit Account, including previously advanced Loan funds whose original expenditure has been disallowed by a RUS loan fund audit, in a bank or depository whose deposits are insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS. Such account (hereinafter called the Construction Fund Account) shall be designated by the corporate name of the Borrower followed by the words "Construction Fund Account." Moneys in the Construction Fund Account shall be used solely for the purposes approved by RUS and shall be withdrawn from time to time only as permitted by RUS.

#### **Section 5.5 Use of Operating Funds Required in Connection with Broadband Loans**

The Borrower shall expend the operating funds required by 7 C.F.R. Section 1738.20(b), as approved by RUS.

#### **Section 5.6 Financial Books**

The Borrower shall maintain, at its premises, such books, documents, papers, or other records and supporting documents, including, but not limited to, invoices, receipts, and bills of sale, adequate to identify the purposes for which and the manner in which Loan and other funds were expended on the Project. The Borrower shall at all times keep and safely preserve proper books, records, and accounts in which full and true entries shall be made of all dealings, business, and affairs of the Borrower and its Subsidiaries (as listed in Schedule 1 hereto,) in accordance with any applicable Accounting Requirements.

The Borrower shall maintain copies of all documents submitted to RUS in connection with the Loan until the Loan has been paid in full and all audits have been completed.

#### **Section 5.7 Rights of Inspection**

The Borrower shall afford RUS, the Office of Inspector General of USDA and the General Accounting Office, through their representatives, reasonable opportunity, at all times during business hours and upon prior notice, to access and inspect the Project, any other property encumbered by the Security Documents, and any and all books, records, accounts, including electronic books, records, accounts, and electronic mail messages, regardless of the physical form or characteristics, invoices, contracts, leases, payrolls, canceled checks, statements, other documents, and papers of every kind belonging to or in any way pertaining to its property or business, including its Subsidiaries, if any, and to make copies or extracts therefrom.

#### **Section 5.8 Annual and Special Financial Reports**

- (a) One hundred twenty (120) days from the end of the Borrower's fiscal year in which the first Advance is made and, thereafter, one hundred twenty (120) days from the close of each fiscal year of the Borrower, the Borrower shall cause to be prepared and furnished to RUS a full and complete annual report of its financial condition and of its operations in form and substance satisfactory to RUS, and as provided in 7 C.F.R. 1773, which is audited and certified by an independent certified public accountant satisfactory to RUS, and accompanied by a report of such audit in form and substance satisfactory to RUS.
- (b) The Borrower shall also furnish to RUS fifteen (15) Business Days after March 31<sup>st</sup> of each year, and on such additional date(s) as specified in Schedule 1 (hereinafter "Additional Reporting Dates,") or as otherwise requested in writing by RUS, balance sheets, income statements, statements of cash flow, or such other reports concerning the financial condition or operations of the Borrower, including its Subsidiaries, as RUS may request or RUS Regulations require.

#### **Section 5.9 Annual Compliance Certificate**

Commencing forty-five (45) days from the date hereof, and thereafter within forty-five (45) days after the close of each calendar year, or sooner if required in writing by RUS, the Borrower shall deliver to RUS, a written statement signed by its general manager, managing member, or equivalent corporate official satisfactory to RUS, stating that, during such year the Borrower has fulfilled its obligations under the Loan Documents in all material respects or, if there has been a material default in the fulfillment of such obligations, specifying each such default known to such official and the nature and status thereof.

#### **Section 5.10 Miscellaneous Reports and Notices**

The Borrower shall furnish to RUS:

- (a) *Notice of Default.* Promptly after becoming aware thereof, notice of the occurrence of any default under the Loan Documents or the receipt of any notice with respect to the occurrence of any event which with the giving of notice or the passage of time, or both, could become an Event of Default hereunder or under the other Loan Documents.
- (b) *Notice of Litigation.* Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality

affecting the Borrower or any Affiliate which, if adversely determined, could have a Material Adverse Effect on the Borrower.

- (c) *Regulatory and Other Notices.* Promptly after receipt thereof, copies of any notices or other communications received from any governmental authority with respect to any matter or proceeding which could have a Material Adverse Effect on the Borrower.
- (d) *Material Adverse Effect.* Promptly after becoming aware thereof, notice of any matter which has resulted or may result in a Material Adverse Effect on the Borrower.
- (e) *Corporate Document Changes.* Thirty (30) days prior to their effectiveness, any amendments, supplements or modifications to the Borrower's Articles of Incorporation, Charter, Bylaws, Operating Agreement, Members Agreements or other Organizational Documents.
- (f) *Other Information.* Such other information regarding the condition, financial or otherwise, or operations of the Borrower as RUS may, from time to time, reasonably request.

#### **Section 5.11 Tariff and Rate Design**

- (a) Tariff Requirements for Telecommunications Loan and Telecommunications Loan Guarantee Borrowers are as follows:
  - (1) *Regulatory Approval Necessary.* If regulatory approval is required to effectuate its telephone service tariff, the Borrower shall seek and use its diligent best efforts to obtain all regulatory body approvals necessary to place in effect and thereafter to maintain in effect a tariff for telephone service which (A) provides for such grades of service as RUS shall approve, (B) does not include mileage or zone charges for any telephone service provided by the Project, and (C) is designed with a view to (1) paying and discharging all taxes, maintenance expenses, and operating expenses of the Borrower's system, (2) making all payments in respect of principal of and interest on the Note(s) when and as the same shall become due, (3) providing and maintaining reasonable working capital for the Borrower, and (4) producing and maintaining the TIER specified on Schedule 1 hereto: The Borrower shall place such tariff into effect as soon as permitted by applicable laws and regulations and shall use its diligent best efforts to obtain all necessary regulatory body approvals of such revisions of its tariff as may be necessary from time to time to satisfy the requirements of this provision.
  - (2) *Regulatory Approval Not Required.* If regulatory approval is not required to effectuate its telephone service tariff, the Borrower shall design, charge and maintain in effect a tariff for telephone service which (A) provides for such grades of service as RUS shall approve, (B) does not include mileage or zone charges for any telephone service provided by the Project, and (1) pays and discharges all taxes, maintenance expenses, and operating expenses of the Borrower's system, (2) makes all payments in respect of principal of and interest on the Note(s) when and as the same shall become due, (3) provides and maintains reasonable working capital for the Borrower, and (4) produces and maintains the TIER specified on Schedule 1 hereto.

- (b) *Rate Requirement for Broadband Service.* The Borrower shall design, charge, and maintain in effect rates for Broadband service which (i) pay and discharge all taxes, maintenance expenses and operating expenses of its system, (ii) make all payments in respect of principal of and interest on the Note(s) when and as the same shall become due, (iii) provide and maintain reasonable working capital for the Borrower, and (iv) produce and maintain the TIER specified on Schedule 1 hereto.

#### **Section 5.12 TIER Requirement**

From the date of this Agreement until the date specified in Schedule 1, the Borrower will maintain a TIER of at least 1.0. Thereafter, starting on the date specified in Schedule 1 (hereinafter called the "TIER Commencement Date") the Borrower shall maintain the TIER level(s) as specified in Schedule 1.

#### **Section 5.13 Corrective Action**

Within thirty (30) days of (i) sending the financial reports required by Section 5.8 hereof that shows the TIER specified by Section 5.12 was not achieved for the reported fiscal year or (ii) being notified by RUS that the TIER specified in Section 5.12 was not achieved for the reported fiscal year, whichever is earlier, the Borrower, in consultation with RUS, shall provide a written plan satisfactory to RUS setting forth the actions that shall be taken to achieve the specified TIER on a timely basis and shall promptly implement said plan.

#### **Section 5.14 Obligations with Respect to the Construction, Operation and Maintenance of the Project Funded by the Broadband Loan**

- (a) *Project Management and Operation.* The Borrower shall be responsible for managing the day to day operations of the Project and will operate the Project in an efficient and economic manner as well as maintaining the Project in good repair.
- (b) *Design Standards, Construction Standards, and Lists of Materials.* The Borrower shall use design standards, construction standards, and lists of acceptable materials in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.
- (c) *Plans and Specifications.* The Borrower shall submit plans and specifications for construction to RUS for review and approval in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.
- (d) *Standard Forms of Purchase Contracts, Installation Contracts, Construction Contracts, and Engineering and Architectural Service Contracts.* The Borrower shall use the standard forms of contracts promulgated by RUS for construction, procurement, engineering services, and architectural services in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time, and shall submit to RUS such contracts for review and approval in accordance with such Attachment 1.
- (e) *Contract Bidding Requirements.* The Borrower shall follow RUS bidding procedures when contracting for construction or procurement in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.
- (f) *Construction in Accordance with Loan Design.* The Borrower shall cause the Project to be constructed and completed in accordance with the loan design submitted with the Application.

- (g) *General Insurance Requirements.* The Borrower shall take out and maintain insurance on the Project and any other property acquired with the Loan in accordance with 7 CFR Section 1788 as well as maintaining the fidelity bond or theft insurance coverage required in Section 4.2 paragraph (g) hereof.

**Section 5.15 Obligations with Respect to the Construction, Operation and Maintenance of the Project Funded by the Telecommunications Loan and Telecommunications Loan Guarantee**

- (a) *Project Management and Operation.* The Borrower shall be responsible for managing the day to day operations of the Project and will operate the Project in an efficient and economic manner as well as maintaining the Project in good repair.
- (b) *Design Standards, Construction Standards and List of Material.* The Borrower shall use design standards, construction standards, and lists of acceptable materials in accordance with RUS Regulations.
- (c) *Plans and Specifications.* The Borrower shall submit plans and specifications for construction to RUS for review and approval in accordance with RUS Regulations.
- (d) *Standard Forms of Purchase Contracts, Installation Contracts, Construction Contracts, and Engineering and Architectural Service Contracts.* The Borrower shall use the standard forms of contracts promulgated by RUS for construction, procurement, engineering services, and architectural services in accordance with RUS Regulations and shall submit to RUS such contracts for review and approval in accordance with RUS Regulations.
- (e) *Contracts for Toll Traffic, Operator Assistance Services, and Extended Area Service.* The Borrower shall submit contracts for toll traffic, operator assistance services and contracts for extended area service to RUS for review and approval in accordance with RUS Regulations.
- (f) *Contract Bidding Requirements.* The Borrower shall follow RUS bidding procedures when contracting for construction or procurement in accordance with RUS Regulations.
- (g) *Construction in Accordance with Loan Design.* The Borrower shall cause the Project to be constructed and completed in accordance with the loan design submitted with the Application.
- (h) *General Insurance Requirements.* The Borrower shall take out and maintain insurance on the Project and any other property acquired with the Loan as well as maintaining fidelity bond or theft insurance coverage in accordance with RUS Regulations.

**Section 5.16 Obligations Applicable to Telecommunications Loan and Telecommunications Loan Guarantee Borrowers with Respect to Area Coverage of Telephone Service**

The Borrower shall furnish adequate telephone service to the widest practicable number of rural users in the Borrower's telephone service area, as such area is shown on the map which is a part of the Borrower's application for the Telecommunications Loan or Telecommunications Loan Guarantee and which map, as revised by agreement between the Borrower and RUS, is incorporated herein by reference thereto. In the performance of this obligation, the Borrower shall:

- (a) furnish service to all applicants for telephone service included in the Project funded by the Telecommunications Loan, or Telecommunications Loan Guarantee, without



payment by such applicants of any extra charge as a contribution to the cost of construction of facilities to provide such service; and

- (b) take all action that may be required to enable it to extend service, without payment to the Borrower of any extra charge as a contribution to construction of facilities to provide such service, to every unserved rural applicant for service in its telephone service area if the cost of constructing the required line extension for such applicant will not exceed seven times the estimated annual local service revenues from such applicant. Such service shall be furnished with the use of such funds as may from time to time be available to the Borrower, either from surplus earnings, increased equity capital, additional loans made by lenders other than the Government, or otherwise as the Borrower may elect, pursuant to terms and conditions set forth in the Borrower's tariff, as duly filed with or approved by regulatory bodies having jurisdiction in the premises, or in the absence of any such regulatory body, as adopted by the Borrower; provided that the Borrower shall not file with or submit for approval of appropriate regulatory bodies or adopt any proposed tariff, or continue in effect any existing tariff not required to be continued by any regulatory body, unless under such tariff the Borrower will be obligated to serve unserved rural applicants as provided herein.

#### **Section 5.17 Preservation of Existence and Rights**

The Borrower shall, until the Loan is repaid in full, take or cause to be taken all such actions as from time to time may be necessary to preserve its existence and to preserve and renew all franchises, contracts, rights of way, easements, permits, and licenses now or hereafter to be granted or conferred upon it, with respect to the Project, the loss of which would have a Material Adverse Effect on the Borrower.

#### **Section 5.18 Compliance with Laws**

The Borrower shall operate and maintain the Project and its properties in compliance in all material respects with all applicable Laws.

#### **Section 5.19 Nondiscrimination**

- (a) *Equal Opportunity Provisions in Construction Contracts.* The Borrower shall incorporate or cause to be incorporated into any construction contract, as defined in Executive Order 11246 of September 24, 1965 and implementing regulations, which is paid for in whole or in part with funds obtained from RUS, or borrowed on the credit of the United States pursuant to a grant, contract, loan, insurance or guarantee, or undertaken pursuant to any RUS program involving such grant, contract, loan, insurance or guarantee, the equal opportunity provisions set forth in Attachment 2 hereto, entitled Equal Opportunity Contract Provisions.
- (b) *Equal Opportunity Contract Provisions Also Bind the Borrower.* The Borrower further agrees that it shall be bound by such equal opportunity clause in any federally assisted construction work which it performs itself other than through the permanent work force directly employed by an agency of government.
- (c) *Sanctions and Penalties.* The Borrower agrees that it shall cooperate actively with RUS and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations and relevant orders of the Secretary of Labor, that it shall furnish RUS and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it shall otherwise assist the administering agency in the discharge of RUS' primary responsibility for securing compliance. The Borrower further agrees that it shall refrain from entering into any contract or contract

modification subject to Executive Order 11246 with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to Part II, Subpart D of Executive Order 11246 and shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by RUS or the Secretary of Labor pursuant to Part II, Subpart D of Executive Order 11246. In addition, the Borrower agrees that if it fails or refuses to comply with these undertakings RUS may cancel, terminate or suspend in whole or in part this Agreement, may refrain from extending any further assistance under any of its programs subject to Executive Order 11246 until satisfactory assurance of future compliance has been received from the Borrower, or may refer the case to the Department of Justice for appropriate legal proceedings.

#### **Section 5.20 Buy American**

The Borrower shall use or cause to be used in connection with the expenditures of funds if such funds were obtained in whole or in part by a loan being made or guaranteed by RUS only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States or any eligible country, and only such manufactured articles, material, and supplies as have been manufactured in the United States or any eligible country substantially all from articles, material, and supplies mined, produced or manufactured, as the case may be, in the United States or any eligible country, except to the extent RUS shall determine that such use shall be impracticable or that the cost thereof shall be unreasonable. For purposes of this section, an "eligible country" is any country that has with respect to the United States an agreement ensuring reciprocal access for United States products and services and United States suppliers to the markets of that Country, as determined by the United States Trade Representative.

#### **Section 5.21 Additional Affirmative Covenants**

The Borrower shall comply with the additional affirmative covenants set forth in Schedule 1 hereto.

### **ARTICLE VI – NEGATIVE COVENANTS**

#### **Section 6.1 General**

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower shall duly observe each of the negative covenants set forth in this Article VI.

#### **Section 6.2 Merger, Consolidation and Transfer of Property**

The Borrower shall not, without the prior written consent of RUS, take or suffer to be taken any steps to reorganize, consolidate with, or merge into any other corporation, or to sell, lease or transfer (or make any agreement therefor) all or any part of its property, including, without limitation, the Project.

#### **Section 6.3 Covenants for Limited Liability Companies and Similar Borrowers**

Borrowers which are limited liability companies or similar organizations agree that:

- (a) The death, retirement, resignation, expulsion, termination, bankruptcy, or dissolution of any member or the occurrence of any other event that terminates the continued membership of any member shall not cause the Borrower to be dissolved or its affairs to be wound up;

- (b) Prior to the date on which any and all obligations owed to RUS or the guaranteed lender with respect to Telecommunications Loan Guarantees, including the note evidencing the Loan, are discharged in full, the Borrower shall not be dissolved or terminated;
- (c) The organizational documents of the Borrower shall contain provisions reflecting the obligations of the Borrower in paragraphs (a) and (b) immediately above and such provisions shall not be amended without the prior written consent of RUS; and
- (d) No direct or indirect addition, issuance, or transfer of any membership units (or any other ownership interest) in the Borrower may be made by the Borrower or its members without the prior written consent of RUS.

#### **Section 6.4 Additional Indebtedness**

The Borrower shall not, without the prior written consent of RUS, incur additional indebtedness in the event:

- (a) The Borrower is not maintaining a TIER of 1.0 or if the additional indebtedness will cause the Borrower's TIER to fall below 1.0; or
- (b) An Event of Default as defined in Section 8.1(b) hereof has occurred and is continuing.

#### **Section 6.5 Negative Pledge**

The Borrower shall not create, incur, or suffer any lien, mortgage, pledge, assignment, or other encumbrance on, or security interest in its property, other than Permitted Encumbrances.

#### **Section 6.6 Contracts**

The Borrower shall not, without the prior written consent of RUS, enter into any contract or contracts for the operation or maintenance of all or any part of its property, including, without limitation, the Project, and shall not enter into any contract for the use by others of all or any part of its property, including, without limitation, the Project.

#### **Section 6.7 Salaries**

Salaries, wages and other compensation paid by the Borrower for services, and directors', members', managers' or trustees' fees, shall be reasonable and in conformity with the usual practice of entities of the size and nature of the Borrower.

#### **Section 6.8 Extension of Credit**

Except as specifically authorized in writing in advance by RUS, the Borrower will make no advance payments or loans, or in any manner otherwise extend its credit, either directly or indirectly, with or without interest, to any of its directors, trustees, officers, employees, stockholders, members, managers, Affiliates or Affiliated Companies; provided, however, the Borrower may make an investment for any purpose described in section 607(c)(2) of the Rural Development Act of 1972 (including any investment in, or extension of credit, guarantee or advance made to an Affiliated Company that is used by such Affiliate for such purpose) to the extent that, immediately after such investment, (1) the aggregate of such investments does not exceed one-third of the Net Worth and (2) the Borrower's Net Worth is at least twenty percent (20%) of its Total Assets.

## Section 6.9 Distributions or Withdrawals

- (a) *Corporations and Cooperatives.* Corporate or cooperative Borrowers shall not, without the prior written approval of RUS, make any dividend, stock, capital, or other distribution in the nature of an investment, guarantee, extension of credit, advance, or loan, nor make a capital credit distribution (all such distributions being hereinafter collectively called "Distributions;") *provided, however,* Distributions may be made in each calendar year as follows:
- (1) Aggregate, annual Distributions not to exceed twenty-five percent (25%) of prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's net worth is at least one percent (1%) of its Total Assets;
  - (2) Aggregate annual Distributions not to exceed fifty percent (50%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least twenty percent (20%) of its Total Assets;
  - (3) Aggregate annual Distributions not to exceed seventy-five percent (75%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least thirty percent (30%) of its Total Assets; or
  - (4) There is no limit on aggregate, annual Distributions if, after making such aggregate, annual Distributions, the Borrower's Net Worth is at least forty percent (40%) of its Total Assets.
- (b) *Limited Liability Companies.* Borrowers which are limited liability companies shall not, without the prior written approval of RUS, make any membership withdrawals, unit redemptions, or other type of profit allocation to its members and shall not, without the prior written approval of RUS, make capital distributions in the nature of an investment, guarantee, extension of credit, advance, or loan (all such actions being hereinafter collectively called "Distributions;") *provided, however,* Distributions may be made in each calendar year as follows:
- (1) Aggregate, annual Distributions not to exceed twenty-five percent (25%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least one percent (1%) of its Total Assets;
  - (2) Aggregate annual Distributions not to exceed fifty percent (50%) of the prior calendar year's Net Income or margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least twenty percent (20%) of its Total Assets;
  - (3) Aggregate annual Distributions not to exceed seventy-five percent (75%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least thirty percent (30%) of its Total Assets; or
  - (4) There is no limit on aggregate, annual Distributions if, after making such aggregate, annual Distributions, the Borrower's net worth is at least forty percent forty percent (40%) of its Total Assets.

- (c) In addition to the Distributions authorized under the immediately preceding subsections, the Borrower may make any Distribution or investment as provided in 7 CFR 1744 Subpart D.

**Section 6.10 Changing Principal Place of Business, Place of Conducting Business, or Type of Organization**

The Borrower shall not change its principal place of business, place of conducting business, or type of organization without the prior consent of RUS.

**Section 6.11 Changing Name or Place of Incorporation or Organization**

The Borrower shall not change its legal name or place of incorporation or organization without giving RUS sixty (60) days prior written notice.

**Section 6.12 Changing Rates or Tariffs**

The Borrower shall not file for or change its rates or tariffs without prior written approval by RUS.

**Section 6.13 Historic Preservation**

The Borrower shall not, without the prior written consent of RUS, use any Advance(s) to construct any facility which shall involve any district, site, building, structure or object which is included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior pursuant to the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

**Section 6.14 Limitations on Using non-FDIC Insured Depositories.**

Without the prior written approval of RUS, the Borrower shall not place the proceeds of the Loans or any loan which has been made or guaranteed by RUS, in the custody of any bank or other depository that is not insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS.

**Section 6.15 Affiliated Transactions**

The Borrower shall not enter into any transaction, contract, or dealing with an Affiliate of the Borrower or with the Borrower's or Affiliate's directors, trustees, officers, managers, members (if the Borrower is a limited liability company), or other corporate officials, without the prior written consent of RUS.

**Section 6.16 Obligations with Respect to Nonduplication of Facilities for Telecommunications Loan and Telecommunications Loan Guarantee Loan Borrowers**

If the Borrower has outstanding Telecommunications Loan(s) or Telecommunications Loan Guarantee(s) and provides telephone service in any state in which there is no state regulatory body with authority to regulate telephone service and to require certificates of convenience and necessity to the Borrower, the Borrower shall not use any portion of such Loan(s) for the construction of telephone facilities to furnish or improve service to persons located in such state receiving telephone service from any other telephone company at the time the Borrower proposes to furnish or improve service to such persons, except that the Borrower may provide or improve service to persons receiving service through facilities acquired or to be acquired by the Borrower, and except to the extent RUS, on the basis of evidence submitted to it by the Borrower, shall have determined that service by the Borrower to such persons will not result in duplication of lines, facilities or systems providing reasonably adequate service.

#### **Section 6.17 Additional Negative Covenants**

The Borrower shall comply with the additional negative covenants set forth in Schedule 1 hereto.

### **ARTICLE VII - LENDER'S RIGHTS**

#### **Section 7.1 Termination of Loan Offer**

RUS, in its sole discretion, may terminate the offer to make the Loan(s) if Loan Documents, duly executed on behalf of the Borrower, are not received and all other conditions in Section 4.1 hereof are not satisfied within one hundred twenty (120) days from the date hereof.

#### **Section 7.2 Audits and Compliance Reviews**

After giving prior notification to the Borrower, RUS has the right to conduct compliance reviews and audits of the Borrower to assure compliance with the Loan Documents and RUS Regulations.

#### **Section 7.3 Disallowed Expenditures**

Upon a determination by RUS that the Borrower did not utilize the Loan in the manner and exclusively for the Project as approved by RUS, RUS may, in its sole discretion:

- (a) Disallow all or a part of the expenditures and disbursements of the Loan and require the Borrower to deposit such funds in the Construction Fund Account or in the Pledged Deposit Account, to be applied toward other approved Project purposes or to reimburse the Government, as provided in Section 5.3 hereof;
- (b) Suspend making Advances; and/or
- (c) Take any other action RUS determines to be necessary including, without limitation, exercising any right or remedy available under the Loan Documents or at law.

#### **Section 7.4 Suspension of Advances**

RUS may, in its absolute discretion, suspend making or approving Advances hereunder, if RUS determines that an event has occurred that is likely to have a Material Adverse Effect on the Borrower.

#### **Section 7.5 Payment Extensions**

RUS may, at any time or times in succession without notice to, or the consent of, the Borrower and upon such terms as RUS may prescribe, grant to any person, firm or entity who shall have become obligated to pay all or any part of the principal of or interest on any Note held by, or indebtedness owed to, RUS or who may be affected by the lien created by the Loan Documents, an extension of the time for the payment of such principal or interest. After any such extension the Borrower will remain liable for the payment of such Note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

### **ARTICLE VIII - EVENTS OF DEFAULT**

#### **Section 8.1. Events of Default**

The following shall be Events of Default under this Agreement:

- (a) Representations and Warranties. Any representation or warranty made by the Borrower in the Loan Documents or in the Application, any certificate furnished to RUS thereunder, shall prove to have been incorrect in any material respect at the time made;
- (b) Non-Payment. The nonpayment of any required and due installment of interest on, or principal of, any Note, whether by acceleration or otherwise, which continues for five (5) Business Days, as such term is herein defined;
- (c) Corrective Actions. Default by the Borrower in the observance or performance of Section 5.13;
- (d) Limited Liability Companies. Default by the Borrower or its members in the observance or performance of Section 6.3;
- (e) Other Covenants. Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for thirty (30) calendar days, after written notice thereof had been given to the Borrower by RUS;
- (f) Adverse Effects. The Borrower shall forfeit or otherwise be deprived of its charter, articles of organization, franchises, permits, easements, consents, or licenses required to carry on any material portion of its business, or the Borrower files for, or an event occurs, which can reasonably be expected to result in its dissolution or termination;
- (g) Other Obligations. Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money in excess of ten thousand dollars (\$10,000.00) or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation which default shall have resulted in such obligation becoming or being declared due and payable prior to the date on which it would otherwise be due and payable;
- (h) Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief with respect to the Borrower in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect: (1) appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official, or (2) ordering the winding up or liquidation of its affairs; or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors;
- (i) Dissolution or Liquidation. Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or the filing of such by the Borrower;
- (j) Impaired Business. The failure by the Borrower to promptly forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within thirty (30) days; or
- k) Payment of Final Judgment. A final judgment in an amount of ten thousand dollars (\$10,000.00) or more shall be entered against the Borrower and shall remain unsatisfied or without a stay in respect thereof for a period of thirty (30) days.

## ARTICLE IX - REMEDIES

### Section 9.1 Generally

Upon the occurrence of an Event of Default, RUS may pursue all rights and remedies that are contemplated by the Loan Documents in the manner, upon the conditions, and with the effect provided in the Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief, or damages. Nothing herein shall limit the rights of RUS to pursue, jointly or severally, all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Article VIII hereof. Each right, power, and remedy of RUS 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.

### Section 9.2 Remedies

In addition to the remedies referred to in Section 9.1 hereof, upon the occurrence of an Event of Default RUS may:

- (a) Refuse to make any Advance or further Advance on account of the Loan(s), but any Advance thereafter made by RUS shall not constitute a waiver of such default; or
- (b) Declare all unpaid principal of and all interest accrued on the Note(s) to be immediately due and payable and upon such declaration all such principal and interest shall become immediately due and payable.

## ARTICLE X - MISCELLANEOUS

### Section 10.1 Notices

All notices, requests, and other communications provided for herein including, without limitation, any modifications, 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. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a 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:

RUS  
Rural Utilities Service  
United States Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, D.C. 20250-1500  
Attention: Administrator  
Fax: (202) 720-1725

Borrower  
See Schedule 1

With a copy to:  
See Schedule 1

With a copy to:  
See Schedule 1

### Section 10.2 Expenses

To the extent allowed by law, the Borrower shall pay all costs and expenses of RUS, including reasonable fees of counsel, incurred in connection with the enforcement of the Loan Documents or with the preparation for such enforcement if RUS has reasonable grounds to believe that such enforcement may be necessary.



### **Section 10.3 Late Payments**

If payment of any amount due hereunder is not received at the United States Treasury in Washington, DC or such other location as RUS may designate to the Borrower within five (5) Business Days after the due date thereof, or such other time period as RUS may prescribe from time to time in its policies of general application in connection with any late payment charge (such unpaid amount being herein called the "delinquent amount", and the period beginning after such due date until payment of the delinquent amount being herein called the "late-payment period,") the Borrower shall pay to RUS in addition to all other amounts due under the terms of the Notes, the Security Documents and this Agreement, any late payment charge as may be fixed by RUS Regulations from time to time on the delinquent amount for the late-payment period.

### **Section 10.4 Filing Fees**

To the extent permitted by law, the Borrower agrees to pay all expenses of RUS (including the fees and expenses of its counsel) in connection with the filing or recordation of all financing statements and instruments as may be required by RUS in connection with this Agreement, including, without limitation, all documentary stamps, recordation, transfer taxes, and other costs and taxes incident to recordation of any document or instrument in connection herewith. Borrower agrees to save harmless and indemnify RUS 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 RUS in connection with this Agreement. The provisions of this section shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder or due on the Notes.

### **Section 10.5 No Waiver**

No failure on the part of RUS to exercise, nor any delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by RUS of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

### **Section 10.6 Governing Law**

This Agreement shall be governed by and construed in accordance with applicable federal law and, in the absence of controlling federal law, by the laws of the State identified in the first paragraph herein, except those that would render such choice of law ineffective.

### **Section 10.7 Holiday 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 10.8 Rescission**

The Borrower may elect not to borrow the Loan, in which event RUS shall release the Borrower from its obligations hereunder, provided the Borrower complies with such terms and conditions as RUS may impose for such release.

### **Section 10.9 Successors and Assigns**

- (a) This Agreement shall be binding upon and inure to the benefit of the Borrower and RUS, and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of RUS.

- (b) Pursuant to federal claims collection laws, RUS' claims hereunder may be transferred to other agencies of the United States of America; in the event of such a transfer, all rights and remedies hereby granted or conferred on RUS shall pass to and inure to the benefit of any such successor agency.

#### **Section 10.10 Complete Agreement; Waivers and Amendments**

Subject to RUS Regulations, this Agreement and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. However, RUS reserve the right to waive its rights to compliance with any provision of this Agreement and the other Loan Documents. No amendment, modification, or waiver of any provision hereof or thereof, and no consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved in writing by RUS in the form of either a RUS Regulation or other writing signed by or on behalf of RUS, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

#### **Section 10.11 Prior Telephone Loan Contracts**

With respect to all Prior Telephone Loan Contracts, the Borrower shall, commencing on the delivery date hereof, prospectively meet the affirmative and negative covenants as set forth in this Agreement rather than those set forth in the Prior Telephone Loan Contracts. In addition, any remaining obligation of RUS to make or approve additional advances on promissory notes of the Borrower that have been previously delivered to RUS under Prior Telephone Loan Contracts shall, after the date hereof, be subject to the conditions set forth in this Agreement. In the event of any conflict between any provision set forth in a Prior Telephone Loan Contract and any provision in this Agreement, the requirements as set forth in this Agreement shall apply. Nothing in this section shall, however, eliminate or modify (i) any special condition, special affirmative covenant or special negative covenant, if any, set forth in any Prior Telephone Loan Contract or (ii) alter the repayment terms of any promissory notes which the Borrower has delivered under any Prior Telephone Loan Contract, except, in either case, as RUS may have specifically agreed to in writing.

#### **Section 10.12 Headings**

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

#### **Section 10.13 Severability**

If any term, provision, condition, or any part thereof, of this Agreement, Note(s) or the Security 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(s), and the Security Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

#### **Section 10.14 Right of Setoff**

Upon the occurrence and during the continuance of any Event of Default, RUS is hereby authorized at any time, without prior notice to the Borrower, to exercise rights of setoff or recoupment and apply any and all amounts held or hereafter held, by RUS, 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(s). RUS agrees to notify the Borrower promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of RUS under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which RUS may have. Borrower waives all rights of setoff, deduction, recoupment, or counterclaim.

**Section 10.15 Schedules and Attachments**

Each Schedule and Attachment attached hereto and referred to herein is each an integral part of this Agreement.

**Section 10.16 Authority of Representatives of RUS**

In the case of any consent, approval, or waiver from RUS that is required under this Agreement or any other Loan Document, such consent, approval, or waiver must be in writing and signed by an authorized RUS representative to be effective. As used in this section, "authorized RUS representative" means the Administrator of RUS or any person to whom the Administrator has officially delegated specific or general authority to take the action in question.

**Section 10.17 Amendment of Laws and RUS Regulations**

Nothing contained herein shall restrict in any way RUS' right to amend, rescind, or supplement any of the RUS Regulations or to seek such changes to existing Laws.

**Section 10.18 Term**

This Agreement shall remain in effect until one of the following two events has occurred:

- (a) The Borrower and RUS replace this Agreement with another written agreement; or
- (b) All of the Borrower's obligations under this Agreement have been discharged and paid.

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

GREEN HILLS TELEPHONE CORPORATION

by Lloyd Riley  
Name: Lloyd Riley  
Title: President

(Seal)

Attested to by: Steven L. Tam  
Secretary

THE UNITED STATES OF AMERICA

by \_\_\_\_\_  
as acting Administrator  
of the Rural Utilities Service

## SCHEDULE 1

### Article II Representations and Warranties

1. Paragraph (i) Borrower's address: **Green Hills Telephone Corporation,  
7926 NE State Route M, P.O. Box 227  
Breckenridge, MO 64625-0227**
2. Paragraph (j) Borrower's Organization Number: **(Charter Number) 570B.**
3. Paragraph (k) Borrower's Subsidiaries:  
**Green Hills Area Cellular Telephone, Inc. d/b/a Green Hills Telecommunications Services  
Green Hills Communications, Inc. d/b/a Green Hills Multi-Media and Green Hills Technologies**
4. Paragraph (k) Borrower's Parent: **None**

### Article III The Loans

1. Broadband Loan  
Section 3.1(a) Broadband Loan amount: **\$0**  
Section 3.1(a)(i) Broadband Loan portion at the cost-of-money interest rate: **\$0**  
Section 3.1(a)(i) Broadband Loan portion at the four percent (4%) rate of interest: **\$0**
2. Telecommunications Loan  
Section 3.1(b) Telecommunications Loan amount: **\$22,704,000**  
Section 3.1(b)(i) Telecommunications Loan amount at the cost-of-money interest rate: **\$0**  
Section 3.1(b)(i) Telecommunications Loan amount five percent (5%) rate of interest: **\$22,704,000**
3. Telecommunications Loan Guarantee  
Section 3.1(c) Telecommunications Loan Guarantee amount: **\$0**

### Article IV Conditions of Lending

1. Section 4.2(i) funds required on deposit by Broadband borrower pursuant to 7 C.F.R. 1738.20(b): **None**
2. The additional conditions to advance referred to in Section 4.2(m) are as follows: **None**

### Article V Affirmative Covenants

1. Section 5.4(a) Additional Funds: **None**
2. Section 5.4(a) Additional Purposes: **None**
3. Section 5.4(b) Pledged Deposit Account **IS NOT** required.
4. Section 5.8(b) Additional Reporting Date(s): **None**
5. Section 5.12 TIER: **1.50**
6. Section 5.12 TIER Commencement Date: **December 31, 2008**
7. The additional affirmative covenants referred to in Section 5.21 are as follows: **None**

Article VI Negative Covenants

1. The additional negative covenants referred to in Section 6.17 are as follows: **None**

Article X Miscellaneous

1. Section 10.1 Borrower's address for purposes of notification:

**Green Hills Telephone Corporation,  
7926 NE State Route M, P.O. Box 227  
Breckenridge, MO 64625-0227  
Tel: (660) 644-5411  
Fax: (660) 644-5464**

2. Section 10.1 Address for Borrower's notification copy: **None**

3. Section 10.1 Address for RUS' notification copy:

**Rural Utilities Service  
United States Department of Agriculture  
South Building, Room 2835, Stop 1595  
1400 Independence Avenue, SW  
Washington, D.C. 20250-1595  
Attention: Jerry Brent  
Fax: (202) 690-4654**

**Section 10.15 Schedules and Attachments**

Each Schedule and Attachment attached hereto and referred to herein is each an integral part of this Agreement.

**Section 10.16 Authority of Representatives of RUS**

In the case of any consent, approval, or waiver from RUS that is required under this Agreement or any other Loan Document, such consent, approval, or waiver must be in writing and signed by an authorized RUS representative to be effective. As used in this section, "authorized RUS representative" means the Administrator of RUS or any person to whom the Administrator has officially delegated specific or general authority to take the action in question.

**Section 10.17 Amendment of Laws and RUS Regulations**

Nothing contained herein shall restrict in any way RUS' right to amend, rescind, or supplement any of the RUS Regulations or to seek such changes to existing Laws.

**Section 10.18 Term**

This Agreement shall remain in effect until one of the following two events has occurred:

- (a) The Borrower and RUS replace this Agreement with another written agreement; or
- (b) All of the Borrower's obligations under this Agreement have been discharged and paid.

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

GREEN HILLS TELEPHONE CORPORATION

by Lloyd Riley  
Name: Lloyd Riley  
Title: President

(Seal)

Attested to by: Steven L. Tam  
Secretary

THE UNITED STATES OF AMERICA

by Antonia M. Adams  
as acting Administrator  
of the Rural Utilities Service

**PROMISSORY NOTE**

Missouri 534-M11  
Breckenridge, MO

THIS PROMISSORY NOTE (hereinafter the "Note,") dated as of February 17, 2005, is made by **GREEN HILLS TELEPHONE CORPORATION** (hereinafter the "Borrower,") a corporation duly organized and existing under the laws of the State of Missouri, and the **UNITED STATES OF AMERICA**, (hereinafter the "Government,") acting through the Administrator of the Rural Utilities Service. For value received, the Borrower promises to pay to the order of the Government, at the United States Treasury, Washington, D.C., Twenty-Two Million Seven Hundred Four Thousand Dollars (\$22,704,000), with interest payable, from the date of each advance, on the amount advanced by the Government (hereinafter the "Advance,") pursuant to a certain Loan Agreement, dated as of the same date as this Note (hereinafter the "Loan Agreement,") made by and between the Borrower and the Government and remaining unpaid from time to time, in the time and manner herein provided:

1. *Interest Rate.* Interest on each Advance shall be at the rate of five per cent (5%) per annum.
2. *Maturity Date.* On a date nineteen (19) years after the date hereof, the principal hereof advanced pursuant to the Loan Agreement and remaining unpaid, if any, and interest thereon, shall be due and payable (hereinafter the "Maturity Date.")
3. *Fund Advance Period.* Funds will be advanced pursuant to the Loan Agreement. The fund advance period for this Note begins on the date hereof and terminates five (5) years from the date of this Note (hereinafter the "Termination Date.") No funds will be advanced subsequent to the Termination Date unless the Administrator extends the fund advance period in accordance with the Loan Agreement.
4. *Payments on Advances.*
  - (a) *Made Within Two (2) Years.* Interest on Advances made during the first two (2) years from the date of the first Advance hereunder, and remaining unpaid, shall be payable on the last day of each month (hereinafter the "Monthly Payment Date,") beginning on the last day of the month following the month of each Advance for the period ending two (2) years from the date of the first Advance hereunder. Thereafter, to and including the Maturity Date, the Borrower shall make a payment every Monthly Payment Date on each Advance which shall be: (i) substantially equal to all subsequent monthly payments and (ii) in an amount that will pay all principal and interest due on each Advance no later than the Maturity Date.

- (b) *Made After Two (2) Years.* Interest and principal payments on Advances made more than two (2) years after the date of the first Advance hereunder shall be repaid in installments beginning with the Monthly Payment Date of the month following each Advance and ending on the Maturity Date. The first such payment on an Advance shall be increased by the amount of interest accruing between the date of the Advance and the first day of the next month. Thereafter, to and including the Maturity Date, the Borrower shall make a payment every Monthly Payment Date on each such Advance (i) substantially equal to every other monthly payment on such Advance, and (ii) in an amount that will pay all principal and interest of such Advance no later than the Maturity Date. This payment shall be in addition to the payment on the Advances made within two (2) years from the date of the first Advance hereunder and remaining unpaid.

5. *Application of Payments.* Each payment made on this Note shall be applied as follows: First, to expenses, costs, and penalties; Second, to late charges; Third, to the payment of interest on principal; and Fourth, to principal.

6. *Prepayment.* All, or a portion of the outstanding balance, of any Advance may be prepaid on any payment date, as herein provided. However, so long as any of the principal advanced pursuant to the Loan Agreement shall remain unpaid, the Borrower shall be obligated to make the monthly payment on account of principal and interest, in the amount provided herein, unless the Borrower and the Government shall otherwise agree, in writing.

7. *Late Payments.* A late charge shall be charged on any payment not made within five (5) days of the date the payment becomes due. The late charge rate shall be computed on the payment from the due date at a rate equal to the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. In addition, the Borrower shall pay administrative costs and penalty charges assessed in accordance with applicable Government regulations. Acceptance by the Government of a late payment shall not be deemed to be a waiver of any right or remedy of the Government.

8. *Security.* This Note is secured by a security interest in collateral described in the Restated Mortgage, Security Agreement and Financing Statement, dated as of the same date as this Note made by and between the Borrower and the Government (such mortgage, as amended, supplemented, consolidated or restated from time to time, hereinafter called the "Mortgage.") Rights and obligations with respect to the collateral are stated in the Mortgage.

9. *Noteholder.* This Note evidences indebtedness created by a loan made under the Rural Electrification Act (7 U.S.C. § 901 *et seq.*). The Government shall be, and shall have all rights as, holder of this Note. If the Government shall at any time assign this Note and insure the payment hereof, the Borrower shall continue to make payments hereunder to the Government as collection agent for the insured holder, and for purposes of the Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.



10. *Default.* In an event of default, as provided in the Loan Agreement and/or Mortgage, all principal advanced pursuant to the Loan Agreement and remaining unpaid on this Note, and all interest thereon may be declared or may become due and payable in the manner and with the effect provided in the Loan Agreement and/or Mortgage.

11. *Costs.* The Borrower shall pay any and all costs and expenses incurred in connection with the exercise of rights or the enforcement of remedies, as set forth in the Loan Agreement and/or Mortgage.

12. *Waivers.* The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonor, protest, and notice of non-payment of this Note.

13. *Obligations.* The obligations of the Borrower hereunder are absolute and unconditional, irrespective of any defense or any right to set off, recoupment, or counterclaim it might otherwise have against the Government.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate or legal name and its corporate seal, if any, to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

GREEN HILLS TELEPHONE CORPORATION

by Lloyd Riley  
Name: Lloyd Riley  
Title: President

(SEAL)

Attested to by: Steven L. Tran  
Secretary

RUS DESIGNATION:  
Missouri 534-M11 and TP1/TA1 "Breckenridge"

RESTATED MORTGAGE,  
SECURITY AGREEMENT  
AND  
FINANCING STATEMENT

made by and between

GREEN HILLS TELEPHONE CORPORATION,  
7926 NE State Route M, P.O. Box 227  
Breckenridge, MO 64625-0227

as Mortgagor and Debtor,

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

as Mortgagee and secured party.

**THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.**

**THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.**

**THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, FIXTURES, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.**

**THIS INSTRUMENT WAS DRAFTED BY THE RURAL UTILITIES DIVISION, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C. 20250-1400.**

**MORTGAGOR'S CHARTER NUMBER: 570B.**

No. \_\_\_\_\_

THIS RESTATED MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (hereinafter this "Restated Mortgage," ) dated as of February 17, 2005, made by and between **GREEN HILLS TELEPHONE CORPORATION** (hereinafter the "Mortgagor," ) a corporation existing under the laws of the State of Missouri, as Mortgagor and Debtor, and **THE UNITED STATES OF AMERICA** (hereinafter the "Government," ) acting through the Administrator of the Rural Utilities Service ("RUS") as Mortgagee and secured party.

WHEREAS, the Mortgagor and Mortgagee are parties to certain prior telephone loan contracts (the "Prior Telephone Loan Contracts;" )

WHEREAS, the Mortgagor, for value received, has duly authorized, executed, and delivered to the Government, or has assumed the payment of, certain mortgage notes, all payable to the order of, or obligating the Mortgagor otherwise to, the Government (hereinafter the "Outstanding Mortgagor-RUS Notes" ) identified in Schedule A hereto, which are now outstanding and held by the Government;

WHEREAS, Wheeling Telephone Company ("Wheeling" ) heretofore borrowed funds from the Government pursuant to the Act, as hereinafter defined, and a certain Telephone Loan Contract, dated as of June 13, 1974, by and between Wheeling and the Government; duly authorized, executed, and delivered to the Government to evidence such indebtedness the "Outstanding Wheeling-RUS Notes;" identified in Schedule A hereto;

WHEREAS the Outstanding Wheeling-RUS Notes were secured by the "Wheeling Underlying Mortgage," identified in Schedule A hereto, made by Wheeling to the Government;

WHEREAS the Mortgagor and Wheeling entered into an Agreement and Plan of Merger, dated February 13, 1995, pursuant to which the Mortgagor acquired all of Wheeling's property and assumed Wheeling's obligations to the Government, including those evidenced by the Outstanding Wheeling-RUS Notes;

WHEREAS, the Outstanding Mortgagor-RUS Notes were secured by the security instruments identified in Schedule A hereto, (hereinafter the "Prior Mortgagor Mortgage" ) made by the Mortgagor to the Government;

(1) WHEREAS, the Mortgagor has determined at this time to borrow funds, or to obtain a loan guarantee, from the Government pursuant to the Rural Electrification Act of 1936 (7 U.S.C. § 901 *et seq.*) (hereinafter the "Act" ) and the Loan Agreement identified in Schedule A, and accordingly the Mortgagor has duly authorized, executed, and delivered to the Government, its mortgage note(s) identified in Schedule A (hereinafter the "Current RUS Note(s)," ) which are to be secured by this Restated Mortgage of the property hereinafter described;

second WHEREAS, it is contemplated that the Outstanding Wheeling-RUS Notes, Outstanding RUS Notes and the Current RUS Note shall be secured by this Restated Mortgage, as may be additional funding and notes, and/or renewal and substitute notes (hereinafter collectively the "Additional Notes," ) which may from time to time be executed and delivered by the Mortgagor to the Government, or notes which otherwise obligate the Mortgagor to the Government, as hereinafter provided, (the Outstanding RUS Notes, Current RUS Note, and the Additional Notes are hereinafter collectively called the "Notes;" )

secondthird WHEREAS, the Mortgagor now owns or leases the facilities (hereinafter the "Existing Facilities" ) identified in Schedule B;

WHEREAS, to the extent that any of the property described or referred to in this Restated Mortgage is governed by the provisions of the Uniform Commercial Code of any State (hereinafter the "UCC," ) the parties hereto desire that this Restated Mortgage be regarded as a "security agreement" under the UCC;

WHEREAS the Mortgagor desires to enter into this Restated Mortgage pursuant to which all secured debt of the Mortgagor hereunder, including the obligations evidenced by the Outstanding Wheeling-RUS Notes, shall be secured on parity;

WHEREAS, this Restated Mortgage restates and consolidates the Prior Mortgagor Mortgage and the Underlying Wheeling Mortgage while preserving the priority of the liens of said mortgages securing the payment of Mortgagor's outstanding obligations secured thereunder, which indebtedness is described more particularly by listing the same under "Outstanding RUS-Mortgagor Notes" and "Outstanding Accent-RUS Notes" in Schedule A hereof;

WHEREAS, all acts necessary to make this Restated Mortgage a valid and binding legal instrument for the security of the Notes and other obligations of the Mortgagor have been, in all respects, duly authorized.

NOW, THEREFORE, this Restated Mortgage

WITNESSETH:

That the instruments constituting the Prior Mortgages are hereby amended, supplemented, and consolidated to read in their entirety from and after the date of execution of this Restated Mortgage as follows:

#### GRANTING CLAUSE

NOW, THEREFORE, THIS RESTATED MORTGAGE WITNESSETH: That to secure the payment of the principal, interest, and premium, if any, on the Outstanding RUS Notes, Current RUS Note, and all Notes issued hereunder according to their tenor and effect, and to secure the performance of all provisions therein, herein, in the Prior Telephone Loan Contracts, and the Loan Agreement, and in consideration of the covenants herein contained and other good and valuable consideration, the Mortgagor has mortgaged, pledged and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, release, convey, assign, transfer, hypothecate, pledge, set over and confirm, pledge, and grant unto the Mortgagee, for the purposes herein expressed, a continuing security interest and lien in all property, assets, rights, privileges, licenses and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible and intangible, of the kind or nature specifically mentioned herein, or any other kind or nature now owned or hereafter acquired or arising by the Mortgagor (by purchase, consolidation, merger, donation, construction, erection or in any other way) wherever located, including without limitation all or in part the following (hereinafter the "Mortgaged Property:")

#### I

All right, title, and interest of the Mortgagor in and to the Existing Facilities, buildings, plants, works, improvements, structures, estates, grants, franchises, easements, rights, privileges and properties, whether real, personal, or mixed, tangible or intangible, of every kind or description, now or hereafter owned, leased, constructed, or acquired by the Mortgagor, wherever located, and in and to all extensions, improvements, and additions thereto, including but not limited to all buildings, plants, works, structures, towers, antennas, fixtures, apparatus, materials, supplies, machinery, tools, implements, poles, posts, crossarms, conduits, ducts, lines, wires, cables, whether underground, overhead, or otherwise, exchanges, switches, including, without limitation, host and remote switches, desks, testboards, frames, racks, motors, generators, batteries, and other items of central office equipment, pay stations, protectors, instruments, connections and appliances, office furniture, equipment, and any and all other property of every kind, nature, and description, used, useful, or acquired for use by the Mortgagor in connection therewith, and including, without limitation, the following property:

- (a) The Existing Facilities located in the Counties listed in Schedule B in the States identified in Schedule B;

- (b) The real estate described on Schedule B, and by this reference made a part hereof, as if fully set forth at length at this point;
- (c) If the real estate described in Schedule B is by reference to deeds, grantor(s), grantee, etc., then the description of each of the properties conveyed by and through such deeds is, by reference, made a part of Schedule B as though fully set forth at length therein; and
- (d) The real estate described in Schedule B shall also include all plants, works, structures, erections, reservoirs, dams, buildings, fixtures, towers, antennas, and improvements now or hereafter located on such real estate, and all tenements, hereditaments, and appurtenances now or hereafter belonging, or in any way appertaining, thereunto.

## II

All right, title, and interest of the Mortgagor in, to, and under any and all grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Mortgagor for the purposes of, or in connection with, the construction or operation by, or on behalf of, the Mortgagor of its properties, facilities, systems, or businesses, whether underground, overhead, or otherwise, wherever located;

## III

All right, title, and interest of the Mortgagor in, to, and under any and all licenses and permits (including without limitation those granted by the FCC), franchises, ordinances, and privileges, whether heretofore or hereafter granted, issued, or executed, to it or to its assignors by the Government, or by any state, 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 Mortgagor's properties, facilities, systems, or businesses, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged, or pledged;

## IV

All right, title, and interest of the Mortgagor in, to, and under all personal property and fixtures of every kind and nature, including without limitation all goods (such as inventory, equipment and any accessions thereto,) instruments (such as promissory notes or chattel paper, electronic or otherwise), documents, accounts (such as deposit accounts or trust accounts pursuant hereto or to a loan agreement), letter-of-credit rights, investment property (such as certificated and uncertificated securities or security entitlements and accounts), software, general intangibles (such as payment intangibles), supporting obligations, contract rights or rights to the payment of money, insurance claims, and proceeds (as such terms are presently and hereafter defined in the UCC; provided, however, that the term "instrument" shall be such term as defined in Article 9 of the UCC rather than Article 3);

## V

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, corporation, or other corporate entity relating to the Mortgaged Property (including contracts for the lease, occupancy, or sale of the Mortgage Property, or any portion thereof);

## VI

All right, title, and interest of the Mortgagor in, to, and under any and all books, records and correspondence relating to the Mortgage Property, including, but not limited to, all records, ledgers, leases, computer and automatic machinery, software, programs, databases, disc or tape files, print-outs, batches, runs, and

other electronically-prepared information indicating, summarizing, evidencing, or otherwise necessary or helpful in the collection or realization on the Mortgaged Property;

## VII

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

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

Provided, however, that except as provided in section 2.12 of Article II herein, no automobiles, trucks, trailers, tractors or other vehicles (including without limitation aircraft or ships, if any) owned or used by the Mortgagor shall be included in the Mortgaged Property.

TO HAVE AND TO HOLD all or in part the Mortgaged Property unto the Mortgagee and its respective assigns forever, to secure equally and ratably the payment of the principal and interest on the Notes, according to their tenor and effect, without preference, priority, or distinction as to interest, principal (except as otherwise specifically provided herein,) lien, or otherwise, of any note over any other note by reason of the priority in time of the execution, delivery, maturity, assignment, negotiation, or otherwise, thereof, and to secure the due performance of the covenants, agreements and provisions herein and contained in the Prior Telephone Contracts and the Loan Agreement, and for the uses and purposes and upon the terms, conditions, provisos, and agreements herein expressed and declared.

## ARTICLE I

### ADDITIONAL NOTES

#### SECTION 1.1 Additional Notes

- (a) The Mortgagor, when authorized by resolution(s) of its board of directors, members, or other relevant governing body, may from time to time execute and deliver to the Government one or more Additional Notes: (1) to evidence loans made or guaranteed by the Government to the Mortgagor pursuant to the Act, or to evidence indebtedness of the Mortgagor incurred by the assumption by the Mortgagor of the indebtedness of a third party, or parties to the Government, created by a loan or loans theretofore made or guaranteed by the Government to such third party or parties pursuant to the Act; and/or (2) to refund any Note(s) at the time outstanding secured hereby, or in renewal of, or in substitution for, any such Note(s) then outstanding.
- (b) Additional Notes shall contain such provisions and shall be executed and delivered upon such terms and conditions as the Government and the board of directors, members, or other relevant governing body of the Mortgagor authorizing the execution and delivery thereof, shall prescribe; provided, however, that the outstanding principal balances owing on the Notes shall not at any one time exceed the Mortgage Debt Limit set forth in Schedule A, and no Note shall mature more than fifty (50) years after the date hereof. Additional Notes, when and as executed and delivered, shall be secured by this Mortgage,

equally and ratably with all other Notes then outstanding, without preference, priority, or distinction of any Note over any other Note by reason of the priority of the time of the execution, delivery, maturity, assignment, or negotiation thereof. As used in this Restated Mortgage, the term "directors" includes trustees.

## **SECTION 1.2 Supplemental Mortgage**

The Mortgagor, when authorized by resolution(s) of its board of directors, members, or other relevant governing body, may from time to time execute, acknowledge, deliver, record, and file mortgages supplemental to this Restated Mortgage which thereafter shall form a part hereof, for the purpose of formally confirming this Restated Mortgage as security for the Notes.

## **ARTICLE II**

### **PARTICULAR COVENANTS OF THE MORTGAGOR**

The Mortgagor covenants with the Mortgagee and the holders of Notes secured hereby (hereinafter collectively the "Noteholders") as follows:

#### **SECTION 2.1 Authority to Execute and Deliver Notes, Prior Telephone Loan Contracts, the Loan Agreement and Mortgage; All Action Taken; Enforceable Obligations**

The Mortgagor has all requisite corporate and legal power to enter into and perform its obligations under the Outstanding RUS Notes, Current RUS Note, Prior Telephone Loan Contracts, the Loan Agreement and this Restated Mortgage and to execute and deliver Additional Notes; and all official action on its part for the execution and delivery of the Outstanding RUS Notes, Current RUS Note, the Prior Telephone Loan Contracts, the Loan Agreement and this Restated Mortgage has been duly and effectively taken; and the Outstanding RUS Notes, Current RUS Note, the Prior Telephone Loan Contracts, the Loan Agreement and this Restated Mortgage are, or when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms.

#### **SECTION 2.2 Warranty of Title**

- (a) Except as disclosed in writing in the opinion of counsel, at the time of execution and delivery of this instrument, the Mortgagor has good and marketable title in fee simple to the Mortgaged Property, free and clear of any deed of trust, mortgage, lien, charge, or encumbrance thereon or affecting the title thereto, except for the following Permitted Encumbrances:
  - (i) as to the Mortgaged Property that is real property, restrictions, exceptions, reservations, conditions, limitations, interests, and other matters which are set forth or referred to in deeds or other conveyance documents, and each of which fits one or more of the clauses of this definition; provided however, that such matters do not in the aggregate materially detract from the value of the Mortgaged Property taken as a whole and do not materially impair the use of such property for the purposes for which it is held by the Mortgagor;
  - (ii) liens for taxes, assessments, and other governmental charges which are not delinquent;
  - (iii) liens for taxes, assessments, and other governmental charges already delinquent which are currently being contested in good faith by

appropriate proceedings; provided, the Mortgagor shall have set aside on its books adequate reserves with respect thereto;

- (iv) mechanics', workmen's, repairmen's, materialmen's, warehousemen's and carriers' liens and other similar liens arising in the ordinary course of business for charges which are not delinquent, or which are being contested in good faith and have not proceeded to judgment; provided, the Mortgagor shall have set aside on its books adequate reserves with respect thereto;
- (v) liens in respect of judgments or awards with respect to which the Mortgagor shall in good faith currently be prosecuting an appeal or proceedings for review and with respect to which the Mortgagor shall have secured a stay of execution pending such appeal or proceedings for review; provided, the Mortgagor shall have set aside on its books adequate reserves with respect thereto;
- (vi) easements and similar rights granted by the Mortgagor over, or in respect of, any Mortgaged Property, provided that in the opinion of the Mortgagor's board, members, other relevant governing body, or official acceptable to RUS, such grant will not impair the usefulness of such property in the conduct of the Mortgagor's business and will not be prejudicial to the interests of the Mortgagee, and similar rights granted by any predecessor in title of the Mortgagor;
- (vii) easements, leases, reservations, or other rights of others in any property of the Mortgagor for streets, roads, bridges, pipes, pipe lines, railroads, electric transmission and distribution lines, telegraph and telephone lines, the removal of oil, gas, coal or other minerals and other similar purposes, flood rights, river control and development rights, sewage and drainage rights, restrictions against pollution and zoning laws and minor defects and irregularities in the record of title; provided, that the above do not materially affect the marketability of title to such property and do not in the aggregate materially impair the use of the Mortgaged Property taken as a whole for the purposes for which it is held by the Mortgagor;
- (viii) liens upon lands over which easements or rights of way are acquired by the Mortgagor for any of the purposes specified in Clause (vii) of this definition, securing indebtedness neither created, assumed, nor guaranteed by the Mortgagor, nor on account of which it customarily pays interest, which liens do not materially impair the use of such easements or rights of way for the purposes for which they are held by the Mortgagor;
- (ix) leases existing at the date of this instrument affecting property owned by the Mortgagor at said date which have been previously disclosed to the Mortgagee in writing, and leases for a term of not more than two years (including any extensions or renewals) affecting property acquired by the Mortgagor after said date;
- (x) terminable or short term leases or permits for occupancy which expressly grant to the Mortgagor the right to terminate at any time on



not more than six months' notice and which occupancy does not interfere with the operation of the business of the Mortgagor;

- (xi) any lien or privilege vested in any lessor, licensor, or permittor for rent or other obligations or acts to be performed, the payment or performance of which other obligations or acts is required under leases, subleases, licenses or permits, so long as the payment of such rent or the performance of such other obligations or acts is not delinquent;
- (xii) liens or privileges of any employees of the Mortgagor for salary or wages earned but not yet payable;
- (xiii) the burdens of any law, governmental regulation, or permit requiring the Mortgagor to maintain certain facilities or to perform certain acts as a condition of the Mortgagor's occupancy of certain real estate, or prohibiting the interference with any public lands or any river or stream or navigable waters;
- (xiv) any irregularities in or deficiencies of title to any rights-of-way for pipe lines, telephone lines, telegraph lines, power lines or appurtenances thereto, or other improvements thereon, and to any real estate used or to be used primarily for right-of-way purposes; provided, that in the opinion of counsel for the Mortgagor; (1) the Mortgagor shall have obtained from the apparent owner of the lands or estates therein covered by any such right-of-way, a sufficient right, by the terms of the instrument granting such right-of-way, to the use thereof for the construction, operation, or maintenance of the lines, appurtenances, or improvements for which the same are used or to be used; or (2) the Mortgagor has power under eminent domain, or similar statutes, to remove such irregularities or deficiencies;
- (xv) rights reserved to, or vested in, any municipal, governmental, or other public authority to control or regulate any property of the Mortgagor, or to use such property in any manner, which rights do not materially impair the use of such property, for the purposes it is held by the Mortgagor;
- (xvi) any obligations or duties affecting the property of the Mortgagor, to any municipal, governmental, or other public authority with respect to any franchise, grant, license or permit;
- (xvii) any right which any municipal, governmental, or other public authority may have by virtue of any franchise, license, contract or statute (1) to purchase, (2) to designate a purchaser of, or (3) to order the sale of, any property of the Mortgagor upon payment of cash or reasonable compensation therefor; or to terminate any franchise, license or other rights; or to regulate the property and business of the Mortgagor; provided however, that nothing in this clause is intended to waive any claim or rights that the Government may otherwise have under federal laws;
- (xviii) any lien required by law or government regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Mortgagor to maintain self-insurance or to participate

in any fund established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions, or other social security, or to share in the privileges or benefits required for companies participating in such arrangements; provided however, that nothing in this clause is intended to waive any claim or rights that the Government may otherwise have under federal laws;

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

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

(xxi) this Restated Mortgage and any Underlying Mortgages identified therein.

(b) The Mortgagor warrants that it has good right and lawful authority to mortgage the Mortgaged Property for the purposes herein expressed.

(c) At the time of execution and delivery of this Restated Mortgage, the Mortgagor lawfully owns and is possessed of the personal property described in the Granting Clauses herein, free and clear of any deed of trust, mortgage, lien, charge, or encumbrance thereon or affecting the title thereto, except Permitted Encumbrances.

**SECTION 2.3 Maintain Superior Lien of Mortgage, After-Acquired Property, Further Assurances, Recording**

(a) The Mortgagor will, so long as any of the Notes shall be outstanding, maintain and preserve the lien of this Restated Mortgage superior to all other liens affecting the Mortgaged Property, and will execute, file and/or record such financing statements, continuation statements, mortgages or other security instruments as necessary to maintain such superior lien and will forever warrant and defend the title to said property against any and all claims and demands whatsoever.

(b) All property of every kind acquired by the Mortgagor after the date hereof, shall, immediately upon the acquisition thereof by the Mortgagor, and without any further mortgage, conveyance, or assignment, become subject to the lien of this Restated Mortgage. Nevertheless, the Mortgagor will do, execute, acknowledge, and deliver any and all such further acts, conveyances, mortgages, security agreements, financing statements, and assurances as the Mortgagee shall require for accomplishing the purposes of this Restated Mortgage.

(c) The Mortgagor will cause this Restated Mortgage and all supplemental mortgages and other instruments of further assurance, including all financing statements covering security interests in personal property, to be promptly recorded, registered and filed, and will execute and file such financing statements and cause to be issued and filed such continuation statements, all in such manner and place as may be required by law, or requested by the Mortgagee, fully to preserve and protect the rights of the Mortgagee and Noteholders hereunder to the Mortgaged Property.

#### **SECTION 2.4 Negative Pledge**

The Mortgagor shall not create, incur, or suffer any lien, mortgage, pledge, assignment, or other encumbrance on, or security interest in, the Mortgaged Property, other than the Permitted Encumbrances.

#### **SECTION 2.5 Payment of Taxes**

The Mortgagor will promptly pay or discharge any and all obligations for which, or on account of which, any lien, claim, or charge against the Mortgagor's property might exist or could be created, and for any and all lawful taxes, rates, levies, or assessments imposed upon, or accruing upon, any of the Mortgagor's property (whether taxed to the Mortgagor or to any Noteholder), franchises, earnings, or businesses, as and when the same shall become due and payable; and whenever called upon to do so, the Mortgagor will furnish to the Mortgagee or to any Noteholder adequate proof of such payment or discharge.

#### **SECTION 2.6 Payment of Notes and Secured Obligations**

The Mortgagor will duly and punctually pay the principal and interest on the Notes, at the time, place, and manner provided therein, according to the true intent and meaning thereof, as well as all other sums becoming due hereunder.

#### **SECTION 2.7 Restrictions on Transfers of Property**

Except as provided in Section 2.8 below, the Mortgagor shall not sell, lease or transfer any Mortgaged Property to any other person or entity (including any subsidiary or affiliate of the Mortgagor) without the prior written consent of the Mortgagee.

#### **SECTION 2.8 Disposal of Obsolete or Damaged Mortgaged Property**

So long as the Mortgagor is not in default hereunder, the Mortgagor may, without obtaining the consent of the Mortgagee or Noteholders, sell or otherwise dispose of, free from the lien hereof, any of its property which is neither necessary to, nor useful for, the operation of the Mortgagor's business, or which has become obsolete, worn out, damaged, or otherwise unsuitable for the purposes of the Mortgagor; provided, however, that the Mortgagor shall to the extent necessary: (1) replace the same with other property of the same kind and nature, or substitute thereof, which shall be subject to the lien hereof, free and clear of all prior liens, and apply the proceeds, if any, derived from the sale or disposition of such property, which are not needed for the replacement thereof, to the prepayment of the indebtedness on the outstanding Notes, and shall be applied to such notes and installments thereof as may be designated by the respective Noteholders at the time of any such receipt; (2) immediately upon the receipt of the proceeds of any sale or disposition of said property, apply the entire amount of such proceeds to the prepayment of the indebtedness evidenced by the Notes; or (3) deposit all or such part of the proceeds derived from the sale or disposition of said property into such bank accounts as the Mortgagee shall specify, and shall use the same only for such additions to, or improvements in, the Mortgaged Property, on such terms and conditions as the Mortgagee shall specify.

#### **SECTION 2.9 Maintenance, Preservation and Operation of Mortgaged Property**

- (a) At all times the Mortgagor will maintain and preserve the Mortgaged Property in good repair, working order, and condition, and will, subject to contingencies beyond its reasonable control, keep its plant and properties in continuous operation, and from time to time make all needed and proper repairs, renewals, replacements, useful and proper alterations, additions, betterments and improvements, and use all reasonable diligence to furnish the subscribers served by it through the Mortgaged Property with adequate telecommunications and broadband telephone service.

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

#### **SECTION 2.10 Mortgaged Property to be Purchased Free of Encumbrances**

Except as specifically authorized in writing in advance by the Mortgagee, the Mortgagor will purchase all materials, equipment, supplies, and replacements to be incorporated in, or used in connection with, the Mortgaged Property outright, and not subject to any conditional sales agreement, chattel mortgage, bailment lease, or other agreement reserving to the seller any right, title, or lien.

#### **SECTION 2.11 Insurance Requirements; Application of Insurance Proceeds**

- (a) The Mortgagor shall take out and maintain insurance on the property acquired with the Loan in accordance with 7 C.F.R. Part 1788.
- (b) Sums recovered under any policy or fidelity bond by the Mortgagor or any Noteholder for a loss of funds advanced under the Notes or for any loss under such policy or bond shall, unless applied as provided in 7 C.F.R. Part 1788, be used to finance construction of utility plant secured or to be secured by this Restated Mortgage, or, unless otherwise directed by the Mortgagee, be applied to the prepayment of the Notes then outstanding, and shall be applied to such Notes and installments thereof as may be designated by the respective Noteholders at the time of receipt. At the request of the Mortgagee, the Mortgagor shall exercise such rights and remedies under such policy or fidelity bond as designated by the Mortgagee, and the Mortgagor hereby irrevocably appoints the Mortgagee as its agent to exercise such rights and remedies under such policy or bond as the Mortgagee may choose, and the Mortgagor shall pay all costs and reasonable expenses incurred by the Mortgagee in connection with such exercise.

#### **SECTION 2.12 When Mortgage Lien Attaches to Vehicles, Ships, Etc.**

In the event the Mortgagor has or suffers a deficit in Net Income or Net Margins, as such terms are defined in the Loan Agreement, during any fiscal year while any of the Notes are outstanding, the Mortgagor will at any time, upon written demand of the Mortgagee, make, execute, acknowledge and deliver or cause to be made, executed, acknowledged, and delivered all such further and supplemental indentures of mortgages, security agreements, financing statements, instruments, and conveyances, and take or cause to be taken all such further action, as may be requested by the Mortgagee, in order to attach to this Restated Mortgage, as Mortgaged Property, and to subject to all the terms and conditions of this Restated Mortgage, all right, title, and interest of the Mortgagor in and to, all or in part, the automobiles, trucks, tractors, trailers, railcars, aircraft, ships, boats and other vehicles then or thereafter owned or acquired by the Mortgagor. Upon the making of such written demand by the Mortgagee, such vehicles shall be deemed part of the Mortgaged Property for all purposes hereof.

#### **SECTION 2.13 Application of Proceeds from Eminent Domain**

In the event the Mortgaged Property, or any part thereof, shall be taken under the power of eminent domain, all proceeds and avails therefrom, except to the extent that all Noteholders shall consent to other use and application thereof, shall forthwith be applied by the Mortgagor: First, to the ratable payment of any indebtedness by this Restated Mortgage secured other than principal or interest on the Notes; Second, to the ratable payment of interest which shall have accrued on the Notes and be unpaid; Third, to the ratable payment of, or on account of, the unpaid principal of the Notes and to such installments thereof as may be designated by the respective Noteholders at the time of any such payment; and if any, the balance shall be paid to whosoever shall be entitled thereto.

#### **SECTION 2.14 Compliance with Loan Agreement and Prior Telephone Loan Contracts**

The Mortgagor will well and truly observe and perform all applicable covenants, agreements, terms, and conditions contained in the Prior Telephone Loan Contracts and the Loan Agreement.

#### **SECTION 2.15 Government to be Noteholder**

At all times when any Note is held by the Government, or in the event the Government shall assign an Additional Note without having insured the payment of such Note, this Restated Mortgage shall secure payment of such Note for the benefit of the Government or such uninsured holder thereof, as the case may be. Whenever any Additional Note may be sold to an insured purchaser, it shall continue to be considered a "Note" as defined herein, but as to any such insured Note, the Government, and not such insured purchaser, shall be considered and shall have the rights of the Noteholder for purposes of this Restated Mortgage. Notice of the rights of the Government under the preceding sentence shall be set forth in all such insured Notes. As to any Note which evidences a loan made by a third party lender to the Mortgagor and guaranteed by the Government, acting through the Administrator, pursuant to the Act, the Government and not such third party lender shall be considered to be and shall have the rights of the Noteholder for purposes of this Restated Mortgage.

#### **SECTION 2.16 Mortgagee Right to Expend Money to Protect Mortgaged Property**

If in any respect the Mortgagor fails to comply with the covenants and conditions herein contained regarding the procuring of insurance, the payment of taxes, assessments, and other charges, the keeping of the Mortgaged Property in repair and free of liens and other claims, or to comply with any other covenant contained in this Restated Mortgage or the Loan Agreement, the Mortgagee shall have the right, without prejudice to any other remedies arising by reason of such default: (1) to advance or expend moneys for the purpose of procuring such insurance, or for the payment of insurance premiums, taxes, assessments or other charges; (2) to save the Mortgaged Property from sale or forfeiture for any unpaid tax, assessment, or otherwise; (3) to redeem the same from any tax or other sale; (4) to purchase any tax title thereon; (5) to remove or purchase any mechanics' liens or other encumbrance thereon; (6) to make repairs thereon; (7) to comply with any other covenant herein contained; (8) to prosecute and defend any suit in relation to the Mortgaged Property; or (9) in any manner, to protect the Mortgaged Property and the title thereto. All sums so advanced for any of the aforesaid purposes with interest thereon at the highest legal rate, but not in excess of twelve percent (12%) per annum, shall be deemed a charge upon the Mortgaged Property in the same manner as the Notes are secured and shall be forthwith paid to the Mortgagee upon demand. It shall not be obligatory for the Mortgagee in making any such advances or expenditures to inquire into the validity of any such title, tax, assessment, sale, mechanics' lien, or other encumbrance thereof.

### **ARTICLE III**

#### **REMEDIES OF THE MORTGAGEE AND NOTEHOLDERS**

##### **SECTION 3.1. Events of Default:**

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

- (a) Representations and Warranties. Any representation or warranty made by the Mortgagor in the Loan Documents, as such term is defined in the Loan Agreement or in the Application, or any certificate furnished to RUS thereunder, as such term is defined in the Loan Agreement, shall prove to have been incorrect in any material respect at the time made;
- (b) Non-Payment. The nonpayment of any required and due installment of interest on, or principal of, any Note, whether by acceleration or otherwise, which continues for five (5) Business Days, as such term is defined in the Loan Agreement;

- (c) Corrective Actions. Default by the Mortgagor in the observance or performance of Section 5.13 of the Loan Agreement;
- (d) Limited Liability Companies. Default by the Mortgagor or its members in the observance or performance of Section 6.3 of the Loan Agreement;
- (e) Other Covenants. Default by the Mortgagor in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for thirty (30) calendar days, after written notice thereof had been given to the Mortgagor by RUS;
- (f) Adverse Effects. The Mortgagor shall forfeit or otherwise be deprived of its charter, articles of organization, franchises, permits, easements, consents, or licenses required to carry on any material portion of its business, or the Mortgagor files for, or an event occurs, which can reasonably be expected to result in its dissolution or termination;
- (g) Other Obligations. Default by the Mortgagor in the payment of any obligation, whether direct or contingent, for borrowed money in excess of ten thousand dollars (\$10,000.00) or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation which default shall have resulted in such obligation becoming or being declared due and payable prior to the date on which it would otherwise be due and payable;
- (h) Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief with respect to the Mortgagor in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect: (1) appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official, or (2) ordering the winding up or liquidation of its affairs; or the Mortgagor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors;
- (i) Dissolution or Liquidation. Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Mortgagor, or the filing of such by the Mortgagor;
- (j) Impaired Business. The failure by the Mortgagor to promptly forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within thirty (30) days; and
- (k) Payment of Final Judgment. A final judgment in an amount of ten thousand dollars (\$10,000.00) or more shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of thirty (30) days.

### **SECTION 3.2 Acceleration of Maturity; Annulment of Acceleration**

- (a) If any Event of Default has occurred and is continuing, the Mortgagee, and/or the Noteholders, may, by notice in writing to the Mortgagor and delivery of a copy thereof to the other Noteholders, if any, declare all unpaid principal and accrued interest on any or all of their respective Notes to be due and payable immediately; and upon any such declaration, all such unpaid principal and accrued interest shall immediately become due and payable, notwithstanding anything contained herein or in any Note to the contrary.

- (b) If after the unpaid principal 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 have become due and payable by the terms of such Note(s) shall be paid to the respective Noteholders, and all other defaults hereunder and under the Notes shall have been made good or secured to the satisfaction of all of the Noteholders, the Noteholders which have declared the principal and interest on the Notes held by such Noteholders to be due and payable may, by written notice to the Mortgagor and delivery of a copy thereof to the other Noteholders, annul such declaration or declarations and waive such default(s) and consequences thereof, with such waiver not extending to or affecting any subsequent default or impairing any right consequent thereon.

### **SECTION 3.3 Remedies of Mortgagee**

If any Event of Default shall occur and continues, the Mortgagee, for itself, and as the agent of the other Noteholders, personally or by attorney, in its or their discretion, may, insofar as not prohibited by law:

- (a) (i) take immediate possession of the Mortgaged Property, (ii) collect and receive all credits, outstanding accounts, bills, receivables, rents, income, revenues, and profits of the Mortgagor, pertaining to or arising from the Mortgaged Property, or any part thereof, and issue binding receipts therefor; and (iii) manage, control, and/or 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) Mortgagee, or any employee or agent of it, is hereby constituted and appointed as true and lawful attorney-in-fact of the Mortgagor with full power to (i) notify or require the Mortgagor to notify any and all customers that the Mortgaged Property has been assigned to Mortgagee and/or that Mortgagee has a security interest in the Mortgaged Property; (ii) sign and endorse the name of the Mortgagor upon any notes, checks, acceptances, drafts, money orders, or other instruments of payment (including payments made under any policy of insurance) that may come into possession of Mortgagee, or upon any invoice, freight or express bill, bill of lading, storage or warehouse receipt, assignment, verification, or notice in connection with receivables, all in full or part payment of any amount owing to any Noteholder; (iii) send requests for verifications of Mortgaged Property to customers or account debtors; (iv) sell, assign, sue for, collect, or compromise payment of all or any part of the Mortgaged Property in the name of the Mortgagor or in its own name, or make any other disposition of Mortgaged Property, or any part thereof, for cash, credit, or any combination thereof; and Mortgagee may purchase all or any part of the Mortgaged Property at public or, if permitted by law, private sale, and in lieu of actual payment of such purchase price may set off the amount of such price against amounts owing to said Mortgagee; Mortgagee, is hereby granted, as the attorney-in-fact of the Mortgagor, full power of substitution and full power to do any and all things necessary to be done in and about the premises fully and effectually as the Mortgagor might or could do but for this appointment, and hereby ratifying all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. The Mortgagee, its employees, or agents shall not be liable for any act, omission, error of judgment, or mistake of fact or law in its capacity as attorney-in-fact. This power of attorney is coupled with an interest and shall be irrevocable during the term of this Restated Mortgage so long as any Notes shall remain outstanding;
- (c) proceed to protect and enforce the rights of the Mortgagee and the rights of the Noteholder(s) under this Restated Mortgage by suits or actions in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein, for aid of execution of any power herein granted, for

foreclosure hereunder, for sale of the Mortgaged Property, or any part thereof, for collection of debts hereby secured, or for enforcement of other appropriate legal or equitable remedies as may be deemed most effectual to protect and enforce the rights and remedies herein granted or conferred; and in the event any such action or suit is instituted, the Mortgagee or Noteholder(s) instituting such action or suit shall have the right to have appointed a receiver of the Mortgaged Property and of all rents, income, revenues, and profits pertaining thereto, or arising, derived, received, or had therefrom, from the commencement of such suit or action. 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;

- (d) sell or cause to be sold the Mortgaged Property, all or in part, and all right, title, interest, claim, and demand of the Mortgagor therein or thereto, at public auction in any county in which the property to be sold is located, at such time, place, and manner as may be specified in the notice of sale, containing a brief general description of the property to be sold, giving a copy thereof to the Mortgagor by mail at least fifteen (15) days prior to the date fixed for such sale, and publishing the same once in each week for two successive calendar weeks prior to the date of such sale in a newspaper of general circulation published in said county, or if no such newspaper is published in such county, in a newspaper of general circulation in such county, the first such publication to be not less than fifteen (15) days nor more than thirty (30) days prior to the date fixed for such sale. Any sale made under this subparagraph may be adjourned from time to time by announcement, at the time and place appointed for such sale or adjourned sale(s); and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned; provided, however, that in the event another or different notice of sale or another or different manner of conducting the same shall be required by law, the notice of sale shall be given or the sale shall be conducted, as the case may be, in accordance with the applicable provisions of law. The expenses incurred by the Mortgagee, including but not limited to receiver's fees, attorneys' fees, cost of advertisement, and agents' compensation, in the exercise of any of the remedies provided in this Restated Mortgage shall be secured by this Restated Mortgage;
- (e) Mortgagee shall have the right to enter and/or remain upon the premises of the Mortgagor without any obligation to pay rent to the Mortgagor or others, or any other place(s) where any of the Mortgaged Property is located and kept, and: (i) remove the Mortgaged Property therefrom in order to maintain, collect, sell, and/or liquidate the Mortgaged Property or, (ii) use such premises, together with materials, supplies, books, and records of the Mortgagor, to maintain possession and/or the condition of the Mortgaged Property, and to prepare the Mortgaged Property for sale, liquidation, or collection. Mortgagee may require the Mortgagor to assemble the Mortgaged Property and make it available to Mortgagee at a place to be designated by Mortgagee;
- (f) Mortgagee shall have the right, without prior notice to the Mortgagor, to exercise rights of setoff, recoupment, or any counterclaim and apply any and all amounts held or hereafter held by Mortgagee, owed to the Mortgagor, or for the credit of the Mortgagor, against any and all of the Notes. Mortgagee agrees to notify the Mortgagor promptly after any such setoff or recoupment and the application thereof; provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. Mortgagor waives all rights of setoff, deduction, recoupment, or counterclaim; and/or
- (g) Mortgagee shall have, in addition to any other rights and remedies contained in this Restated Mortgage, and in any other agreements, guarantees, notes, mortgages,



instruments, and documents heretofore, now, or at any time hereafter executed by the Mortgagor and delivered to Mortgagee, all of the rights and remedies of a secured party under the UCC in force in the state identified in the first paragraph hereof as of the date hereof and any other jurisdiction where the Mortgaged Property is located, all of which rights and remedies shall be cumulative, and nonexclusive.

#### **SECTION 3.4 Right to Purchase Mortgaged Property**

At any sale hereunder any Noteholder(s) shall have the right to bid for and purchase the Mortgaged Property, or such part thereof as shall be offered for sale, and any Noteholder(s) may, in lieu of actual payment of the purchase price, set off against the purchase price the amount owing to said Noteholder secured hereunder and such set off amount shall be credited as a payment on account of principal and interest on the Note(s) held by such Noteholder(s).

#### **SECTION 3.5 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 payment of indebtedness hereby secured other than the principal or interest on the Notes; Second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; Third, to the ratable payment of, or on account of, the unpaid principal of the Notes, and the balance, if any, shall be paid to whomsoever shall be entitled thereto.

#### **SECTION 3.6 Notice of Default**

The Mortgagor covenants that it will give immediate written notice to the Mortgagee and to all Noteholders of the occurrence of an Event of Default, or in the event that any right or remedy described in Sections 3.2, 3.3, 3.4, or 3.5 of this Article III is exercised or enforced, of any action taken to exercise or enforce any such right or remedy.

#### **SECTION 3.7 Remedies Cumulative, No Election**

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

#### **SECTION 3.8 Waiver of Appraisal Rights, Marshaling of Assets Not Required**

The Mortgagor, for itself and for all who may claim through or under it, covenants that it will not at any time insist upon or plead, or in any manner whatsoever, 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, in order to prevent, delay or hinder the enforcement or foreclosure of this Restated Mortgage, or the absolute sale of the Mortgaged Property, or any part thereof, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser(s) thereat, and the Mortgagor, for itself and for all who may claim through or under it, hereby waives the benefit of all such laws, unless such waiver shall be forbidden by law. Under no circumstance shall there be any marshaling of assets upon any foreclosure or other enforcement of this Restated Mortgage.

#### **SECTION 3.9 Federal Communications Commission Matters**

Notwithstanding any other provision of this Restated Mortgage, the following provisions shall be applicable in the event that the Mortgaged Property includes (to the extent such property can be included under the applicable law) licenses, permits, or similar rights granted by the Federal Communications Commission (hereinafter

referred to as the "FCC") to the Mortgagor (such licenses, permits or similar rights hereinafter referred to as "FCC Licenses:")

- (a) Any loss, revocation, foreclosure on, sale, transfer, or other disposition of FCC Licenses by the Mortgagee shall be pursuant to Section 310(d) of the Communications Act of 1934, as amended, and applicable rules and regulations thereunder, and, if and to the extent required thereby, subject to the prior approval or notice to and non-opposition of the FCC.
- (b) If an Event of Default shall have occurred and be continuing, the Mortgagor shall take any action which the Mortgagee may request in order to transfer and assign to the Mortgagee, or to such one or more third parties as the Mortgagee may designate, or to a combination of the foregoing, each FCC License held by the Mortgagor. The Mortgagee is empowered, to the extent permitted by applicable law, to request the appointment of a receiver from any court of competent jurisdiction. Such receiver may be instructed by the Mortgagee to seek from the FCC an involuntary transfer of control of each such FCC License for the purpose of seeking a bona fide purchaser to whom control will ultimately be transferred. The Mortgagor hereby agrees to authorize such an involuntary transfer of control upon the request of the receiver so appointed and, if the Mortgagor shall refuse to authorize the transfer, its approval may be required by the court. Upon the occurrence and during the continuance of an Event of Default, the Mortgagor shall further use its best efforts to assist in obtaining approval of the FCC and any state regulatory bodies, if required, for any action contemplated by this Restated Mortgage, including, without limitation, the preparation, execution and filing with the FCC and any state regulatory bodies of the assignor's or transferor's portion of any application or applications for consent to the assignment of any FCC license or transfer of control necessary or appropriate under the rules and regulations of the FCC or any state regulatory body for approval or non-opposition of the transfer or assignment of any portion of the Mortgaged Property, including, without limitation any FCC License.
- (c) The Mortgagor acknowledges that the assignment, transfer, loss, or revocation of any FCC License is integral to the Mortgagee's realization of the value of the Mortgaged Property, that there is no adequate remedy at law for failure by the Mortgagor to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees, without limiting the rights of the Mortgagee to seek and obtain specific performance of other obligations of the Mortgagor contained in this Restated Mortgage, that the agreements contained in this Section may be specifically enforced.
- (d) In accordance with the requirements of 47 C.F.R. Section 22.937, or any successor provision thereto, the Mortgagee shall notify the Mortgagor and the FCC in writing at least ten (10) days prior to the date on which the Mortgagee intends to exercise its rights under this Restated Mortgage or any other document or instrument relating to the Notes, by foreclosing on, or otherwise disposing of any Mortgaged Property in connection with which such notice is required pursuant to 47 C.F.R. Section 22.937 or any successor provision thereto.

## ARTICLE IV

### POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE

#### SECTION 4.1 Possession until Default

Until one or more of the Events of Default has happened, the Mortgagor shall be 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 Restated Mortgage.

#### SECTION 4.2 Defeasance

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

## ARTICLE V

### MISCELLANEOUS

#### SECTION 5.1 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 Mortgagee shall pass to and inure to the benefit of the successors and assigns of the Mortgagee and shall be deemed to be granted or conferred for the ratable benefit and security of all who shall from time to time be the holders of Notes executed and delivered as herein provided.

#### SECTION 5.2 Headings

The descriptive headings of the various articles of this Restated 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 5.3 Notices

All demands, notices, reports, approvals, designations, or directions required or permitted to be given hereunder shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified in Schedule "A;" 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 when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon

receipt, in each case given or addressed as provided for herein. The Addresses for Notice of the respective parties are set forth in Schedule "A."

#### **SECTION 5.4 Mortgage Deemed Security Agreement**

To the extent that any of the property described or referred to in this Restated Mortgage is governed by the provisions of the UCC, this Restated Mortgage is hereby deemed a "security agreement" under the UCC. The mailing address of the Mortgagor, as debtor, and of the Mortgagee, as secured party, are as set forth in Schedule "A."

#### **SECTION 5.5 Mortgagee Right to File Financing Statements**

Mortgagee shall have the right to file such financing statements and continuation statements on behalf of itself, as secured party, and Mortgagor, as Debtor, as Mortgagee deems necessary to perfect a first lien on the Mortgaged Property and to maintain and preserve such perfected first lien as long as any Note remains outstanding. Mortgagor shall reimburse the Mortgagee for any expenses incurred in the exercise of this right.

#### **SECTION 5.6 Severability Cause**

If any provision of this Restated Mortgage 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 validity, legality, and enforceability of the remainder of such provision nor any other provision thereof and this Restated Mortgage shall survive and be construed as if such invalid or unenforceable provision had not been contained therein.

#### **SECTION 5.7 Indemnification by Mortgagor of Mortgagee**

The Mortgagor agrees to indemnify the Mortgagee against any liability or damages which it may incur or sustain in the exercise and performance of its rightful powers and duties hereunder. For such reimbursement and indemnity, the Mortgagee shall be secured under this Restated Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee with interest at the rate specified in Section 2.16 hereof. The Mortgagor's obligation to indemnify the Mortgagee under this section shall survive the satisfaction of the Notes, the reconveyance or foreclosure of this Restated Mortgage, the acceptance of a deed in lieu of foreclosure, or any transfer or abandonment of the Mortgaged Property.

IN WITNESS WHEREOF, GREEN HILLS TELEPHONE CORPORATION, as Mortgagor, has caused this Restated Mortgage to be signed in its name and its seal, if any, to be hereunto affixed and attested by its duly authorized officer and the UNITED STATES OF AMERICA, as Mortgagee and secured party, has caused this Restated Mortgage to be duly executed on its behalf, all as of the day and year first above written.

GREEN HILLS TELEPHONE CORPORATION

by Lloyd Riley  
Name: Lloyd Riley  
Title: President

(Seal)

Attested to by: Steven L. Tan  
Secretary

Executed by the Mortgagor  
in the presence of:

James D. [unclear]

Name:

Sidna S. McCusker

Name:

THE UNITED STATES OF AMERICA

by \_\_\_\_\_  
as acting Administrator  
of the Rural Utilities Service

Executed by the Mortgagee  
In the presence of:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

DISTRICT OF COLUMBIA

)

SS

This instrument was acknowledged before me on \_\_\_\_\_,  
2005, by Curtis Anderson, acting Administrator of the Rural Utilities Service of the United States of  
America.

\_\_\_\_\_  
Notary Public

(Notary Seal)

My commission expires: \_\_\_\_\_

STATE OF MISSOURI

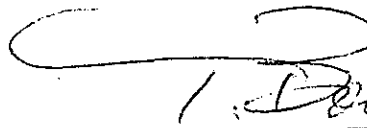
COUNTY OF

*Caldwell*

SS

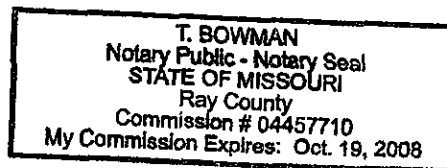
I certify that on this 20<sup>th</sup> day of APRIL, 2005, the foregoing instrument was acknowledged before me, T. Bowman, a Notary Public in and for the above-named County and State, and that Lloyd R. Kelly, to me personally known and the person whose name is signed to the foregoing instrument, did personally appear before me, who being duly sworn and deposed according to law, did make proof to my satisfaction and say that he/she was, at the time of execution thereof, the President of Green Hills Telephone Corporation, a Missouri corporation, that he/she knows the corporate seal of said entity, if one exists, and that the foregoing instrument, whose contents are known to him/her, was signed, sealed, and delivered on behalf of said entity by authority and/or Resolution of its board of directors, and furthermore acknowledged the instrument to be his/her free and voluntary act and deed, as well as that of the entity, for the purposes and uses therein set forth.

IN WITNESS WHEREOF, sworn and subscribed before me, I have hereunto set my hand and official seal.



Notary Public

(Notarial Seal)



My Commission expires:

## SCHEDULE A

1. The "Outstanding Mortgagor-RUS Notes" are:

Note <u>Designation</u>	Stated <u>Principal Amount</u>	<u>Date</u>	Interest <u>Rate</u>	Maturity <u>Date</u>
F8	\$1,294,000	01/25/74	2%	01/25/09
G8	\$1,645,000	06/20/75	2%	06/20/10
H8	\$2,480,000	06/27/77	2%	06/27/12
K8	\$386,000	11/20/78	2%	08/21/24
L8	\$5,628,000	10/08/90	5%	10/08/12

The "Outstanding Wheeling-RUS Notes" assumed by the Mortgagor are:

Note <u>Designation</u>	Stated <u>Principal Amount</u>	<u>Date</u>	Interest <u>Rate</u>	Maturity <u>Date</u>
TP1/TA1	\$820,000	09/26/74	5%	10/16/22

2. The "Prior Mortgagor Mortgage" is the Mortgage and Security Agreement, dated as of June 27, 1977, by the Mortgagor in favor of the Government, as supplemented.

The "Wheeling Underlying Mortgage" is the Mortgage and Security Agreement, dated as of September 26, 1974, by Wheeling Telephone Company, in favor of the Government.

3. The Loan Agreement referred to in the Recitals is the Loan Agreement, dated the same date as this Restated Mortgage between the Mortgagor and the Mortgagee.
4. The Current RUS Note(s), made by the Mortgagor to the Government, dated the same date as this Restated Mortgage and referred to in the Recitals are:

RUS Designation: MO 534-M11  
 Stated Principal Amount: \$22,704,000  
 Interest Rate: 5%  
 Maturity Date: February 17, 2024

5. The "Mortgage Debt Limit" referred to in section 1.1 is: \$75,000,000
6. The following addresses are for purposes of providing notice pursuant to section 5.4:

Mortgagee: Rural Utilities Service  
 United States Department of Agriculture  
 1400 Independence Avenue, S.W.  
 Washington, D.C. 20250-1500  
 Attention: Administrator  
 Fax: (202) 720-1725

With a copy to: Rural Utilities Service  
 United States Department of Agriculture  
 South Building, Room 2835, Stop 1595  
 1400 Independence Avenue, SW  
 Washington, D.C. 20250-1595  
 Attention: Jerry Brent  
 Fax: (202) 690-4654



Mortgagor: **Green Hills Telephone Corporation,  
7926 NE State Route M, P.O. Box 227  
Breckenridge, MO 64625-0227  
Tel: (660) 644-5411  
Fax: (660) 644-5464**

With a copy to: **None**

## SCHEDULE B

1. The "Existing Facilities" referred to in Granting Clause I are located in the counties of CALDWELL, CARROLL, DAVIESS, LINN, LIVINGSTON, and RAY in the State of MISSOURI.
2. The real estate mortgaged and pledged hereunder includes the following:
  1. A certain tract or parcel of land situated in Caldwell County, State of Missouri, described in a certain deed, dated August 8, 1973, by Lena Lorene Lipovac and Frank Lipovac, her husband, as grantors, and Green Hills Telephone Corporation as grantee, and recorded August 9, 1973 in Deed Book 149, Page 190 in the office of the Recorder of Deeds for Caldwell County, Missouri.
  2. A certain tract or parcel of land situated in Caldwell County, State of Missouri, described in a certain deed, dated April 27, 1977, by Frank Ermil Mason and Kathalene Mason, his wife, as grantors, and Green Hills Telephone Corporation, as grantee, and recorded April 27, 1977, in Deed Book 155, Page 662 in the office of the Recorder of Deeds for Caldwell County, Missouri.
  3. A certain tract or parcel of land situated in Caldwell County, State of Missouri, described in a certain deed, dated October 4, 1985, by Robert F. Pyatt, Personal Representative of the Estate of Eva Louise Alexander, as grantor, and Green Hills Telephone Corporation, as grantee, and recorded October 8, 1985, in Deed Book 164, Page 595 in the office of the Recorder of Deeds for Caldwell County, Missouri.
  4. A certain tract or parcel of land situated in Caldwell County, State of Missouri, described in a certain deed, dated June 5, 1973, by Beulah Mitchell, a single person, as grantor, and The Green Hills Telephone Corporation, as grantee, and recorded June 6, 1973, in Deed Book 149, Page 116 in the office of the Recorder of Deeds for Caldwell County, Missouri.
  5. A certain tract or parcel of land situated in Carroll County, State of Missouri, described in a certain deed, dated June 6, 1977, by R. G. Bales and Florence E. Bales, his wife, as grantors, and The Green Hills Telephone Corporation, as grantee, and recorded June 7, 1977, in Deed Book 420, Page 121 in the office of the Recorder of Deeds for Carroll County, Missouri.
  6. A certain tract or parcel of land situated in Carroll County, State of Missouri, described in a certain deed, dated June 6, 1977, by Paul Lyman Wagaman and Ruby Marie Wagaman, husband and wife, as grantors, and Green Hills Telephone Corporation, as grantee, and recorded June 14, 1977, in Deed Book 420, Page 139 in the office of the Recorder of Deeds for Carroll County, Missouri.
  7. A certain tract or parcel of land situated in Carroll County, State of Missouri, described in a certain deed, dated November 4, 1977, by Hayes Cattle, Inc. as grantor,

and Green Hills Telephone Corporation, as grantee, and recorded November 15, 1977, in Deed Book 424, Page 116 in the office of the Recorder of Deeds for Carroll County, Missouri.

8. A certain tract or parcel of land situated in Daviess County, State of Missouri, described in a certain deed, dated August 28, 1974, by Robert Lawson and Mary Lawson, his wife, as grantors, and Green Hills Telephone Corporation, as grantee, and recorded September 25, 1974, in Deed Book 201, Page 303 in the office of the Recorder of Deeds for Daviess County, Missouri.
9. A certain tract or parcel of land situated in Livingston County, State of Missouri, described in a certain deed, dated June 12, 1954, by Hezekian Gibeaut and Bertha M. Gibeaut, his wife, as grantors, and Green Hills Telephone Corporation, as grantee, and recorded June 12, 1954, in Deed Book 313, Page 486 in the office of the Recorder of Deeds for Livingston County, Missouri.
10. A certain tract or parcel of land situated in Livingston County, State of Missouri, described in a certain deed, dated June 12, 1954, by D. S. Sprouse and Mary L. Sprouse, his wife, as grantors, and Green Hills Telephone Corporation, as grantee, and recorded June 12, 1954, in Deed Book 313, Page 487 in the office of the Recorder of Deeds for Livingston County, Missouri.
11. A certain tract or parcel of land situated in Livingston County, State of Missouri, described in a certain deed, dated May 16, 1972, by Billy D. Slater and Dorothy Slater, husband and wife, as grantors, and Green Hills Telephone Corporation, as grantee, and recorded May 16, 1972, in Deed Book 367, Page 252 in the office of the Recorder of Deeds for Livingston County, Missouri.
12. A certain tract or parcel of land situated in Livingston County, State of Missouri, described in a certain deed, dated April 9, 1973, by R. Lee Repine and Geraldine Repine, his wife, as grantors, and Green Hills Telephone Corporation, as grantee, and recorded April 19, 1973, in Deed Book 367, Page 972 in the office of the Recorder of Deeds for Livingston County, Missouri.
13. A certain tract or parcel of land situated in Ray County, State of Missouri, described in a certain deed, dated January 24, 1973, by Florence Branstetter, a widow, as grantor, and Green Hills Telephone Corporation, as grantee, and recorded June 15, 1973, in Deed Book 452, Page 132 in the office of the Recorder of Deeds for Ray County.
14. A certain tract or parcel of land situated in Livingston County, Missouri, described in a certain Missouri Warranty Deed, dated January 18, 1973, by Herbert E. Albertson and Oma Albertson, husband and wife, to Wheeling Telephone Company, predecessor in interest to the Mortgagor, Green Hills Telephone Corporation, and recorded on January 24, 1973 in the Recorder's Office of Livingston County, Missouri, in Book 367, Page 783.
15. A certain tract or parcel of land situated in Livingston County, Missouri, described in a General Warranty Deed dated

February 27, 1962, by Herbert E. Albertson and Oma Albertson, his wife, as grantors, to Wheeling Telephone Company, predecessor in interest to the Mortgagor, Green Hills Telephone Corporation, and recorded on March 5, 1962, in the Recorder's Office of Livingston County, Missouri in Book 337, Page 358.

16. A certain tract or parcel of land situated in Caldwell County, Missouri, described in a certain General Warranty Deed, dated August 2, 1989, by Harold Potts and Bernice Potts, husband and wife, to the Mortgagor, Green Hills Telephone Corporation, and recorded on August 2, 1989, in the Recorder's Office of Caldwell County, Missouri, in Book 168, Page 373;
17. A certain tract or parcel of land situated in Caldwell County, Missouri, described in a certain Corporation Deed (General Warranty), dated October 11, 1995, by Southwestern Bell Telephone Company, to the Mortgagor, Green Hills Telephone Corporation, and recorded on October 30, 1995, in the Recorder's Office of Caldwell County, Missouri, in Book 177, Page 840;
18. A certain tract or parcel of land situated in Caldwell County, Missouri, described in a Missouri Warranty Deed, dated September 12, 2003, by Harold Eiken and Eva Jo Eiken, husband and wife, to the Mortgagor, Green Hills Telephone Corporation, and recorded on September 19, 2003, in the Recorder's Office of Caldwell County, Missouri, in Book 188, Page 1382;
19. A certain tract or parcel of land situated in Daviess County, Missouri, described in a Missouri Warranty Deed, dated September 27, 1993, by James P. Fish and Wilma Fish, husband and wife, to the Mortgagor, Green Hills Telephone Corporation, and recorded on September 29, 1993, in the Recorder's Office of Caldwell County, Missouri, in Book 260, Page 25; and
20. A certain tract or parcel of land situated in Livingston County, Missouri, described in a Missouri Warranty Deed, dated September 9, 1991, by Elizabeth J. Cunningham and David Ross Lantz, wife and husband, to the Mortgagor, Green Hills Telephone Corporation, and recorded on September 12, 1991, Book 429, Pages 613-614.

IN WITNESS WHEREOF, GREEN HILLS TELEPHONE CORPORATION, as Mortgagor, has caused this Restated Mortgage to be signed in its name and its seal, if any, to be hereunto affixed and attested by its duly authorized officer and the UNITED STATES OF AMERICA, as Mortgagee and secured party, has caused this Restated Mortgage to be duly executed on its behalf, all as of the day and year first above written.

GREEN HILLS TELEPHONE CORPORATION

by Lloyd Riley  
Name: Lloyd Riley  
Title: President

(Seal)

Attested to by: Steve L. Tan  
Secretary

Executed by the Mortgagor  
in the presence of:

Gene Auto  
Name:

William S. McCauslin  
Name:

THE UNITED STATES OF AMERICA

by Arthur M. Anderson  
as acting Administrator  
of the Rural Utilities Service

Executed by the Mortgagee

In the presence of:

Glenda J. Davis  
Name:

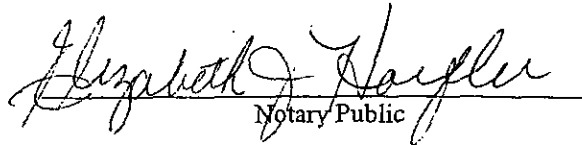
Dimitrios Kouloulis  
Name:

DISTRICT OF COLUMBIA

)

SS

This instrument was acknowledged before me on FEBRUARY 17,  
2005, by Curtis Anderson, acting Administrator of the Rural Utilities Service of the United States of  
America.

  
Notary Public

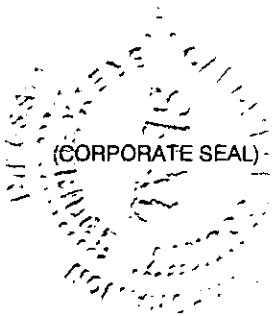
(Notary Seal)

My commission expires: Elizabeth J. Hoefler  
Notary Public District of Columbia  
My Commission Expires: August 1, 2007

## SECRETARY'S CERTIFICATE

I, Steven Tarr, do hereby certify that: I am the secretary of Green Hills Telephone Corporation (hereinafter called "Corporation,") and that the attached document is a true and correct copy of the resolution duly adopted by the Board of Directors of the Corporation at the regular meeting held April 20, 2005, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; and has not been rescinded or modified.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this        day of June, 2005.



Steven L. Tarr  
Secretary

## SECRETARY'S CERTIFICATE

I, Steven Tarr, do hereby certify that: I am the secretary of Green Hills Telephone Corporation (hereinafter called "Corporation,") the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the regular meeting held April 20, 2005, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; the executed Loan Agreement, Note(s) and security instrument(s) are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

### RESOLUTIONS

1. RESOLVED that the Corporation borrow from the United States of America (the "Government,") acting through the Administrator of the Rural Utilities Service ("RUS,") an amount not to exceed \$22,704,000.00, ("Loan") to be used for such purposes as approved by RUS, and

2. RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest, as many counterparts, respectively, as shall be deemed advisable of loan documents, including a loan agreement, note(s), mortgage, security agreements, deposit account control agreement and financing statements, as required by RUS;

3. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the loan documents is April 20, 2005.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
President	Lloyd Riley	<u>Lloyd Riley</u>
Vice President	Willard Wood	<u>Willard D. Wood</u>
Secretary/Treasurer	Steven Tarr	<u>Steven L. Tarr</u>

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 20<sup>th</sup> day of April, 2005.

Steven L. Tarr  
Secretary



Green Hills Telephone Corp.  
 Projected Financial Statements  
 2005 - 2014  
 Annual Balance Sheets

GHT Base05  
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 6/21/2005 12:37  
 Schedule 5  
 12/31/14

	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
<b>Assets</b>											
<b>Current Assets :</b>											
Cash & Equivalents	\$2,272,034	\$2,034,654	\$1,992,603	\$3,324,464	\$2,195,591	\$3,950,117	\$7,162,698	\$10,303,443	\$13,358,125	\$15,968,654	\$17,898,205
Accounts Receivable - Trade	1,845,106	1,894,774	2,054,001	2,178,526	2,381,059	2,540,727	2,642,713	2,618,869	2,549,428	2,393,737	2,256,698
Material & Supplies	1,036,591	707,392	844,239	963,007	1,062,503	1,087,056	1,088,356	1,090,219	1,091,519	1,093,381	1,095,394
Prepaid Expenses	83,320	51,324	56,068	60,409	63,098	64,645	65,312	65,858	66,127	61,579	55,712
Total Current Assets	5,237,051	4,688,145	4,946,911	6,526,406	5,702,252	7,642,545	10,959,080	14,078,390	17,065,199	19,517,352	21,306,009
Investment in RTB Stock	-	-	-	-	-	-	-	-	-	-	-
Other Investments	1,654,674	1,904,674	2,204,674	2,304,674	2,404,674	2,404,674	2,404,674	2,404,674	2,404,674	2,404,674	2,404,674
Nonregulated Equipment (Net)	347,410	267,044	186,678	106,311	51,722	7,277	-	-	-	-	-
<b>Property, Plant &amp; Equipment :</b>											
Plant In Service	24,284,862	28,295,691	33,769,557	38,520,284	42,500,115	43,482,259	43,534,259	43,608,759	43,660,759	43,735,259	43,815,759
Plant Under Construction	752,170	752,170	752,170	752,170	752,170	752,170	752,170	752,170	752,170	752,170	752,170
Telephone Plant Acquis. Adj.	248,243	248,243	248,243	248,243	248,243	248,243	248,243	248,243	248,243	248,243	248,243
	25,285,275	29,296,104	34,769,970	39,520,697	43,500,528	44,482,672	44,534,672	44,609,172	44,661,172	44,735,672	44,816,172
Less Accum. Depr.	11,953,641	13,483,525	15,307,016	17,426,717	19,752,093	22,160,759	24,592,047	26,984,030	29,324,376	31,532,689	32,690,841
Net Property, Plant & Equip.	13,331,634	15,812,579	19,462,954	22,093,980	23,748,435	22,321,913	19,942,625	17,625,142	15,336,796	13,202,983	12,125,331
Total Assets	\$20,570,769	\$22,672,442	\$26,801,216	\$31,031,372	\$31,907,083	\$32,376,409	\$33,306,379	\$34,108,206	\$34,806,669	\$35,125,009	\$35,836,014
<b>Liabilities &amp; Equity</b>											
<b>Current Liabilities</b>											
Accounts Payable	\$740,359	\$405,925	\$423,277	\$439,711	\$455,157	\$466,004	\$475,620	\$485,562	\$495,765	\$506,312	\$517,184
Adv. Billings, Pmts. & Deposits	9,540	47,966	47,456	47,121	46,902	46,758	46,663	46,601	46,561	46,534	46,517
Accrued Taxes	(150,273)	0	0	0	0	0	0	0	0	0	0
Accrued Expenses	419,089	487,109	507,933	527,654	546,188	559,204	570,744	582,674	594,918	607,574	620,621
Total Current Liabilities	1,018,715	941,000	978,665	1,014,486	1,048,247	1,071,966	1,093,027	1,114,837	1,137,243	1,160,420	1,184,322
Deferred Taxes	-	0	0	0	0	0	0	0	0	0	0
Long Term Debt	5,075,861	6,257,836	9,354,425	12,831,976	12,735,664	12,107,169	11,451,457	10,767,240	10,053,165	9,350,326	8,658,514
<b>Stockholder's Equity</b>											
Common Stock	15,590	15,590	15,590	15,590	15,590	15,590	15,590	15,590	15,590	15,590	15,590
Retained Earnings	14,460,603	15,458,015	16,452,535	17,169,319	18,107,581	19,181,684	20,746,305	22,210,539	23,600,671	24,598,673	25,977,587
Total Stockholder's Equity	14,476,193	15,473,605	16,468,125	17,184,909	18,123,171	19,197,274	20,761,895	22,226,129	23,616,261	24,614,263	25,993,177
Total Liabilities & Equity	\$20,570,769	\$22,672,441	\$26,801,216	\$31,031,371	\$31,907,082	\$32,376,409	\$33,306,379	\$34,108,206	\$34,806,669	\$35,125,008	\$35,836,014
Percentage Equity	0.703726	0.682485	0.614454	0.553791	0.567998	0.592940	0.623361	0.651636	0.678498	0.700762	0.725337

Green Hills Telephone Corp.  
 Projected Financial Statements  
 2005 - 2014  
 Annual Income Statement - Revenues

GHT Base05  
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 Schedule 6a

	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Local Service	874,597	863,918	857,463	853,228	850,450	848,627	847,431	846,646	846,131	845,794
Universal Service Fund	1,626,784	1,931,592	1,979,117	2,432,061	2,977,522	3,474,011	3,598,144	3,509,846	3,357,658	3,205,368
Interstate Settlement Basis										
Common Line Settlement Method										
End User Common Line Charges	278,555	273,487	270,424	268,415	267,096	266,231	265,664	265,291	265,047	264,887
Interstate Access - Common Line	0	0	0	0	0	0	0	0	0	0
Long Term Support	1,080,429	1,262,239	1,505,508	1,714,197	1,779,752	1,762,516	1,709,106	1,649,461	1,533,188	1,112,666
Net NECA CL Settlement	0	0	0	0	0	0	0	0	0	0
Traffic Sensitive Settlement Method										
Interstate Access - Switched Access	172,283	172,283	172,283	172,283	172,283	172,283	172,283	172,283	172,283	172,283
Local Switching Support	98,148	113,147	148,335	155,656	154,626	152,813	150,257	146,602	142,832	140,194
Net NECA TS Settlement	88,611	136,664	111,145	98,535	90,542	85,200	78,603	70,542	52,518	14,607
MAG Residual Access Support	0	0	0	0	0	0	0	0	0	0
Interstate Special Access Revenues	191,840	213,240	228,496	236,988	246,361	256,014	258,070	258,114	258,159	258,203
Net NECA SA Settlement	76,887	45,136	22,881	5,547	(11,961)	(29,143)	(40,147)	(50,577)	(72,967)	(146,110)
Intrastate Access	1,471,956	1,471,956	1,471,956	1,471,956	1,471,956	1,471,956	1,471,956	1,471,956	1,471,956	1,471,956
State High Cost Fund	0	0	0	0	0	0	0	0	0	0
Toll Revenue	0	0	0	0	0	0	0	0	0	0
Directory Revenue	30,597	29,159	27,676	26,145	24,564	22,934	21,251	19,514	17,721	15,871
Interstate B&C Revenue	2,076	2,076	2,076	2,076	2,076	2,076	2,076	2,076	2,076	2,076
Intrastate B&C Revenue	131,647	131,647	131,647	131,647	131,647	131,647	131,647	131,647	131,647	131,647
Installation Revenue	0	0	0	0	0	0	0	0	0	0
Other Operating Income	110,823	110,823	110,823	110,823	110,823	110,823	110,823	110,823	110,823	110,823
Uncollectibles	(8,854)	(8,734)	(8,785)	(8,858)	(8,868)	(8,836)	(8,809)	(8,787)	(8,766)	(8,747)
<b>Total Revenues</b>	<b>6,226,379</b>	<b>6,748,632</b>	<b>7,031,046</b>	<b>7,670,699</b>	<b>8,258,870</b>	<b>8,719,152</b>	<b>8,768,354</b>	<b>8,595,437</b>	<b>8,280,306</b>	<b>7,591,517</b>

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Schedule 6a

Green Hills Telephone Corp.  
 Projected Financial Statements  
 2005 - 2014  
 Annual Income Statement - Expenses

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 Schedule 6b

	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
<b>Operating Expenses</b>										
Plant Specific	1,049,775	1,069,427	1,089,675	1,110,537	1,132,032	1,154,180	1,176,999	1,200,510	1,224,735	1,249,695
Network & Other	243,282	254,980	267,033	279,451	292,246	305,430	319,013	333,009	347,429	362,286
Depreciation & Amortization	1,548,970	1,823,491	2,119,701	2,325,376	2,408,666	2,431,288	2,391,983	2,340,346	2,208,313	1,158,152
Access And Transport Expense	0	0	0	0	0	0	0	0	0	0
Toll Billing and Collection Expense	0	0	0	0	0	0	0	0	0	0
Customer Operations	482,993	501,582	520,735	540,469	560,802	581,752	603,337	625,577	648,492	672,102
Corporate Operations	1,094,496	1,111,466	1,128,951	1,146,967	1,165,529	1,184,654	1,204,359	1,224,662	1,245,581	1,267,135
Other Operating Taxes	346,318	409,233	473,924	535,525	559,623	565,497	566,465	567,141	567,891	568,951
<b>Total Operating Expenses</b>	<b>4,765,834</b>	<b>5,170,180</b>	<b>5,600,019</b>	<b>5,938,325</b>	<b>6,118,899</b>	<b>6,222,800</b>	<b>6,262,156</b>	<b>6,291,245</b>	<b>6,242,441</b>	<b>5,278,321</b>
<b>Net Operating Income</b>	<b>\$1,460,545</b>	<b>\$1,578,453</b>	<b>\$1,431,027</b>	<b>\$1,732,373</b>	<b>\$2,139,971</b>	<b>\$2,496,353</b>	<b>\$2,506,198</b>	<b>\$2,304,192</b>	<b>\$2,037,865</b>	<b>\$2,313,197</b>
<b>Income Taxes</b>										
Federal Income Tax	0	0	0	0	0	0	0	0	0	0
Federal Income Tax - Deferred	0	0	0	0	0	0	0	0	(0)	0
State Income Tax	0	0	0	0	0	0	0	0	0	0
State Income Tax - Deferred	0	0	0	0	0	0	0	0	(0)	0
<b>Total Income Tax Expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-Operating</b>										
Interest Expense	(223,268)	(354,439)	(536,698)	(613,484)	(600,132)	(572,916)	(544,410)	(514,552)	(483,365)	(451,970)
Interest Income	75,099	88,306	117,569	91,703	99,525	172,438	279,672	381,053	477,495	555,206
Amortization of TPAA	0	0	0	0	0	0	0	0	0	0
Other Non-Operating (Net)	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Operating Income</b>	<b>(148,169)</b>	<b>(266,133)</b>	<b>(419,129)</b>	<b>(521,781)</b>	<b>(500,607)</b>	<b>(400,478)</b>	<b>(264,738)</b>	<b>(133,497)</b>	<b>(5,870)</b>	<b>103,236</b>
<b>Non-Regulated Net Income</b>	<b>(114,963)</b>	<b>(117,799)</b>	<b>(95,113)</b>	<b>(72,330)</b>	<b>(65,262)</b>	<b>(31,254)</b>	<b>(27,225)</b>	<b>(30,563)</b>	<b>(33,993)</b>	<b>(37,518)</b>
<b>Net Income</b>	<b>\$1,197,412</b>	<b>\$1,194,520</b>	<b>\$916,784</b>	<b>\$1,138,262</b>	<b>\$1,574,103</b>	<b>\$2,064,621</b>	<b>\$2,214,234</b>	<b>\$2,140,132</b>	<b>\$1,998,002</b>	<b>\$2,378,914</b>
<b>Cumulative Net Income</b>										
Beginning Retained Earnings	14,460,603	15,458,015	16,452,535	17,169,319	18,107,581	19,181,684	20,746,305	22,210,539	23,600,671	24,598,673
Dividends Paid	(200,000)	(200,000)	(200,000)	(200,000)	(500,000)	(500,000)	(750,000)	(750,000)	(1,000,000)	(1,000,000)
<b>Ending Retained Earnings</b>	<b>\$15,458,015</b>	<b>\$16,452,535</b>	<b>\$17,169,319</b>	<b>\$18,107,581</b>	<b>\$19,181,684</b>	<b>\$20,746,305</b>	<b>\$22,210,539</b>	<b>\$23,600,671</b>	<b>\$24,598,673</b>	<b>\$25,977,587</b>

		Capital Expenditures					
		2004					
		2004	2003	2002	2001	2000	Total
Additions							
Account #	Description						
2111	Land	0.00	3000.00	0.00	0.00	0.00	3,000.00
2112	Motor Vehicles	45869.65	39647.32	110972.85	67989.53	22486.00	286,965.35
2116	Other Work Equipment	62103.07	69055.63	7525.79	84770.41	151205.13	374,660.03
2121	Buildings	16090.30	221361.65	560884.02	2811.54	38345.96	839,493.47
2122	Furniture	860.00	0.00	5582.02	0.00	2661.20	9,103.22
2123	Office Equipment	0.00	0.00	13513.35	19573.34	13874.99	46,961.68
2124	Computers	24475.95	30611.42	9664.31	442231.21	10330.06	517,312.95
2212	Digital Switch	224561.26	216950.37	24174.54	251513.07	109191.79	826,391.03
2231	Radio Systems	0.00	0.00	0.00	0.00	0.00	0.00
2232	Circuit Equipment	1335761.00	1616285.21	49582.85	467251.76	53686.73	3,522,567.55
2311	Station Appartus	1199.97	6360.04	13824.03	23277.97	48710.84	93,372.85
2423	Buried Cable	399045.13	1433775.54	332335.37	163115.03	137762.72	2,466,033.79
24232	Buried Fiber	452004.44	2092913.25	27853.49	234862.87	95272.36	2,902,906.41
Total Additions		2,561,970.77	5,729,960.43	1,155,912.62	1,757,396.73	683,527.78	11,888,768.33
Retirements							
Account #	Description						
2111	Land	0.00	0.00	0.00	0.00	0.00	0.00
2112	Motor Vehicles	34382.01	41518.71	39594.70	75641.82	69840.96	260,978.20
2116	Other Work Equipment	59747.13	58405.42	0.00	70787.96	70476.70	259,417.21
2121	Buildings	0.00	0.00	15548.04	0.00	10381.64	25,929.68
2122	Furniture	0.00	0.00	0.00	0.00	0.00	0.00
2123	Office Equipment	800.00	52587.04	0.00	0.00	0.00	53,387.04
2124	Computers	1210.50	212766.94	0.00	6669.55	5070.12	225,717.11
2212	Digital Switch	28574.25	315387.72	1543.72	163524.88	52000.00	561,030.57
2231	Radio Systems	0.00	0.00	0.00	0.00	34243.55	34,243.55
2232	Circuit Equipment	15185.08	597026.19	27496.92	113841.45	0.00	753,549.64
2311	Station Appartus	2812.62	5857.20	21216.70	3917.25	41451.15	75,254.92
2423	Buried Cable	26139.69	20328.89	207647.97	17778.82	20908.45	292,803.82
24232	Buried Fiber	15688.97	8612.96	0.00	0.00	55092.54	79,394.47
Total Retirements		184,540.25	1,312,491.07	313,048.05	452,161.73	359,465.11	2,621,706.21
Net Increase/Decrease		2,377,430.52	4,417,469.36	842,864.57	1,305,235.00	324,062.67	9,267,062.12

## Appendix 7

		Capital Expenditures 2004													
		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	
Additions															
Account #	Description														
2111	Land													0.00	
2112	Motor Vehicles											21,611.20	24,258.45	45,869.65	
2116	Other Work Equipment				62,103.07									62,103.07	
2121	Buildings		9,821.63	2,278.00							3,990.67			16,090.30	
2122	Furniture					860.00								860.00	
2123	Office Equipment													0.00	
2124	Computers	1,252.05			10,526.32	10,740.06		41.79				1,915.73		24,475.95	
2212	Digital Switch							179,597.71	2,257.52	605.86		3,358.27	38,741.90	224,561.26	
2231	Radio Systems													0.00	
2232	Circuit Equipment	16,080.83			2,650.85	62,864.79	42,046.89			8,357.48		438,209.77	765,550.39	1,335,761.00	
2311	Station Appartus							647.23				526.46	26.28	1,199.97	
2423	Buried Cable	12,563.50	4,773.15	9,117.87	23,532.17	26,409.54	16,966.32	13,404.91	5,671.08	7,988.17	18,250.14	42,740.63	217,627.65	399,045.13	
24232	Buried Fiber	17,831.60			1,019.25		11,288.81			512.32		643.13	420,709.33	452,004.44	
Total Additions		47,727.98	14,594.78	11,395.87	99,831.66	100,874.39	70,302.02	193,691.64	7,928.60	17,463.83	22,240.81	509,005.19	1,466,914.00	2,561,970.77	
Retirements															
Account #	Description														
2111	Land													0.00	
2112	Motor Vehicles												34,382.01	34,382.01	
2116	Other Work Equipment				59,747.13									59,747.13	
2121	Buildings													0.00	
2122	Furniture													0.00	
2123	Office Equipment	800.00												800.00	
2124	Computers					1,210.50								1,210.50	
2212	Digital Switch							28,500.77				73.48		28,574.25	
2231	Radio Systems													0.00	
2232	Circuit Equipment	10,172.79			1,200.66	216.60						3,595.03		15,185.08	
2311	Station Appartus							1,597.09				539.03	676.50	2,812.62	
2423	Buried Cable	19,349.30	66.66	210.12	1,252.05	2,320.52	723.26			343.12	322.66		1,552.00	26,139.69	
24232	Buried Fiber				13,192.63		2,496.34							15,688.97	
Total Retirements		30,322.09	66.66	210.12	75,392.47	3,747.62	3,219.60	30,097.86	0.00	343.12	322.66	4,207.54	36,610.51	184,540.25	
Net Increase/Decrease		17,405.89	14,528.12	11,185.75	24,439.19	97,126.77	67,082.42	163,593.78	7,928.60	17,120.71	21,918.15	504,797.65	1,430,303.49	2,377,430.52	

Capital Expenditures  
2003

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Additions</b>														
Account #	Description													
2111	Land							3000.00						3,000.00
2112	Motor Vehicles					39,647.32								39,647.32
2116	Other Work Equipment		14,260.63	50,000.00		4,795.00								69,055.63
2121	Buildings	6,825.00		9,022.00									205,514.65	221,361.65
2122	Furniture													0.00
2123	Office Equipment													0.00
2124	Computers	35.49			44.63			11,822.97			18,708.33			30,611.42
2212	Digital Switch					33,352.00					32,518.20		151,080.17	216,950.37
2231	Radio Systems													0.00
2232	Circuit Equipment	175,889.88		1,169.46		2,026.76	462,121.79	319,888.05	926.94	3,193.91	302.63	752.88	650,012.91	1,616,285.21
2311	Station Appartus												6,360.04	6,360.04
2423	Buried Cable	16,681.98	16,598.36	5,824.55	5,944.46	18,434.26	783,085.97	9,360.10	14,188.03	7,074.12	5,704.33	7,044.21	543,835.17	1,433,775.54
24232	Buried Fiber	1,011.94		36,053.82			1,317,618.45	13,628.38	5,152.56				719,448.10	2,092,913.25
<b>Total Additions</b>		<b>200,444.29</b>	<b>30,858.99</b>	<b>102,069.83</b>	<b>5,989.09</b>	<b>98,255.34</b>	<b>2,562,826.21</b>	<b>357,699.50</b>	<b>20,267.53</b>	<b>10,268.03</b>	<b>57,233.49</b>	<b>7,797.09</b>	<b>2,276,251.04</b>	<b>5,729,960.43</b>
<b>Retirements</b>														
Account #	Description													
2111	Land													0.00
2112	Motor Vehicles	26,533.76						14,984.95						41,518.71
2116	Other Work Equipment			58,405.42										58,405.42
2121	Buildings													0.00
2122	Furniture													0.00
2123	Office Equipment	52,587.04												52,587.04
2124	Computers	212,766.94												212,766.94
2212	Digital Switch	315,387.72												315,387.72
2231	Radio Systems													0.00
2232	Circuit Equipment	238,558.28	4,950.40				4,385.16	194.70			3,110.00	211.12	345,616.53	597,026.19
2311	Station Appartus												5,857.20	5,857.20
2423	Buried Cable	908.11	12,914.72	1,787.62	250.08			2,267.30	373.20		849.04	225.50	753.32	20,328.89
24232	Buried Fiber	103.83		1,694.94				6,814.19						8,612.96
<b>Total Retirements</b>		<b>846,845.68</b>	<b>17,865.12</b>	<b>61,887.98</b>	<b>250.08</b>	<b>0.00</b>	<b>4,385.16</b>	<b>24,261.14</b>	<b>373.20</b>	<b>0.00</b>	<b>3,959.04</b>	<b>436.62</b>	<b>352,227.05</b>	<b>1,312,491.07</b>
<b>Net Increase/Decrease</b>		<b>-646,401.39</b>	<b>12,993.87</b>	<b>40,181.85</b>	<b>5,739.01</b>	<b>98,255.34</b>	<b>2,558,441.05</b>	<b>333,438.36</b>	<b>19,894.33</b>	<b>10,268.03</b>	<b>53,274.45</b>	<b>7,360.47</b>	<b>1,924,023.99</b>	<b>4,417,469.36</b>

Capital Expenditures  
2002

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Additions</b>														
Account #	Description													
2111	Land													0.00
2112	Motor Vehicles			20,800.00	19,908.00						70,264.85			110,972.85
2116	Other Work Equipment						2,652.11	1,043.69	75.36				3,754.63	7,525.79
2121	Buildings			2,031.18					22,463.62				536,389.22	560,884.02
2122	Furniture				5,582.02									5,582.02
2123	Office Equipment	8,925.66			1,256.24	1,802.65		785.55			743.25			13,513.35
2124	Computers		1,729.98		99.04			6,102.65		313.96			1,418.68	9,664.31
2212	Digital Switch			3,578.32									20,596.22	24,174.54
2231	Radio Systems													0.00
2232	Circuit Equipment								1,543.72	22,674.03			25,365.10	49,582.85
2311	Station Appartus												13,824.03	13,824.03
2423	Buried Cable	460.84	5,394.74	10,649.31	24,937.76	38,814.85	37,510.99	21,932.28	36,805.83	87,245.32	23,066.20	26,544.26	18,972.99	332,335.37
24232	Buried Fiber												27,853.49	27,853.49
	<b>Total Additions</b>	<b>9,386.50</b>	<b>7,124.72</b>	<b>37,058.81</b>	<b>51,783.06</b>	<b>40,617.50</b>	<b>40,163.10</b>	<b>29,864.17</b>	<b>60,888.53</b>	<b>110,233.31</b>	<b>94,074.30</b>	<b>26,544.26</b>	<b>648,174.36</b>	<b>1,155,912.62</b>
<b>Retirements</b>														
Account #	Description													
2111	Land													0.00
2112	Motor Vehicles			38,061.18							1,533.52			39,594.70
2116	Other Work Equipment													0.00
2121	Buildings								15,548.04					15,548.04
2122	Furniture													0.00
2123	Office Equipment													0.00
2124	Computers													0.00
2212	Digital Switch									1,543.72				1,543.72
2231	Radio Systems													0.00
2232	Circuit Equipment			27,496.92										27,496.92
2311	Station Appartus	11,304.58		248.40									9,663.72	21,216.70
2423	Buried Cable				4,601.84	29,170.14	24,081.53	14,680.07	25,568.96	71,555.06	17,689.83	20,300.54		207,647.97
24232	Buried Fiber													0.00
	<b>Total Retirements</b>	<b>11,304.58</b>	<b>0.00</b>	<b>65,806.50</b>	<b>4,601.84</b>	<b>29,170.14</b>	<b>24,081.53</b>	<b>14,680.07</b>	<b>41,117.00</b>	<b>73,098.78</b>	<b>19,223.35</b>	<b>20,300.54</b>	<b>9,663.72</b>	<b>313,048.05</b>
	<b>Net Increase/Decrease</b>	<b>-1,918.08</b>	<b>7,124.72</b>	<b>-28,747.69</b>	<b>47,181.22</b>	<b>11,447.36</b>	<b>16,081.57</b>	<b>15,184.10</b>	<b>19,771.53</b>	<b>37,134.53</b>	<b>74,850.95</b>	<b>6,243.72</b>	<b>638,510.64</b>	<b>842,864.57</b>

Capital Expenditures  
2001

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Additions</b>														
Account #	Description													
2111	Land													0.00
2112	Motor Vehicles		24,701.23					21,498.73		21,789.57				67,989.53
2116	Other Work Equipment										10,422.80	58,405.42	15,942.19	84,770.41
2121	Buildings							2,811.54						2,811.54
2122	Furniture													0.00
2123	Office Equipment		2,198.54								17,374.80			19,573.34
2124	Computers		2,198.54	23,212.28	1,323.46		32,513.69				6,403.80		376,579.44	442,231.21
2212	Digital Switch	107,272.08						142,863.60					1,377.39	251,513.07
2231	Radio Systems													0.00
2232	Circuit Equipment	135,436.97			2,420.67	34,843.44	13,721.47	136,864.41		24,169.44	36,824.90		82,970.46	467,251.76
2311	Station Appartus										19,535.93		3,742.04	23,277.97
2423	Buried Cable	3,898.19	951.27	3,237.91	7,049.45	8,456.01	3,572.53	15,231.63	16,832.86	12,086.11	20,331.68	24,485.96	46,981.43	163,115.03
24232	Buried Fiber											43,609.21	191,253.66	234,862.87
	<b>Total Additions</b>	<b>246,607.24</b>	<b>30,049.58</b>	<b>26,450.19</b>	<b>10,793.58</b>	<b>43,299.45</b>	<b>49,807.69</b>	<b>319,269.91</b>	<b>16,832.86</b>	<b>58,045.12</b>	<b>110,893.91</b>	<b>126,500.59</b>	<b>718,846.61</b>	<b>1,757,396.73</b>
<b>Retirements</b>														
Account #	Description													
2111	Land													0.00
2112	Motor Vehicles			19,001.98							24,659.70		31,980.14	75,641.82
2116	Other Work Equipment											70,162.02	625.94	70,787.96
2121	Buildings													0.00
2122	Furniture													0.00
2123	Office Equipment													0.00
2124	Computers	6,589.56							79.99					6,669.55
2212	Digital Switch	121,137.16						42,387.72						163,524.88
2231	Radio Systems													0.00
2232	Circuit Equipment	107,272.08				1,399.95					5,169.42			113,841.45
2311	Station Appartus									664.23	3,253.02			3,917.25
2423	Buried Cable	160.88		401.98	2,240.48		543.06	1,678.04		1,933.42	353.68	661.44	9,805.84	17,778.82
24232	Buried Fiber													0.00
	<b>Total Retirements</b>	<b>235,159.68</b>	<b>0.00</b>	<b>19,403.96</b>	<b>2,240.48</b>	<b>1,399.95</b>	<b>543.06</b>	<b>44,065.76</b>	<b>79.99</b>	<b>2,597.65</b>	<b>33,435.82</b>	<b>70,823.46</b>	<b>42,411.92</b>	<b>452,161.73</b>
<b>Net Increase/Decrease</b>		<b>11,447.56</b>	<b>30,049.58</b>	<b>7,046.23</b>	<b>8,553.10</b>	<b>41,899.50</b>	<b>49,264.63</b>	<b>275,204.15</b>	<b>16,752.87</b>	<b>55,447.47</b>	<b>77,458.09</b>	<b>55,677.13</b>	<b>676,434.69</b>	<b>1,305,235.00</b>



Capital Expenditures  
2000

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Additions</b>														
Account #	Description													
2111	Land													0.00
2112	Motor Vehicles	20,141.00	2,345.00											22,486.00
2116	Other Work Equipment	2,396.00	175.67		2,348.18	3,000.00			24,226.02		69,898.08	359.00	48,802.18	151,205.13
2121	Buildings									35,616.05	2,729.91			38,345.96
2122	Furniture												2,661.20	2,661.20
2123	Office Equipment									12,090.17			1,784.82	13,874.99
2124	Computers					2,459.17		3,453.14	4,189.32		228.43			10,330.06
2212	Digital Switch								11,285.37			95,010.04	2,896.38	109,191.79
2231	Radio Systems													0.00
2232	Circuit Equipment			2,497.50	25,065.28			775.39	5,361.17				19,987.39	53,686.73
2311	Station Appartus				37,438.26							3,892.41	7,380.17	48,710.84
2423	Buried Cable	6,538.44	4,503.42		19,852.15	19,932.62	6,584.54	33,278.44	15,045.03	11,150.81	8,946.36	6,285.04	5,645.87	137,762.72
24232	Buried Fiber						35,577.60				15,842.71		43,852.05	95,272.36
	<b>Total Additions</b>	<b>29,075.44</b>	<b>7,024.09</b>	<b>2,497.50</b>	<b>84,703.87</b>	<b>25,391.79</b>	<b>42,162.14</b>	<b>37,506.97</b>	<b>60,106.91</b>	<b>58,857.03</b>	<b>97,645.49</b>	<b>105,546.49</b>	<b>133,010.06</b>	<b>683,527.78</b>
<b>Retirements</b>														
Account #	Description													
2111	Land													0.00
2112	Motor Vehicles			900.00	68,940.96									69,840.96
2116	Other Work Equipment												70,476.70	70,476.70
2121	Buildings												10,381.64	10,381.64
2122	Furniture													0.00
2123	Office Equipment													0.00
2124	Computers						5,070.12							5,070.12
2212	Digital Switch												52,000.00	52,000.00
2231	Radio Systems												34,243.55	34,243.55
2232	Circuit Equipment													0.00
2311	Station Appartus						37,438.26						4,012.89	41,451.15
2423	Buried Cable	1,728.74	1,583.75		1,460.71	4,232.52	950.80	8,480.74	1,075.36	1,395.83				20,908.45
24232	Buried Fiber												55,092.54	55,092.54
	<b>Total Retirements</b>	<b>1,728.74</b>	<b>1,583.75</b>	<b>900.00</b>	<b>70,401.67</b>	<b>4,232.52</b>	<b>43,459.18</b>	<b>8,480.74</b>	<b>1,075.36</b>	<b>1,395.83</b>	<b>0.00</b>	<b>0.00</b>	<b>226,207.32</b>	<b>359,465.11</b>
	<b>Net Increase/Decrease</b>	<b>27,346.70</b>	<b>5,440.34</b>	<b>1,597.50</b>	<b>14,302.20</b>	<b>21,159.27</b>	<b>-1,297.04</b>	<b>29,026.23</b>	<b>59,031.55</b>	<b>57,461.20</b>	<b>97,645.49</b>	<b>105,546.49</b>	<b>-93,197.26</b>	<b>324,062.67</b>