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BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

In the matter of the application)
of Roark Water and Sewer, Inc.,)
for permission, approval, and a)
certificate of convenience and)
necessity authorizing it to)
construct, install, own, operate,)
control, manage, and maintain a)
sewer system for the public,)
located in an unincorporated area)
in Stone and Taney Counties,)
Missouri.)

Case No. WA-94-104

FILED

FEB 16 1994

MISSOURI
PUBLIC SERVICE COMMISSION

AMENDED AND SUPPLEMENTAL APPLICATION

Comes now Roark Water and Sewer, Inc. (Roark), pursuant to Section 393.170 RSMo. (1986) and states as follows:

1. Roark is a Missouri corporation duly organized and existing under the laws of the State of Missouri with its principal office and place of business located at P. O. Box 969, Branson, Missouri 65616. It is a public utility proposing to render water and sewer service to the public under the jurisdiction of the Commission. A copy of its certificate of incorporation and articles of incorporation were attached to the original application filed in this matter as Exhibit 1.

2. Communications in regard to this application should be addressed to:

Mr. Larry Frazier
Assistant CEO
Roark Water and Sewer, Inc.
P. O. Box 969
Branson, Missouri 65616

Patrick A. Baumhoer
Andereck, Evans, Milne, Peace and Baumhoer
301 East McCarty, Third Floor
P. O. Box 1280
Jefferson City, Missouri 65102

3. Roark requests permission, approval and a certificate of public convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain a water and sewer system for the public in an unincorporated area in Stone and Taney Counties, Missouri, known as the Stonebridge Village Development, which consists of 3,100 acres of property located in Stone and Taney Counties, Missouri, north of Highway 76 between Branson West, Silver Dollar City and the Ruth and Paul Henning State forest, and generally located in Sections 7, 8, 9, 15, 16, 17, 18, 21 and 22 of Township 23 North, Range 22 West, more specifically described by the description contained in Amended Exhibit 3, attached hereto and incorporated by reference. A plat of the proposed certificated area was attached to the original application filed herein as Exhibit 2.

4. A Preliminary Financial Feasibility Study for the proposed water and sewer operations, including related engineering reports for water facilities and wastewater treatment facilities was attached to the original application filed herein as Exhibits 4, 5 and 6. The proposed water and sewer rates are attached hereto as Amended Exhibit 7.

5. The proposed sewer and water system will meet all the requirements of the Commission and the Department of Natural

Resources. Permits from the Department of Natural Resources will be necessary prior to construction and operation. The engineering report for the proposed water system has been approved by the Department of Natural Resources, a copy of that approval was attached to the original application filed herein as Exhibit 8. An application for approval of wastewater treatment facilities has been filed with the Department of Natural Resources. A copy of that application was attached to the original application filed herein as Exhibit 9. Applications for the water and wastewater transportation systems will be filed with the Department of Natural Resources in the near future. Final approval by the Department of Natural Resources as to all required permits is expected by March 1, 1994.

6. There are no other public utilities or governmental bodies operating, rendering or providing water or sewer service within the area proposed to be served.

7. The area requested to be certificated is being developed by Cooper Communities, Inc. Cooper Communities, Inc. is the sole landowner in the certificated area. Cooper Communities, Inc. can be contacted in care of Gary Carnahan, 1801 Forest Hills Blvd., Bella Vista, Arkansas 72714. There are currently no residents in the area requested to be certificated.

8. As reflected by the various documents filed with the application, the proposed development now to be known as Stonebridge Village, has had several names in the course of the planning of the project. Some of the documents, including the map

(Exhibit 2) refer to the area as Silverstone Community. When developed the residents of the Stonebridge Village will need water and sewer services. Currently no such services are being provided in the proposed certificated area. Other providers in the Branson area have been overwhelmed by the growth of population and structures in Branson and would not have the capacity to provide services to the residences of this new planned development.

9. Financing for the development will come from equity contributed by the stockholders of Roark Water & Sewer Company and from a loan. The sole stockholder of Roark Water & Sewer Company is White River Valley Electric Cooperative. White River Valley will contribute 30% of Roark Water & Sewer's capital needs as equity contribution in exchange for stock in the corporation. The remaining 70% of the capital needs of Roark Water & Sewer Company will be acquired by a loan from the National Rural Utilities Cooperative Finance Corporation. The initial loan will be in the amount of \$3,023,400.00. That loan will be guaranteed by White River Valley Electric Cooperative. Copies of the form of Note, Guaranty, Mortgage, Agreement for Guaranty, and Loan Agreement are attached hereto as Exhibits 10-14. Roark also requests Commission authority to borrow \$3,023,400.00 and execute loan documents substantially in the form of Exhibits 10-14. The long term plans are to operate Roark Water & Sewer on the cooperative business plan with the owners and directors of Roark Water & Sewer to be those being served by the company. Until such time as a sufficient number of consumers can be developed, ownership and control of

Roark will remain with White River Valley Electric Cooperative.

10. A public need exists for water and sewer service within the area proposed to be served and the public convenience and necessity will be promoted by the granting of the authority requested in this application.

WHEREFORE, Roark Water and Sewer, Inc. requests the Commission to grant it permission, approval and a certificate of convenience and necessity authorizing it to install, acquire, build, construct, own, operate, control, manage and maintain a water and sewer system for the public within the area referred to in paragraph 3 hereof, for authority to borrow \$3,023,400.00 from National Rural Utilities Cooperative Finance Corporation, to execute loan documents substantially in the form of Exhibits 10-14, and for such further orders as the Commission may deem necessary and proper.

ANDERECK, EVANS, MILNE
PEACE & BAUMHOER

By Patrick A. Baumhoer
Patrick A. Baumhoer #24251
301 East McCarty Street
Third Floor - Hawthorn Center
Post Office Box 1280
Jefferson City, Missouri 65102
Telephone: (314) 634-3422

ATTORNEYS FOR ROARK WATER
AND SEWER, INC.

STATE OF MISSOURI)
) SS
COUNTY OF COLE)

Patrick Baumhoer, of lawful age, being duly sworn, states that

he is the Attorney for Roark Water & Sewer, Inc.; that he has read the above and foregoing Application, including Exhibits thereto; that the statements made therein and the contents of the application are true and correct according to his best information and belief; and that he is authorized to sign this Application on behalf of the Applicant.

Patrick A Baumhoer
Patrick Baumhoer

Subscribed and sworn to before me this 14 day of Jul. 1994.

Olga Mickelis
Notary Public

(seal)

My commission expires:

OLGA MICKELIS
NOTARY PUBLIC STATE OF MISSOURI
CALLAWAY COUNTY
MY COMMISSION EXPIRES 12/31/95

ROARK WATER & SEWER
LEGAL DESCRIPTION

A tract of land being all of the East Half of the Southeast Quarter of Section 7, all of Section 8, the Northwest Quarter of Section 9, the Southwest Quarter of Section 9, the West Half of the East Half of Section 9, The Northwest Quarter of Section 16, the Southwest Quarter of Section 16, the Northwest Quarter of the Southeast Quarter of Section 16, the South Half of the Southeast Quarter and that part of the Northeast Quarter of said Southeast Quarter lying South of the Missouri Pacific Railroad of Section 16, all of Section 17, except that part lying Southwest of Missouri State Highway 76, the Northeast Quarter of Section 18, the Northwest Quarter of Section 21, the Northeast Quarter of Section 21, Township 23 North, Range 22 West, Stone County, Missouri, and that part of the West Half of the Southwest Quarter of Section 15, lying South of the Missouri Pacific Railroad, and all of the Northwest Quarter of Section 22, Township 23 North, Range 22 West, Taney County, Missouri, and being more particularly described as follows: Beginning at an existing stone at the Southeast Corner of said Section 17; thence North 88 degrees 21 minutes 39 seconds West along the South line of the Southeast Quarter of said Section 17, a distance of 2,600.18 feet to an existing stone at the Southwest corner of the Southeast Quarter of said section 17 for corner; thence North 88 degrees 18 minutes 00 seconds West along the South line of the Southwest Quarter of said Section 17 a distance of 1,110.03 feet to a point on a curve, said point being on the East right of way line of said Missouri State Highway 76; thence along said East right of way line to a point on the West line of the Southwest Quarter of said Section 17 for corner; thence North 01 degree 39 minutes 15 seconds East along said West line a distance of 1,797.55 feet to an existing stone at the Southwest corner of the Northwest Quarter of said Section 17 for corner; thence North 89 degrees 06 minutes 04 seconds West along the South line of said Northeast Quarter of Section 18 a distance of 2,630.97 feet to the Southwest corner of said Northeast Quarter of Section 18 for corner; thence North 01 degree 08 minutes 25 seconds East along the West line of said Northeast Quarter of Section 18 a distance of 2,675.84 feet to the Northwest corner of said Northeast Quarter of Section 18 for corner; thence South 88 degrees 27 minutes 04 seconds East along the North line of said Northeast Quarter of Section 18 a distance of 1,330.31 feet to the Southwest corner of the East Half of the Southeast Quarter of said Section 7 for corner; thence North 01 degree 32 minutes 24 seconds East along the West line of said East Half of the Southeast Quarter of Section 7 a distance of 2,631.12 feet to the northwest corner of said East Half of the Southeast Quarter of Section 7 for corner; thence South 89 degrees 04 minutes 21 seconds East along the North line of said East Half of the Southeast Quarter of Section 7 a distance of

1,326.01 feet to the Southwest corner of the Northwest Quarter of said Section 8 for corner; thence North 01 degree 26 minutes 43 seconds East along the West line of said Northwest Quarter of Section 8 a distance of 2,645.51 feet to an existing stone at the Northwest corner of said Section 8 for corner; thence South 88 degrees 40 minutes 53 seconds East along the North line of said Section 8 a distance of 5,164.59 feet to the Northeast corner of said Section 8 for corner; thence South 89 degrees 13 minutes 56 seconds East along the North line of said Section 9 a distance of 2,588.90 feet to an existing stone at the Northeast corner of the Northwest Quarter of said Section 9 for corner; thence South 88 degrees 33 minutes 26 seconds East along said North line of Section 9 a distance of 1,304.11 feet to the Northeast corner of the West Half of the Northeast Quarter of said Section 9 for corner; thence South 01 degree 12 minutes 39 seconds West along the East line of the West Half of the East Half of said Section 9 a distance of 5,344.39 feet to the Southeast corner of the West Half of the Southeast Quarter of said Section 9 for corner; thence North 88 degrees 38 minutes 11 seconds West along the South line of said Section 9 a distance of 1,300.91 feet to the Northeast corner of said Northwest Quarter of said Section 16 for corner; thence South 01 degree 43 minutes 19 seconds West along the East line of said Northwest Quarter a distance of 2,665.47 feet to the Southeast corner of said Northwest Quarter of Section 16 for corner; thence South 88 degrees 30 minutes 52 seconds East along the North line of said Northwest Quarter of the Southeast Quarter of Section 16 a distance of 1,286.84 feet to the Northeast corner of said Northwest Quarter of the Southeast Quarter of Section 16 for corner; thence South 01 degree 35 minutes 30 seconds West along the East line of said Northwest Quarter of the Southeast Quarter of Section 16 a distance of 1,325.97 feet to the Southeast corner of said Northwest Quarter of the Southeast Quarter of Section 16 for corner; thence North 01 degree 35 minutes 30 seconds East along the West line of said Northeast Quarter of the Southeast Quarter a distance of 265.92 feet to a point on a curve, said point being on said Railroad South right of way line; thence along said right of way line to a point on the East line of the West Half of said Southwest Quarter of section 15 for corner; thence South 01 degree 32 minute 08 seconds West along said East line of the West Half of the Southwest Quarter of section 15 a distance of 1,867.10 feet to an existing iron pin at the Southeast corner of said West Half of the Southwest Quarter of Section 15 for corner; thence South 89 degrees 21 minutes 06 seconds East along the South line of said Section 15 a distance of 1,315.41 feet to the Northeast corner of the Northwest Quarter of said Section 22 for corner; thence South 01 degree 04 minutes 54 seconds West along the East line of said Northwest Quarter of Section 22 a distance of 2,668.76 feet to the Southeast corner of said Northwest Quarter of Section 22 for

corner; thence North 89 degrees 03 minutes 31 seconds West along the South line of said Northwest Quarter of Section 22 a distance of 2,644.03 feet to the Southwest corner of said Northwest Quarter of section 22 for corner; thence North 88 degrees 25 minutes 38 seconds West along the South line of said Northeast Quarter of Section 21 a distance of 2,608.40 feet to an existing stone at the Southwest corner of said Northeast Quarter of Section 21 for corner; thence North 88 degrees 12 minutes 35 seconds West along the South line of said Northwest Quarter of Section 21 a distance of 2,562.75 feet to an existing stone at the Southwest corner of said Northwest Quarter of Section 21 for corner; thence North 01 degree 22 minutes 23 seconds East along the West line of said Northwest Quarter of Section 21 a distance of 2,627.56 feet to said point of beginning, and containing 2,936.82 acres of land, more or less, subject to all easements and/or rights of way.

ROARK WATER & SEWER, INC.

INITIAL HOOK UP FEE \$3,500.00

RATES SCHEDULE

MONTHLY SERVICE CHARGE WATER \$20.12 MINIMUM INCLUDES 4,000 GALS. WATER USE

MONTHLY SERVICE CHARGE SEWER \$33.37 MINIMUM INCLUDES 4,000 GALS. SEWER USE

EQUIVALENT UNIT SERVICE CHARGE \$10.00/ADDITIONAL EQUIV. UNIT OR FRACTION
FOR COMMERCIAL USERS ONLY

WATER PER 1000 GAL. OVER 4,000 \$3.14

SEWER PER 1000 GAL. OVER 4,000 \$4.76 BASED ON WINTER USAGE

COMMERCIAL USERS CHARGED FOR SEWER DEMAND AT METERED WATER DEMAND

AN EQUIVALENT UNIT FOR COMMERCIAL USERS IS DEFINED AS 200 GPD/MONTH
OF MEASURED WATER FLOW

PROMISSORY NOTE

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, a corporation (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (the "Payee"), at its office in Herndon, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of the aggregate unpaid principal amount of advances made by the Payee pursuant to that certain Loan Agreement between the Borrower and the Payee, dated as of even date herewith, as it may be amended from time to time (the "Loan Agreement") and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rate and in amounts and payable at the times provided in the Loan Agreement together with any other amount payable under the Loan Agreement, except that if not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable _____ (___) years from the date of the Loan Agreement (such date herein called the "Maturity Date").

This Note is secured under a _____ Mortgage and Security Agreement dated as of even date herewith, between the Borrower and the Payee, as it may have been or shall be supplemented, amended, consolidated, or restated from time to time ("Mortgage"). This Note is the Note referred to in, and has been executed and delivered pursuant to, the Loan Agreement. The principal hereof and accrued interest thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest and notice of non-payment of this Note and waives the defense of usury.

This Note is the note referred to in, and has been executed and delivered pursuant to, the Loan Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed as of the date hereof.

(SEAL)

(Borrower)

Attest: _____
Secretary

By: _____

Title: _____

Loan No.: _____

SPECIMEN

Exhibit 10

G U A R A N T Y

For and in consideration of loans, advances, acceptances, discounts and extensions of credit made by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, a corporation organized and existing under the laws of the District of Columbia ("CFC"), to, for the account of, or on behalf of _____ ("Borrower"), pursuant to a Loan and Security Agreement dated as of _____, between the Borrower and CFC ("Agreement"), the undersigned, a _____ corporation ("Guarantor") hereby absolutely and unconditionally guarantees to CFC the punctual payment in full of the principal, interest and other sums due from the Borrower to CFC at any time and from time to time from the date hereof until the termination of the liability of the Guarantor hereunder as hereinafter provided, on account of any and all obligations, indebtedness and liability of the Borrower to CFC arising out of the Agreement (such obligations, indebtedness and liability hereinafter referred to as "Indebtedness").

The Guarantor expressly waives the following: notice of the incurring of Indebtedness by the Borrower; the acceptance of this Guaranty by CFC; presentment and demand for payment, protest, notice of protest and notice of dishonor or non-payment of any instrument evidencing Indebtedness of the Borrower; any right to require suit against the Borrower or any other party before enforcing this Guaranty; any right to have security applied before enforcing this Guaranty; and any right of subrogation to CFC's rights against the Borrower until the Borrower's Indebtedness is paid in full.

The Guarantor hereby consents and agrees that renewals and extensions of time of payment, surrender, release, exchange, substitution, dealing with or taking of additional collateral security, taking or release of other guarantees, abstaining from taking advantage of or realizing upon any collateral security or other guarantees and any and all other forbearance or indulgences granted by CFC to the Borrower or any other party may be made, granted and effected by CFC without notice to the Guarantor and without in any manner affecting its liability hereunder.

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Borrower under the bankruptcy laws or for the appointment of a receiver for the Borrower or any of its property is filed by or against the Borrower, or if the Borrower shall make an assignment for the benefit of creditors or shall become insolvent, the Indebtedness of the Borrower shall, for the purpose of this Guaranty, be deemed at CFC's election to have become immediately due and payable.

The Guarantor further agrees to pay CFC any and all costs, expenses and reasonable attorneys' fees paid or incurred by CFC in collecting or endeavoring to collect the Indebtedness or in enforcing or endeavoring to enforce this Guaranty. All accounts, deposits, and property of the Guarantor with or in the hands of CFC shall be and stand pledged as collateral security for the Indebtedness of the Borrower, and CFC shall have the same right of setoff with respect to deposits and other credits of the Guarantor as it has with respect to deposits and other credits of the Borrower.

EXHIBIT II

The Guarantor represents and warrants that the aggregate amount of obligations guaranteed hereunder shall not exceed the maximum amount allowed under a mortgage, indenture, or agreement of any kind entered into by or affecting the Guarantor at the time CFC may seek payment under this Guaranty. During the term of this Guaranty, the Guarantor will not without the written consent of CFC make any loan, deposit, advance, investment or obligation which would cause the total aggregate Indebtedness guaranteed hereunder to exceed said maximum allowable amount.

This Guaranty shall operate as a continuing guaranty and shall expire only upon discharge in full of the Indebtedness and following the expiration of any applicable preference period pursuant to 11 U.S.C. §101 et seq. This Guaranty shall be binding upon the Guarantor and its successors and assigns, and shall inure to the benefit of CFC and its successors and assigns. The terms "Guarantor" and "Borrower" and any pronouns referring thereto as used herein shall be construed in the singular or plural as the context may require.

IN WITNESS WHEREOF this Guaranty has been executed and delivered to CFC by the undersigned Guarantor this ____ day of _____, 19____.

(Guarantor)

(SEAL)

By: _____

Title: _____

Attest: _____
(Secretary)

MORTGAGE
AND
SECURITY AGREEMENT

Made By And Between

Mortgagor

and

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

Mortgagee

Dated as of

THIS INSTRUMENT GRANTS A SECURITY INTEREST BY A UTILITY AND SECURES FUTURE
ADVANCES MADE BY THE MORTGAGEE TO THE MORTGAGOR AND FUTURE OBLIGATIONS OF THE
MORTGAGOR TO THE MORTGAGEE.

SPECIMEN

Exhibit 12

MORTGAGE AND SECURITY AGREEMENT ("Mortgage"), dated as of
, 19 , made by and between
, (the "Mortgagor"), a corporation existing under the laws of the
State of and NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION (the "Mortgagee"), a corporation existing
under the laws of the District of Columbia.

WHEREAS, the Mortgagor has determined to borrow funds from the Mortgagee pursuant to the terms of a Loan Agreement, dated as of even date herewith, made by and between the Mortgagor and the Mortgagee (the "Loan Agreement") and has accordingly duly authorized the execution and delivery to the Mortgagee of its mortgage note, dated of even date herewith, in the principal amount of \$ (the "Note"); and

WHEREAS, it is contemplated that the Note shall be secured hereby, as well as additional notes and refunding, renewal and substitute notes (the Note, any such additional notes and refunding, renewal and substitute notes being herein sometimes collectively called the "notes"); and

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

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

NOW, THEREFORE, THIS MORTGAGE WITNESSETH that, in order to secure the payment of the principal of (and premium, if any) and interest on the Notes, according to their terms, and further to secure the due performance of the covenants, agreements and provisions contained in this Mortgage and the Loan Agreements, and to declare the terms and conditions upon which the Notes are to be secured, the Mortgagor, in consideration of the premises, does hereby grant, bargain, sell, alienate, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm unto the Mortgagee, and their respective assigns, all property, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired by the Mortgagor, wherever located, and grants a security interest therein for the purposes herein expressed, except any Excepted Property, and including all and singular the following described property (all of which is hereinafter called the "Mortgaged Property"):

I

All right, title and interest of the Mortgagor in and to all facilities now owned by the Mortgagor and located in the counties listed in Appendix B hereto, or hereafter constructed or acquired by the Mortgagor, wherever located, and in and to all extensions and improvements thereof and additions thereto, including any and all other property of every nature and description,

used or acquired for use by the Mortgagor in connection therewith, and including, without limitation, the property described in the property schedule listed on, or attached to, Appendix B hereto;

II

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

III

All right, title and interest of the Mortgagor in, to and under any and all licenses, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the United States of America, or by any state, or by any county, township, municipality, village or other political subdivision thereof, or by any agency, board, commission or department of any of the foregoing, authorizing the construction, acquisition, or operation of its facilities or business, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged or pledged;

IV

All right, title and interest of the Mortgagor in, to and under any and all contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm, corporation or governmental body or agency together with any and all other accounts, contract rights and general intangibles (as such terms are defined in the applicable Uniform Commercial Code) heretofore or hereafter acquired by the Mortgagor, including, without limitation, the accounts, contract rights and general intangibles described in Appendix B hereto;

V

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

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

Provided, however, that no automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft or ships, if any) owned or used by the Mortgagor shall be included in the Mortgaged Property.

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

ARTICLE I

ADDITIONAL NOTES

Section 1. The Mortgagor, when authorized by resolutions of its board of directors, may from time to time execute and deliver one or more additional notes to evidence the loan or loans made by the Mortgagee to the Mortgagor and notes to refund, renew or in substitution for any of the notes which shall be secured hereby. Additional notes and notes executed and delivered to refund, renew or in substitution for any notes shall contain such provisions and shall be executed and delivered upon such terms and conditions as the board of directors of the Mortgagor in the resolution or resolutions authorizing the execution and delivery thereof and the Mortgagee shall prescribe.

Section 2. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may from time to time execute, acknowledge, deliver, record and file mortgages supplemental to this Mortgage which thereafter shall form a part hereof, for the purpose of formally confirming this Mortgage as security for the notes. Nothing herein contained shall require the execution and delivery by the Mortgagor of a supplemental mortgage in connection with the issuance hereunder or the securing hereby of notes except as hereinafter provided in Section 11 of Article II hereof.

ARTICLE II

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagee as follows:

Section 1. The Mortgagor is duly authorized under its articles of incorporation and bylaws and the laws of the State of its incorporation and all other applicable provisions of law to execute and deliver the Note and this Mortgage and to execute and deliver the notes; and all corporate action on its part for the execution and delivery of the Note and this Mortgage has

been duly and effectively taken; the Note and this Mortgage are, or when executed and delivered will be, the valid obligations of the Mortgagor enforceable in accordance with their respective terms.

Section 2. The Mortgagor warrants that it is lawfully seized of an indefeasible estate in fee simple in, and it has good right and lawful authority to mortgage, the Mortgaged Property for the purposes herein expressed, and that the said Mortgaged Property is free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto, except Permitted Liens as defined in the Loan Agreement. The Mortgagor will, so long as any of the notes shall be outstanding, maintain and preserve the lien of this Mortgage superior to all other liens affecting the Mortgaged Property, and will forever warrant and defend the title to the property described as being mortgaged hereby to the Mortgagee against any and all claims and demands whatsoever. The Mortgagor will promptly pay or discharge any and all obligations for or on account of which any such lien or charge might exist or could be created and any and all lawful taxes, rates, levies, assessments, liens, claims or other charges imposed upon or accruing upon any of the Mortgagor's property (whether taxed to the Mortgagor or to the Mortgagee, or the franchises, earnings or business of the Mortgagor, as and when the same shall become due and payable; and whenever called upon so to do the Mortgagor will furnish to the Mortgagee adequate proof of such payment or discharge; provided, however, that this provision shall not be deemed to require the payment or discharge of any tax, rate, levy, assessment or other governmental charge while the Mortgagor is contesting the validity thereof by appropriate proceeding in good faith and so long as it shall have set aside on its books adequate reserves with respect thereto.

Section 3. Except to secure loans made by the Mortgagee to the Mortgagor, in each case in the manner specified in Section 1 of Article I hereof, the Mortgagor will not, without the consent in writing of the Mortgagee, charge, assign, pledge, mortgage or otherwise encumber any of its property, real or personal, tangible or intangible, wheresoever located, which at the time is, or at any time may become subject to the lien of this Mortgage.

Section 4. The Mortgagor will duly and punctually pay the principal of and interest on the notes at the dates and places and in the manner provided therein, according to the true intent and meaning thereof, and all other sums becoming due hereunder and under the Loan Agreement.

Section 5. If required by the Mortgagee, the Mortgagor shall make monthly deposits with the Mortgagee or an agent of the Mortgagee, in a non-interest bearing account, of a sum equal to one-twelfth (1/12) of the yearly rates, taxes, levies and assessments which may be levied against the Mortgaged Property, and (if so required) one-twelfth (1/12) of the yearly premiums for insurance thereon. The amount of such rates, taxes, levies, assessments and premiums, when unknown, shall be estimated by the Mortgagee or such agent and the Mortgagor will make the monthly deposits required hereby on the basis of such estimates. Such deposits shall be used by the Mortgagee or such agent to pay such rates, taxes, levies, assessments and premiums when due. If by

reason of any default by the Mortgagor under any provision of this Mortgage or the Loan Agreement, the Mortgagee declares all sums secured hereby to be due and payable, the Mortgagee may then apply any funds in said account against the entire indebtedness secured hereby. The enforceability of the Mortgagor's covenants relating to rates, taxes, levies, assessments and insurance premiums herein otherwise provided shall not be affected except insofar as those obligations have been met by compliance with this section. The Mortgagee may from time to time at its option waive, and after any such waiver, reinstate, any or all of the provisions hereof requiring such deposits, by notice to the Mortgagor in writing. While any such waiver is in effect, the Mortgagor shall pay rates, taxes, levies, assessments and insurance premiums as herein elsewhere provided. The monthly deposits required hereby shall be in addition to and shall not include any payments required to be made by the terms of the notes or any other payment required by the terms of this Mortgage or the Loan Agreement.

Section 6. The Mortgagor shall pay all taxes which may be assessed upon this Mortgage, the Note or any of the notes, or the indebtedness secured hereby but only to the extent thereof that such payment shall not render any of the notes or this instrument usurious and only insofar as such payment shall not be inconsistent with law.

Section 7. The Mortgagor will at all times maintain and preserve the Mortgaged Property and each and every part and parcel thereof in good repair and condition and in compliance with all applicable laws, regulations and orders, and will from time to time make all needful and proper repairs, renewals, and replacements and useful and proper alterations, additions, betterments and improvements.

Section 8. Except as specifically authorized in writing in advance by the Mortgagee, the Mortgagor will purchase all materials, equipment and replacements to be incorporated in or used in connection with the Mortgaged Property outright, and not subject to any conditional sales agreement, chattel mortgage, bailment, lease, or other agreement reserving to the seller any right, title or lien.

Section 9. The Mortgagor shall keep the Mortgaged Property insured against such hazards as may be required by the Loan Agreement.

Section 10. In the event of the failure of the Mortgagor in any respect to comply with the covenants and conditions herein contained with respect to the procuring of insurance, the payment of taxes, assessments and other charges, the keeping of the Mortgaged Property in repair and free of liens and other claims or to comply with any other covenant contained in this Mortgage, or if the Mortgagor shall commit or permit waste of the Mortgaged Property, the Mortgagee shall have the right (without prejudice to any other rights arising by reason of such default) to advance or expend moneys for the purpose of procuring such insurance as it deems necessary in the exercise of its rights under this section, or for the payment of insurance premiums, taxes, assessments or other charges, or to save the Mortgaged Property from sale or forfeiture for any unpaid tax or assessment, or otherwise, or to

redeem the same from any tax or other sale, or to purchase any tax title thereon, or to remove or purchase any mechanic's liens or other encumbrance thereon, or to make repairs thereon or to prevent or cure such waste, or to comply with any other covenant herein contained or to prosecute or defend any suit in relation to the Mortgaged Property or in any manner to protect the Mortgaged Property and the title thereto. All sums so advanced for any of the aforesaid purposes with interest thereon at the highest legal rate shall be deemed a charge upon the Mortgaged Property in the same manner as the notes at the time outstanding are secured and shall be forthwith paid to the Mortgagee 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 tax title, or of any of such taxes or assessments or sales therefor, or of any such premium, mechanics' liens or other encumbrance, and the Mortgagee shall be the sole judge of the amount necessary to be paid in satisfaction thereof. The Mortgagee acting hereunder shall not be liable to the Mortgagor except for losses resulting from gross negligence or willful misfeasance.

Section 11. The Mortgagor will from time to time upon written demand of the Mortgagee, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements, continuation statements, security agreements, instruments and conveyances as may reasonably be requested by the Mortgagee, and take or cause to be taken all such further action as may reasonably be requested by the Mortgagee to effectuate the intention of these presents and to provide for the securing and payment of the principal of and interest on the notes equally and ratably according to the terms thereof and for the purpose of fully conveying, transferring and confirming unto the Mortgagee the property hereby conveyed, mortgaged and pledged, or intended so to be, whether now owned by the Mortgagor or hereafter acquired by it and to reflect the assignment of the rights or interests of the Mortgagee hereunder or under any note. The Mortgagor will cause this Mortgage and any and all supplemental indentures of mortgage, mortgages and deeds of trust and every security agreement, financing statement, continuation statement and every additional instrument which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and rerecorded and refiled as conveyances and mortgages and deeds of trust of and security interests in real and personal property in such manner and in such places as may be required by law or reasonably requested by the Mortgagee in order fully to preserve the security for the notes and to perfect and maintain the superior lien of this Mortgage and all supplemental indentures of mortgage, mortgages and deeds of trust and the rights and remedies of the Mortgagee.

Section 12. In the event that the Mortgaged Property, or any part hereof, shall be taken under the power of eminent domain, or in the event of a settlement in lieu of an award or judgment of damages in eminent domain proceedings, all proceeds and avails from any such award, judgment or settlement, except to the extent that the Mortgagee shall consent to other use and application thereof by the Mortgagor, shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness by this Mortgage secured other than principal of or interest on the notes; second, to the

ratable payment of interest which shall have accrued on the notes and be unpaid; third, to the ratable payment of or on account of the unpaid principal of the notes, to such installments thereof as may be designated by the Mortgagee at the time of any such payment; and, fourth, the balance shall be paid to whosoever shall be entitled thereto.

Section 13. The Mortgagor will well and truly observe and perform all of the covenants, agreements, terms and conditions contained in the Loan Agreement, as from time to time amended, on its part to be observed or performed. The rights and remedies of the Mortgagee as set forth in this Mortgage and in the Loan Agreement, shall be cumulative. In the event of any inconsistency between the terms of this Mortgage and the terms of the Loan Agreement, the terms of this Mortgage shall govern.

ARTICLE III

EVENTS OF DEFAULT AND REMEDIES OF THE MORTGAGEE

Section 1. The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) Any representation or warranty made herein, in the Loan Agreement or in any statement, report, certificate, opinion, financial statement or other document furnished or to be furnished in connection with the Mortgage or the Loan Agreement shall be false or misleading in any material respect;

(b) Failure of the Mortgagor to pay any installment of or on account of interest on or principal of any note and failure to pay any sum due the Mortgagee under this Mortgage or the Loan Agreement, when and as the same shall become due, whether at the due date thereof, by demand, by acceleration or otherwise;

(c) Failure of the Mortgagor to observe or perform any warranty, covenant, condition or agreement to be observed or performed by the Mortgagor under this Mortgage or the Loan Agreement which shall remain unremedied for 30 days;

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

(e) Default by the Mortgagor in the payment of any obligation for borrowed money in excess of \$50,000.00;

(f) A court shall enter a decree or order for relief in respect of the Mortgagor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 90

consecutive days or the Mortgagor 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 of 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;

(g) Other than as provided in subsection (f) above, the dissolution or liquidation of the Mortgagor, or failure by the Mortgagor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within 30 days;

(h) If the Mortgagee shall determine, in its sole discretion, that any material adverse change has occurred in the financial condition of the Mortgagor, in the value of the Mortgaged Property or in the ability of the Mortgagor to pay any sum due the Mortgagee as and when due; or

(i) Any Event of Default under the Loan Agreement shall have occurred.

Section 2. If one or more of the Events of Default shall occur, the Mortgagee may:

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

(b) proceed to protect and enforce the rights of the Mortgagee under this Mortgage by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in aid of the execution of any power therein granted or for the foreclosure hereof or hereunder or for the sale of the Mortgaged Property, for any part thereof, or to collect the debts hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed most effectual to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit the Mortgagee 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 therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application shall be made for the appointment of a receiver the Mortgagor hereby expressly

consents that the court to which such application shall be made may make said appointment; and

(c) sell or cause to be sold all and singular the Mortgaged Property or any part thereof, and all right, title, interest, claim and demand of the Mortgagor therein or thereto, at public auction at such place in any county in which the property to be sold, or any part thereof, is located, at such time and upon such terms as may be specified in a notice of sale, which shall state the time when and the place where the sale is to be held and shall contain a brief general description of the property to be sold. The expense incurred by the Mortgagee (including, but not limited to, receiver's fees, counsel fees, any costs of advertisement and agent's compensation) in the exercise of any of the remedies provided herein shall be secured hereby; and

(d) declare all unpaid principal outstanding on the note(s), all accrued and unpaid interest thereon, and all other obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.

Section 3. At any sale hereunder the Mortgagee shall have the right to bid for and purchase the Mortgaged Property, or such part thereof as shall be offered for sale and may apply in settlement of the purchase price of the property so purchased the portion of the net proceeds of such sale which would be applicable to the payment on account of the principal of and interest on the Note or notes and such amount so applied shall be credited as a payment on account of principal of and interest on the Note or notes.

Section 4. Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies the disposition of which is not otherwise herein specifically provided for shall be applied first, to the payment of indebtedness hereby secured other than the principal of or interest on the notes; second, to the ratable payment of interest which shall have accrued on the notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the notes; and the balance, if any, shall be paid to whosoever shall be entitled thereto.

Section 5. Every right or remedy conferred upon or reserved to the Mortgagee herein or in the Loan Agreement shall be cumulative and shall be in addition to every other right and remedy given hereunder or thereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy hereunder shall not be deemed to be an election or a waiver of any other right or remedy and shall not preclude the pursuit of any other right or remedy.

Section 6. The Mortgagor, for itself and all who may claim through or under it, covenants that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of,

any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged Property may be situated and the Mortgagor, for itself and all who may claim through or under it, hereby waives the benefit of all such laws unless such waiver shall be forbidden by law.

Section 7. No delay in exercising any right or remedy hereunder, or otherwise afforded by law, shall operate as a waiver thereof.

ARTICLE IV

POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE

Section 1. Until some one or more Events of Default shall have happened, the Mortgagor shall be suffered and permitted to retain actual possession of the Mortgaged Property, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the rents, revenues, issues, earnings, income, products and profits thereof or therefrom, subject to the provisions of this Mortgage.

Section 2. If the Mortgagor shall well and truly pay or cause to be paid the whole amount of the principal of and interest on the notes at the times and in the manner therein provided, according to the true intent and meaning thereof, and shall also pay or cause to be paid all other sums payable under the Loan Agreement and hereunder and shall well and truly keep and perform, according to the true intent and meaning of this Mortgage, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interests hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagee shall thereupon cease, determine and become void and the Mortgagee in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of this Mortgage upon the record. In any event, the Mortgagee, upon payment in full by the Mortgagor of all principal of and interest on the Note or notes and the payment and discharge by the Mortgagor of all charges due to the Mortgagee 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 1. If the indebtedness secured hereby is now or hereafter further secured by chattel mortgages or deeds of trust, pledges, contracts of guaranty, assignments of leases, or other securities, the Mortgagee, at its option, may exhaust any one or more of said securities and the security hereunder, either concurrently or independently, and in such order as it may determine.

Section 2. Without affecting the liability of any person (other than any person released pursuant hereto) for payment of any indebtedness secured hereby, and without affecting the lien hereof upon any property not released pursuant hereto, the Mortgagee may at any time or from time to time, without notice:

(a) release any person liable for payment of any indebtedness secured hereby;

(b) extend the time, or agree to alter the terms, of payment of any of such indebtedness;

(c) accept additional security of any kind;

(d) release any property securing such indebtedness;

(e) consent to the making of any map or plat of the land described in the granting clauses hereof, or the creation of any easements thereon or any covenants restricting the use or occupancy thereof.

Section 3. Whether or not the Mortgagor is in default hereunder, the Mortgagee, its agents or assigns, may without notice, at reasonable hours, inspect any part of the Mortgaged Property, including, without limitation, the interior or exterior of any building or structure, before or after completion thereof, constituting part of the Mortgaged Property.

Section 4. 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. The Mortgagor and the Mortgagee hereby agree to execute and deliver such consents, acknowledgements and other instruments as may be reasonably requested by the Mortgagee or any noteholder in connection with any assignment of the rights or interests of the Mortgagee or any noteholder hereunder or under the notes.

Section 5. The descriptive headings of the various articles of this Mortgage were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Mortgage shall be given or made in writing (including, without limitation, by telecopy) and delivered 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 Address for Notices of the respective parties are as follows:

As to the Mortgagor:

As to the Mortgagee: Loan Officer
National Rural Utilities Cooperative
Finance Corporation
Woodland Park
2201 Cooperative Way
Herndon, Virginia 22071-3025

Section 7. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not affect the remaining portions hereof.

Section 8. Wherever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

Section 9. To the extent that any of the property described or referred to in this Mortgage is governed by any provision of the Uniform Commercial Code this Mortgage is hereby deemed a "security agreement" and a "financing statement" under the Uniform Commercial Code. The mailing addresses of the Mortgagor as debtor, and of the Mortgagee as a secured party, are as set forth in Section 6 of this Article V.

Section 10. The Mortgagor agrees to indemnify and save harmless the Mortgagee against any liability or damages which it may incur or sustain in the exercise and performance of its powers and duties hereunder. For such reimbursement and indemnity, the Mortgagee shall be secured under this 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 10 of Article II hereof.

Section 11. This Mortgage may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, _____, as Mortgagor, has caused this Mortgage and Security Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, has caused this Mortgage and Security Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

(Mortgagor)

(SEAL)

By: _____
President

Attest: _____
Secretary

Executed by the Mortgagor in the presence of:

Witnesses

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____

Governor

Attest: _____
Assistant Secretary

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

Witnesses

STATE OF)
) SS
COUNTY OF)

THE FOREGOING instrument was acknowledged before me this _____ day of _____, 19____, by _____, President and Secretary of _____, a corporation, for and on behalf of said corporation.

WITNESS my hand and official seal.

Notary Public

(Notarial Seal)

My commission expires _____

COMMONWEALTH OF VIRGINIA)
) SS
COUNTY OF FAIRFAX)

I, _____, a Notary Public in and for the Commonwealth of Virginia, hereby certify that _____, personally known to me and known to me to be signing for the Governor of National Rural Utilities Cooperative Finance Corporation, a corporation organized and now existing under the laws of the District of Columbia, and who, as such officer executed the foregoing instrument, this day personally appeared before me and severally acknowledged before me that he executed said instrument as such officer in the name of and for and on behalf of said corporation freely and voluntarily for the uses and purposes therein expressed and as the free act and deed of said corporation with full authority so to do, and that he delivered the same as such.

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

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 19____.

Notary Public

(Notarial Seal)

My commission expires _____

Appendix B

The description of the Mortgaged Property, referred to in the Granting Clause of the Mortgage,

AGREEMENT FOR GUARANTEE

Come now White River Valley Electric Cooperative (hereinafter "White River") and Roark Water and Sewer Company (hereinafter "Roark") and in consideration of the mutual promises herein contained agree as follows:

1. White River will execute in favor of National Rural Utilities Cooperative Finance Corporation (hereinafter "CFC") a guarantee of a loan to be made by CFC to Roark in the amount of \$ _____, in the form of Exhibit 1 attached hereto.

2. In consideration of White River executing the guarantee in favor of CFC, Roark will pay to White River a fee equal to two percent (2%) per year of the amounts borrowed. The payment of the fee shall be due at the same time and under the same terms and conditions as Roark's interest payments to CFC pursuant to the loan agreement and the promissory note between Roark and CFC being guaranteed by White River.

IN WITNESS WHEREOF the parties have hereunto signed this Agreement this _____ day of _____, 1994.

WHITE RIVER VALLEY ELECTRIC
COOPERATIVE

ROARK WATER AND SEWER

By _____

LOAN AGREEMENT

LOAN AGREEMENT (this "Agreement"), dated _____, 19____, between _____ ("Borrower"), a corporation organized and existing under the laws of the State of _____ (the "State") and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC"), a corporation organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to CFC for a loan to finance, in part, the Project and to purchase LCTCs and CFC is willing to make such a loan to the Borrower on the terms and conditions stated herein;

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

ARTICLE I

DEFINITIONS

"Adjustment Date" shall mean the date determined by CFC, from nine months after the initial Advance to the Maturity Date.

"Advance" or "Advances" shall mean advances by CFC to Borrower pursuant to the terms and conditions of this Agreement.

"Business Day" shall mean any day that CFC is open for business.

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

"CFC Fixed Rate" shall mean such fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect.

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

"CFC Variable Rate" shall mean the rates established by CFC for similarly classified variable interest rate associate member loan programs established by CFC from time to time.

"Conversion Request" shall mean a request of the Borrower's President, General Manager or Board of Directors, in form and substance satisfactory to CFC, that requests an interest rate conversion.

SPECIMEN

Exhibit 14

"DSC" or "Debt Service Coverage Ratio" for any year is defined as (a) total net income or margins plus depreciation and interest payable on long-term debt for such year, divided by (b) principal and interest payable on long-term debt in such year.

"Loan" shall mean the loan by CFC to Borrower, pursuant to this Agreement and the Note, in an aggregate principal amount no to exceed the CFC Commitment.

"Loan Capital Term Certificate" or "LCTC" shall mean a subordinated certificate representing an investment in CFC purchased by the Borrower in connection with the Loan.

"Maturity Date" shall have the meaning as defined in the Note.

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

"Mortgaged Property" shall have the meaning as defined in the Mortgage.

"Note" shall mean a promissory note executed by the Borrower in the form of Exhibit A hereto.

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

"Payment Notice" shall mean a notice furnished by CFC to Borrower that indicates the precise amount of each payment of principal and interest and the total amount of each payment.

"Project" shall mean the facility being financed by this loan as described in Schedule 1 hereto.

"TIER" or "Time Interest Earned Ratio" for any year is defined as (a) total net income or margins plus income taxes plus interest payable on long-term debt for such year, divided by (b) interest payable on long-term debt in such year,

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2. The Borrower represents and warrants that:

A. **Good Standing.** The Borrower is a corporation duly incorporated and validly existing under the laws of the State, is duly qualified in those states in which it is required to be qualified to conduct its business and has corporate power to enter into and perform this Agreement, to borrow hereunder and to give security as provided for herein. The Borrower is owned, operated, or controlled by a Class A, B, or C member of CFC.

B. Authority. The execution, delivery and performance by the Borrower of this Agreement, the Note and the Mortgage and the performance of the transactions contemplated thereby have been duly authorized by all necessary corporate action and will not violate any provision of law or of the Articles of Incorporation or By-Laws of the Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.

C. Litigation. There are no suits or proceedings pending or to the knowledge of the Borrower threatened against or affecting the Borrower or its properties which, if adversely determined, would have a material adverse effect upon the financial condition or the business of the Borrower. The Borrower is not, to its knowledge, in default with respect to any judgment, order, rule or regulation of any court, governmental agency or other instrumentality which would have a material adverse effect on the Borrower.

D. Financial Statements. The balance sheet of the Borrower as of the date identified in Schedule 1 hereto, and the statement of operations of the Borrower for the period ending on said date, heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. The Borrower has no contingent obligation or unusual forward or long-term commitments except as specifically stated in said balance sheet or herein. There has been no material adverse change in the financial condition or operations of the Borrower from that set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof. The Borrower has heretofore furnished to CFC true and complete copies of its financial and statistical reports for each of the three most recent calendar years and the facts stated therein are true as of the date hereof.

E. Location of Office. The principal place of business of the Borrower and the office where its records concerning accounts and contract rights are kept is identified in Schedule 1 hereto.

F. Location of Properties. All property owned by the Borrower is located in the counties identified in Schedule 1 hereto.

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

H. Required Approvals. No license, consent or approval of any governmental agency or authority is required to enable the Borrower to enter into this Agreement or to perform any of its obligations provided for herein, except as disclosed in Schedule 1 hereto.

I. Survival. All representations and warranties made by the Borrower herein or made in any certificate delivered pursuant hereto shall survive the making of the Advances and the execution and delivery to CFC of the Note.

ARTICLE III

LOAN

Section 3.1 Advances. CFC agrees to make, and the Borrower agrees to request an Advance at the office of CFC in Herndon, Virginia or at such other place as may be designated by CFC, in an aggregate principal amount not to exceed the CFC Commitment.

The obligation of the Borrower to repay the Advance shall be evidenced by the Note in the principal amount of the unpaid principal amount of the Advances from time to time outstanding. The Borrower shall give CFC written notice of the date on which the Advance is to be made.

Section 3.2 Payment, Amortization and Interest Rate. The Note shall be payable and bear interest as follows:

A. Payments and Amortization. The Borrower shall promptly pay on each Payment Date all amounts then owing. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon or fees shall be due and payable on the Maturity Date. At least quarterly, CFC will furnish to the Borrower a Payment Notice. Such Payment Notice shall be sent to the Borrower at least ten (10) days before the next ensuing Payment Date.

Principal will be amortized in accordance with the method stated in Schedule 1 hereto. The amortization of the principal outstanding will be calculated by CFC using one of the following types of interest rates which corresponds to the interest rate selected by Borrower:

- (i) a CFC Fixed Rate in effect on the date of such Advance; or
- (ii) the CFC Variable Rate.

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

B. Application of Payments. Each payment shall be applied first to any charges then due on the Note, second to interest accrued on the principal amount to the due date of such payment on the Note (or, at the election of the holder of the Note, to the date of such payment if the same is not paid on its due date); and the balance to the reduction of principal against the Note according to an amortization schedule provided to Borrower from CFC.

C. Election of Interest Rate. Prior to the first Advance or as appropriate after the first Advance, the Borrower must select in writing one of the following interest rates: (i) a CFC Fixed Rate; or (ii) the CFC

Variable Rate. In the event the Borrower does not select an interest rate in writing when a CFC Fixed Rate is subject to repricing, then Advances shall bear interest according to CFC's then available interest rate repricing policies.

Interest shall be computed for the actual number of days elapsed on the basis of a year of 365 days, until the first day of the complete calendar quarter following the first Advance. Thereafter, if the loan bears interest at a CFC Fixed Rate, interest shall be computed on the basis of a 30-day month and 360-day year. If the loan bears interest at the CFC Variable Rate, interest shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

(i) Fixed Rate. If the Borrower elects a fixed rate, the rate shall be a CFC Fixed Rate and such rate shall be in effect for a CFC Fixed Rate Term. During the CFC Fixed Rate Term, all Advances shall bear interest at the rate then in effect associated with such CFC Fixed Rate Term if it does not extend beyond the Maturity Date of such other fixed rate that corresponds to the amount of time remaining prior to the Maturity Date.

(a) Repricing of a CFC Fixed Rate. CFC shall provide the Borrower with at least 60 days prior written notice of the date on which a CFC Fixed Rate is no longer in effect. Pursuant to CFC's policies of general application for such repricing, the Borrower may choose any of the interest rate options then available for similarly classified borrowers repricing from a CFC Fixed Rate.

(ii) CFC Variable Rate. If the Borrower elects a CFC Variable Rate, such CFC Variable Rate shall apply until the Maturity Date of the Note unless the Borrower elects to convert to a CFC Fixed Rate pursuant to the terms hereof. In the event Borrower selects a CFC Variable Rate, such rate shall be applicable to the entire amount advanced or to be advanced.

Section 3.3 Conversion of Interest Rates.

(A) CFC Variable Rate to a CFC Fixed Rate. The Borrower may at any time request to convert from the CFC Variable Rate to the CFC Fixed Rate by submitting to CFC a Conversion Request. Each rate shall be equal to the rate of interest offered by CFC in effect on the date of the Conversion Request. The effective date of the new interest rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request. Prior to the time when a CFC Fixed Rate is no longer applicable, the Borrower may select the CFC Variable Rate or a CFC Fixed Rate. The Borrower may not select a CFC Fixed Rate with a CFC Fixed Rate Term that extends beyond the Maturity Date.

(B) CFC Fixed Rate to CFC Variable Rate. The Borrower may at the discretion of CFC convert from a CFC Fixed Rate to the CFC Variable Rate, if the Borrower: (i) submits a Conversion Request requesting that the CFC Variable Rate apply to any outstanding loan balance on the Note and future Advances pursuant thereto; and (ii) pays to CFC promptly upon receipt of an

invoice a conversion fee calculated pursuant to CFC's loan policies as established from time to time for similarly classified loans. The effective date of the CFC Variable Rate shall be the beginning of the next full billing cycle following receipt of the Conversion Request.

Section 3.4 Prepayment. Subject to the terms of the Mortgage (if applicable) and provided the interest rate on the loan is at the CFC Variable Rate or a CFC Fixed Rate, the Borrower may at any time, on not less than 30 days' written notice to CFC, prepay the Note, in whole or in part, together with the interest accrued to the date of prepayment and any prepayment premium that CFC may from time to time prescribe.

Section 3.5 Loan Capital Term Certificate. The Borrower shall purchase a LCTC in the amount of ten percent of each Advance hereunder at the time of and with funds from such Advance or from such other source as CFC may approve.

ARTICLE IV

CONDITIONS OF LENDING

Section 4. The obligation of CFC to make the Advance hereunder is subject to satisfaction of the following conditions:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC and to such local counsel as CFC may retain.

B. Documents. CFC shall have been furnished with executed copies satisfactory to CFC of this Agreement, the Note and the Mortgage and certified copies of all such corporate documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC or its counsel shall require. CFC shall have received an opinion of counsel for the Borrower addressing such legal matters as CFC or its counsel shall reasonably require; a certificate as to Resolutions of the Board of Directors and Incumbency; a guaranty by a Class A, B or C member of CFC identified in Schedule 1 hereto; a certificate of the Secretary of the entity executing such guaranty; and an opinion of counsel to such entity.

C. Government Approvals. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations and consents, including without limitation the consents referred to in Section 2.H. hereof, necessary for the execution, delivery or performance by the Borrower of this Agreement, the Note and the Mortgage.

D. Representations and Warranties. The representations and warranties contained in Article II shall (except as affected by the transactions contemplated by this Agreement) be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default specified in Article VI and no event which, with the lapse of time or the notice and lapse of time specified in Article VI would become such an Event of Default, shall

have occurred and be continuing or will have occurred after giving effect to the Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to meet its obligations hereunder.

E. **Mortgage Filing.** The Mortgage shall have been duly recorded as a mortgage on real property and duly filed, recorded or indexed as a security interest in personal property wherever CFC shall have requested, all in accordance with applicable law, and the Borrower shall have caused satisfactory evidence thereof to be furnished to CFC.

F. **Requisitions.** The Borrower will requisition its Advance by submitting its written requisition to CFC in form and substance satisfactory to CFC. Requisitions shall be made only for the purpose of paying the costs associated with the Project. The Borrower agrees to apply the proceeds of the Advance in accordance with its loan application with such modifications as may be mutually agreed.

G. **Guaranty.** Borrower shall cause to be delivered a guaranty, in accordance with Section 4.B hereof, by the Class A, B, or C member of CFC referred to in Schedule 1 hereto, and said guaranty shall constitute the unconditional and continuing guaranty for the payment of all sums due from Borrower under this Agreement.

H. **Limit on Amount of Loan.** The guarantor issuing the guaranty hereunder shall be authorized, pursuant to the terms of its mortgage, to issue the guaranty that in the aggregate is at least equal to the amount of the Loan. No Advance will be made hereunder in excess of the aggregate amount authorized by such guarantor, unless approved by CFC.

I. **Special Conditions.** CFC and its counsel shall be fully satisfied that the Borrower has complied and will continue to comply with all special conditions identified in Schedule 1 hereto.

ARTICLE V

AFFIRMATIVE COVENANTS

Section 5. After the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower agrees that it will:

A. **Membership.** Remain a member in good standing of CFC.

B. **Annual Certificate.** Within 60 days after the close of each calendar year, commencing with the year following the year in which the initial Advance hereunder shall have been made, deliver to CFC a written statement signed by its General Manager, stating that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under

this Agreement, the Note, and the Mortgage throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

C. Financial Ratios. Until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower agrees that it will so operate and manage its business as to achieve both a TIER of not less than 1.0, and a DSC of not less than 1.15 (Check with Credit -- If Guaranteed, should be 1.10 DSC), each of said ratios being determined by averaging the two highest annual ratios during the most recent three calendar years.

D. Insurance. Maintain insurance on the Mortgaged Property with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by entities engaged in the same and similar business or similarly situated and as may be further specified in Schedule 1 hereto. Said insurance shall name CFC as "loss payee" and a certificate evidencing said insurance shall be provided to CFC.

F. Management Fees. Not pay any management fees or, if currently paying a management fee, pay an increase in management fees.

G. Financial Statements. Furnish to CFC (a) as soon as available but in no event later than ninety days after the end of each annual accounting period of Borrower, the audit report for such period, all in form and detail satisfactory to CFC, prepared in accordance with generally accepted accounting principles consistently applied, and the supplemental letter, if any, all prepared by Borrower's independent certified public accountant; and (b) such other information, reports or statements concerning the operations, business affairs and/or financial condition of Borrower as CFC may request from time to time.

H. Special Affirmative Covenants. Comply with any special affirmative covenants identified in Schedule 1 hereto.

ARTICLE VI

NEGATIVE COVENANTS

Section 6. Borrower covenants and agrees with CFC that Borrower will not, directly or indirectly, without CFC's prior written consent:

A. Merger, Sale of Assets, etc. Enter into or be a party to any merger or consolidation, sell, assign, transfer, convey or lease all or any substantial part of its property or any interest therein except in the ordinary course of Borrower's business as now being conducted; purchase or otherwise acquire all or substantially all of the assets of any other person, or any shares of stock of, or similar interest in, any other person.

B. Change of Name. Change the name of Borrower.

C. Issuance of Voting Stock. Consent to or facilitate the transfer or issuance of any shares of any Voting Stock of Borrower without the prior written consent of CFC.

ARTICLE VII

EVENTS OF DEFAULT

Section 7. The following shall be Events of Default under this Agreement:

A. Representations and Warranties. Any representation or warranty made by the Borrower in Article II hereof or any certificate furnished to CFC hereunder shall prove to have been incorrect in any material respect at the time made and shall at the time in question be untrue or incorrect in any material respect and remain uncured;

B. Payment. Default shall be made in the payment of or on account of interest on or principal of the Note when and as the same shall be due and payable, whether by acceleration or otherwise, which shall remain unsatisfied for 5 Business Days;

C. Other Covenants. Default by the Borrower in the observance or performance of any other covenant or agreement contained in this Agreement, in the Note or the Mortgage, which shall remain unremedied for 30 calendar days after written notice thereof shall have been given to the Borrower by CFC provided, however, default in the observance or performance of the covenant contained in Section 6(a) shall be deemed an immediate Event of Default;

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

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

F. Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days 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; or

G. Dissolution or Liquidation. Other than as provided in subsection F. above, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within 30 days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions.

ARTICLE VIII

REMEDIES

Section 8. If any of the Events of Default listed in Section 7 hereof shall occur after the date of this Agreement and shall not have been remedied, then CFC may pursue all rights and remedies available to CFC that are contemplated by the Mortgage in the manner, upon the conditions, and with the effect provided in the Mortgage, including, but not limited to, a suit for specific performance, injunctive relief or damages. Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Section 7 hereof. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver or any other right, power or remedy.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. 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 Address for Notices of the respective parties are as follows:

National Rural Utilities
Cooperative Finance Corporation
Woodland Park
2201 Cooperative Way
Herndon, Virginia 22071-3025
Attention: Loan Officer

The Borrower:

The address set forth in
Schedule 1 hereto

Section 9.2 Expenses. The Borrower will pay all costs and expenses of CFC, including reasonable fees of counsel, incurred in connection with the enforcement of this Agreement, the Note, the Mortgage and the other instruments provided for herein or with the preparation for such enforcement if CFC has reasonable grounds to believe that such enforcement may be necessary.

Section 9.3 Late Payments. If payment of any principal and/or interest due under the terms of the Note is not received at CFC's office in Herndon, Virginia or such other place as CFC may designate to the Borrower, within 5 Business Days after the due date thereof or such other time periods as CFC may prescribe from time to time in the policies of general application in connection with any late payment charges, (such unpaid amount of principal and/or interest 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 will pay to CFC, in addition to all other amounts due under the terms of the Note, the Mortgage and this Agreement, any late payment charge as may be fixed by CFC from time to time, on the delinquent amount for the late-payment period.

Section 9.4 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (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 CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and 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 CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder.

Section 9.5 No Waiver. No failure on the part of CFC to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise by CFC of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 9.6 Right of Setoff. Upon the occurrence and during the continuance of any Event of Default, CFC is hereby authorized at any time and from time to time, without prior notice to the Borrower, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the obligations of the Borrower now or hereafter

existing hereunder or under the Note. CFC 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 effect the validity of such setoff, recoupment or application. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. Borrower waives all rights of setoff, deduction, recoupment or counterclaim.

SECTION 9.7 GOVERNING LAW. THIS AGREEMENT AND THE NOTE SHALL BE DEEMED TO BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

Section 9.8 Holiday Payments. If any payment to be made by the Borrower hereunder shall become due on a Saturday, Sunday or business holiday of CFC, 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 9.9 Modifications. No modification or waiver of any provision of this Agreement or the Note and no consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent.

Section 9.10 Merger and Integration. This Agreement and matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

Section 9.11 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 9.12 Severability. If any term, provision or condition, or any part thereof, of this Agreement or the 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 remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note, and the Mortgage shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 9.13 Survival; Successors and Assigns. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery to CFC of the Note, and shall continue in full force and effect until all of the obligations have been paid in full. All covenants, agreements, representations and warranties by or on behalf of Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. This Agreement may not be assigned by Borrower without the prior written consent of CFC.

Section 9.14 Use of Terms; Headings. The use of any gender or the neuter herein shall also refer to the singular, and vice versa. The headings

and subheadings shall also refer to the other gender or the neuter and the use of the plural contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 9.15 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

(Name of Borrower)

(SEAL)

By: _____
President

Attest: _____
Secretary

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____
Governor

*Attest: _____
Assistant Secretary

