

For purposes of this Section 1, DSC shall mean the ratio determined for each of the test years on a pro forma basis as follows: add Patronage Capital and Margins, and Interest Expense (as computed in accordance with the principles set forth in the preceding sentence) to Depreciation and Amortization Expense (an amount as computed for the purposes of Line A.11 of REA Form 7, rev. 12-70, with the appropriate pro forma adjustment), and divide the total so obtained by an amount equal to the sum of all payments of principal and interest required to be made during each of the test years on account of Total Long-Term Debt (as computed for the purposes of Line C.35 of REA Form 7, rev. 12-70).

No Additional CFC Notes shall be secured by this Mortgage without the prior written approval thereof by the Government.

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 13 of article II hereof.

## ARTICLE II

### PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagees and the holders of notes secured hereby (hereinafter sometimes collectively called the "noteholders") and each of them as follows:

SECTION 1. The Mortgagor is duly authorized under its articles of incorporation and by-laws and the laws of the State of its incorporation and all other applicable provisions of law to execute and deliver the Concurrent REA Note, the CFC Note, the Outstanding REA Notes and this Mortgage and to execute and deliver Additional Notes; and all corporate action on its part for the execution and delivery of the CFC Note, the Concurrent REA Note, the Outstanding REA Notes and this Mortgage has been duly and effectively taken; and the Concurrent REA Note, the CFC Note, the Outstanding REA Notes and this Mortgage are, or when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms.

SECTION 2. The Mortgagor warrants that it has good right and lawful authority to mortgage the property described in the granting clauses of this Mortgage for the purposes herein expressed, and that the said property is free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto, except (i) the lien of this Mortgage and taxes or assessments not yet due; (ii) deposits or pledges to secure payment of workmen's compensation, unemployment insurance, old age pensions or other social security; and (iii) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations, surety or appeal bonds, or other deposits or pledges for purposes of like general nature in the ordinary course of business. The Mortgagor will, so long as any of the notes