

## ARTICLE 1

## ADDITIONAL NOTES

SECTION 1. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may from time to time (1) execute and deliver to the Government one or more Additional REA Notes to evidence loans made by the Government to the Mortgagor pursuant to the Act or to evidence indebtedness of the Mortgagor incurred by the assumption by the Mortgagor of the indebtedness of a third party or parties to the Government created by a loan or loans theretofore made by the Government to such third party or parties pursuant to the Act, and (2) execute and deliver to CFC one or more Additional CFC Notes to evidence loans made by CFC to the Mortgagor or to evidence indebtedness of the Mortgagor incurred by the assumption by the Mortgagor of the indebtedness of a third party or parties to CFC created by a loan or loans made by CFC to such third party or parties. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may also from time to time execute and deliver one or more Additional Notes to refund any note or notes at the time outstanding and secured hereby, or in renewal of, or in substitution for, any such outstanding note or notes. Additional Notes shall contain such provisions and shall be executed and delivered upon such terms and conditions as the board of directors of the Mortgagor in the resolution or resolutions authorizing the execution and delivery thereof and the relevant lender shall prescribe; provided, however, that the notes at any one time secured hereby shall not exceed in the aggregate principal amount the amount identified in the Instruments Recital as the Maximum Debt Limit, and no note shall mature more than fifty (50) years after the date hereof; and provided further that, except as otherwise hereinbelow provided, the Mortgagor shall not execute and deliver any note to the Government under any loan contract hereafter entered into between the Mortgagor and the Government, if, after taking the loan provided for in such loan contract into account, the Mortgagor shall have, on a pro forma basis as determined by REA and CFC, for any of the first three years in which it is estimated installments of both interest and principal will be required to be made on such loan (herein called the "test years"), a Times Interest Earned Ratio (as hereinafter defined and herein called "TIER") of less than 1.5, or a Debt Service Coverage (as hereinafter defined and herein called "DSC") of less than 1.25. Notwithstanding the provisions of the second proviso of the next preceding sentence, the Mortgagor may execute and deliver such note if (i) such proviso shall be waived in writing by CFC, or (ii) the Mortgagor shall place in operative effect an increase in its rates for service sufficient to produce additional revenues so as to assure, to the satisfaction of REA and CFC, the ability of the Mortgagor to meet the TIER and DSC standards for the test years hereinabove set forth, or (iii) the Mortgagor shall apply the proceeds of the note restricted hereby directly to the prepayment in full of all of the CFC Notes then outstanding and to the payment in full of all obligations of the Mortgagor to CFC under such CFC Notes, this Mortgage and the CFC Loan Agreement, and such prepayment may be made without any penalty or premium, notwithstanding any provision of the CFC Loan Agreement or other instrument which would otherwise require such premium or penalty, and in the event of such prepayment, the provisions of Article II, Section 4 hereof, with respect to proportionate prepayments to CFC and the Government, shall not apply.

For purposes of this Section 1, TIER shall mean the ratio determined on a pro forma basis with respect to each of the test years as follows: for each such year: add Patronage Capital and Margins (as computed for purposes of A.23 on REA Form 7, rev. 12-70 and, if applicable, Line A.24 on such Form 7, rev. 12-70, with the appropriate pro forma adjustment) to Interest Expense (an amount as computed for purposes of Line A.14 of REA Form 7 minus an amount so computed for purposes of Line A.15 of REA Form 7, rev. 12-70, with the appropriate pro forma adjustment), and divide the total so obtained by Interest Expense (as so computed).