

PROJECT DESIGNATION:

NEVADA 15-E6 WELLS

MORTGAGE NOTE

made by

WELLS RURAL ELECTRIC COMPANY

to

UNITED STATES OF AMERICA

Identified as form of document presented to and approved
by the board of directors trustees of the above named
corporation at a meeting held **APRIL 15, 1977**

Lawrence C. Sweet
Secretary of Meeting

A

MORTGAGE NOTE

Wells, Nevada
_____, 19____

WELLS RURAL ELECTRIC COMPANY -----(hereinafter called the "Corporation"), a corporation organized and existing under the laws of the State of Nevada -----, for value received, promises to pay to the order of UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Electrification Administration, at the United States Treasury, Washington, D. C., at the times and in the manner hereinafter provided, the sum of six hundred thirty thousand ----- dollars (\$ 630,000 -----), with interest on the amount thereof advanced by the Government, pursuant to a certain amending ----- loan contract, dated as of May 8 -----, 1959, between the Government and the Corporation, as the same may have been amended from time to time (said loan contract, as it may have been amended, being hereinafter called the "Loan Contract"), and remaining unpaid from time to time, at the rate of five (5) per centum per annum.

Interest on principal advanced pursuant to the Loan Contract and remaining unpaid shall be payable quarterly, on the last day of March -----, June -----, September -----, and December -----, of each year for a period ending on a date three (3) years after the date hereof. Thereafter, to and including a date thirty-five (35) years after the date hereof, the Corporation shall make a payment on each of said quarterly dates in each year at the rate of \$15.70 per \$1,000 of the principal amount hereof advanced pursuant to the Loan Contract and unpaid three (3) years after the date hereof.

Interest on principal advanced pursuant to the Loan Contract between a date three (3) years and a date six (6) years after the date hereof and remaining unpaid shall be payable on each of said quarterly payment dates for a period ending six (6) years after the date hereof. Thereafter, to and including a date thirty-five (35) years after the date hereof, the Corporation shall make a payment on each of said quarterly payment dates at the rate of \$ 16.38 per \$1,000 of the principal amount advanced pursuant to the Loan Contract between three (3) and six (6) years after the date hereof and unpaid six (6) years after the date hereof. This payment shall be in addition to the payment made on the principal amount advanced and unpaid three (3) years after the date hereof.

Each payment made on this Note shall be applied first to the payment of interest on principal and then on account of principal. Thirty-five (35) years after the date hereof, the principal hereof advanced pursuant to the Loan Contract remaining unpaid, if any, and interest thereon, shall become due and payable.

The Corporation on any payment date, as hereinabove provided, may pay all or any part of the principal hereof then advanced pursuant to the Loan Contract and remaining unpaid, but so long as any of the principal hereof advanced pursuant to the Loan Contract shall remain unpaid, the Corporation shall be obligated to make the quarterly payment on account of principal and interest, in the amount hereinabove provided, unless the Corporation and the holder of this Note shall otherwise agree.

This Note has been executed and delivered pursuant to and is secured by a certain mortgage, of even date herewith, made by and among the Corporation, National Rural Utilities Cooperative Finance Corporation and the Government, -----

as the same may have been amended or supplemented by any supplemental mortgage or supplemental mortgages (said mortgage and any such supplemental mortgage or supplemental mortgages being hereinafter collectively called the "Mortgage"), and is one of several notes (hereinafter called the "notes") permitted to be executed and delivered by the Corporation pursuant to the Mortgage. The Mortgage provides that all notes shall be equally and ratably secured thereby and reference is hereby made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security and the rights of the holders of notes with respect thereto.

In case of default by the Corporation, as provided in the Mortgage, all principal advanced pursuant to the Loan Contract and remaining unpaid, on this Note and any other notes at the time outstanding, and all interest thereon, may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

This Note evidences indebtedness created by a loan made under the Rural Electrification Act of 1936, as amended, including Public Law 93-32.

If the Government shall at any time assign this Note and insure the payment hereof, the Corporation shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Corporation, in writing, of such endorsement, then the principal amount of this Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Corporation shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated currently when executed, to be in the same form, and to bear the same interest rate, as this Note. The Corporation, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated currently when executed), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Corporation upon receipt of such substitute notes.

IN WITNESS WHEREOF the Corporation has caused this Note to be signed in its corporate 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.

WELLS RURAL ELECTRIC COMPANY

by

President

(SEAL)

Attest:

Secretary

REA Project Designation

NEVADA 15E6 WELLS

AMENDMENT

Dated as of January 3, 1977

to

AMENDING
LOAN CONTRACT

Dated as of May 8, 1959

between

WELLS RURAL ELECTRIC COMPANY

and

UNITED STATES OF AMERICA

Identified as form of document presented to and
approved by the board of directors or trustees
of the above named corporation at a meeting held
APRIL 15, 1977.

Lawrence A. Sweet
Secretary

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

No. *A*

AGREEMENT, made as of January 3, 1977-----, between
WELLS RURAL ELECTRIC COMPANY-----
----- (hereinafter called the "Borrower"),
a corporation----- existing under
the laws of the State of Nevada-----, and UNITED STATES
OF AMERICA (hereinafter called the "Government"), acting through
the Administrator of the Rural Electrification Administration
(hereinafter called the "Administrator").

WHEREAS, the Government and the Borrower have heretofore entered
into a loan contract or amending loan contract dated as of May 8, 1959
(such agreement as it may have been amended being hereinafter called the
"Loan Contract"), and intend by this agreement to amend the Loan Contract
by providing for an increase of not to exceed \$ 630,000----- (hereinafter
called the "Loan Increase") in the amount of the loan therein provided for,
and in certain other respects;

NOW, THEREFORE, for and in consideration of the mutual agreements
herein contained, the Government and the Borrower agree as follows:

SECTION 1. The Loan Contract is amended by

(a) increasing the maximum amount which the Government
shall lend and the Borrower shall borrow, as stated in
Article I, Section 1 thereof, by the amount of the Loan
Increase, and

(b) adding the following to the counties listed in said
Section: NONE

SECTION 2. Notwithstanding any of the provisions of the Loan Con-
tract, the debt created by the Loan Increase shall be evidenced by additional
notes to be executed by the Borrower pursuant to the Loan Contract, as
amended hereby, which shall bear interest at the rate of five (5) per centum
per annum.

SECTION 3. Notwithstanding anything contained in this agreement
or the Loan Contract, the Government shall be under no obligation to advance
to the Borrower any portion of the Loan Increase, unless and until
the Borrower, in addition to complying with all other conditions of the Loan
Contract and this agreement which are precedent to the advance of loan funds,
shall have delivered to the Administrator, in form and substance satisfactory
to him, evidence that the Borrower (1) has entered into a binding agreement
with another lender providing for a long-term loan (hereinafter called the
"Concurrent Loan"), to the Borrower in the amount of \$ 270,000-----, such
lender and the terms and conditions of the Concurrent Loan to be satisfactory
to and approved by the Administrator; (2) has satisfied the conditions
precedent to the advance of the Concurrent Loan by such lender, to the extent
required by the Administrator; and (3) has duly authorized, executed, recorded
and filed a supplemental mortgage or other security instrument, in form and
substance satisfactory to the Administrator. Nor shall the Government be
obligated to advance to the Borrower the final half of the Loan Increase until
the Borrower shall also have delivered to the Administrator, in form and
substance satisfactory to him, evidence that ninety-five percent (95%) of
the proceeds of the Concurrent Loan have been received by the Borrower and
deposited in the Special Construction Account provided for in the Loan
Contract. Concurrent Loan funds so deposited shall be subject to the same
controls and conditions as are specified in the Loan Contract for other funds
deposited in said Account and shall be expended only for purposes approved by
the Administrator.

SECTION 4. The provisions set forth in Exhibit A, pages i through iii, attached hereto and by this reference made a part hereof, shall amend and supersede all provisions of the Loan Contract inconsistent therewith.

SECTION 5. This agreement may be simultaneously executed and delivered in two or more counterparts, each of which so executed and delivered shall be deemed to be an original, and all shall constitute but one and the same instrument.

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

WELLS RURAL ELECTRIC COMPANY

by

President

(Seal)

Attest:

Secretary

UNITED STATES OF AMERICA

by

Administrator
of
Rural Electrification Administration

SECURED PROMISSORY NOTE

made by

WELLS RURAL ELECTRIC COMPANY

to

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

Identified as form of document presented to
and approved by the board of directors/trustees
of the above named corporation at a meeting
held *APRIL 15*, 19 *77*

Lawrence C. Sweet

Secretary of Meeting

No. *7*

SECURED PROMISSORY NOTE

\$ 270,000.00

, 19

WELLS RURAL ELECTRIC COMPANY - - - - - , a Nevada corporation (herein called the "Cooperative"), for value received promises to pay to the order of NATIONAL RURAL UTILITIES CO-OPERATIVE FINANCE CORPORATION (herein called the "Payee") at the Payee's office in Washington, D. C., in lawful money of the United States, the sum of the aggregate unpaid principal amount of all Advances made by the Payee pursuant to the Loan Agreement hereinafter referred to, with interest thereon in like money from the respective dates of each Advance hereunder at the rate or rates hereinafter specified, in installments as follows:

Interest only accrued on said principal amount to the last day of March, June, September or December - - - - - next ensuing the Termination Date (as such term is defined in said Loan Agreement) shall be paid on or before said day, and thereafter equal quarterly installments in the amounts shown in the Payment Schedule or Payment Schedules (described herein below) shall be paid on the last day of each March, June, September and December - - - - - ; except that if not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable on a date thirty-five years after the date hereof. Each quarterly installment shall be applied first to interest accrued on the principal amount to the due date of such installment (or, at the election of the holder hereof, to the date of payment of such installment if the same is not paid on its due date) and the balance to the reduction of principal. All Advances made by the Payee pursuant to said Loan Agreement shall be endorsed by the Payee on the reverse side hereof on or before any assignment or transfer hereof by the Payee. On or after the Termination Date (as so defined), and thereafter upon any change made by the Payee hereunder in the rate of interest payable hereunder, the Payee will furnish to the Cooperative a Payment Schedule indicating the precise amount of each quarterly installment of principal and interest, and the total amount of each such quarterly installment, to be paid by the Cooperative pursuant to such Payment Schedule.

The rate of interest payable hereunder shall be 8 1/4% per annum (computed for the actual number of days elapsed on the basis of a year of 365 days) until a date between January 1, 1984 and December 31, 1984 specified in writing by the Payee. Thereafter interest payable hereunder shall be at a rate or rates per annum (computed in like manner) fixed by the Payee from time to time. The Payee will make no change in rate between January 1, 1984 and December 31, 1984 without giving the Cooperative at least 90 days prior written notice thereof and the Payee will make no change in rate thereafter without giving the Cooperative at least 60 days prior written notice thereof (any such 90-day or 60-day notification period being herein called a "Notification Period").

The Cooperative may at its option at any time or times make prepayments of the principal hereof, in the manner and to the extent provided in said Loan Agreement; provided that no prepayment premium may be prescribed by the Payee in connection with full prepayment of this Note made during any Notification Period:

This Note is secured by a Supplemental Mortgage and Security Agreement dated as of even date herewith , as it may have been or shall be amended or supplemented from time to time, among the Cooperative, the Payee and the United States of America. This Note is the Note referred to in, and has been executed and delivered pursuant to, the Loan Agreement dated as of January 3, 1977 , between the Payee and the Cooperative.

IN WITNESS WHEREOF the Cooperative has caused this Note to be signed in its corporate 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.

WELLS RURAL ELECTRIC COMPANY
(Name of Cooperative)

(SEAL)

By _____
President

Attest: _____
Secretary

LOAN AGREEMENT

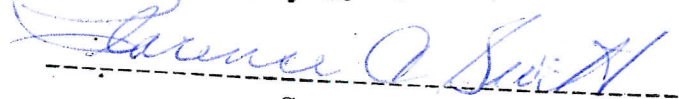
between

WELLS RURAL ELECTRIC COMPANY

and

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

Identified as form of document presented to
and approved by the board of directors/trustees
of the above named corporation at a meeting
held APRIL 15, 1977


Secretary of Meeting

Nevada 15 E6-3 Wells

No. 7

CONCURRENT LOANS - DISTRIBUTION
(Rev. 7/71)

LOAN AGREEMENT

AGREEMENT, dated as of January 3, 1977, between
WELLS RURAL ELECTRIC COMPANY - - - - -
(herein called the "Borrower"), and NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION (herein called "CFC"), a
corporation existing under the laws of the District of Columbia:

W I T N E S S E T H :

SECTION 1. Representations. The Borrower represents,
covenants and warrants that:

A. The Borrower is a corporation duly incorporated and
validly existing under the laws of the State of Nevada
and has corporate power to make and perform this Agreement,
to borrow hereunder and to give security as provided for herein.

B. The making and performance by the Borrower of this
Agreement and the borrowing and giving of security by it as
herein provided 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. There are no suits or proceedings pending or to the
knowledge of the Borrower threatened against or affecting the
Borrower which, if adversely determined, would have a material
adverse effect upon the financial condition or the business of
the Borrower.

D. The balance sheet of the Borrower as at October 31,
1975 - - - - -, 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 contin-
gent obligation, liability for taxes or unusual forward or long-
term commitment except as in its said balance sheet or herein
specifically mentioned. 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. The Borrower has heretofore
furnished to CFC true and complete copies of its financial and
statistical reports to the Rural Electrification Administration
(herein called "REA") on REA Forms 7 and 7a for the month of
December for each of the three most recent calendar years, and
copy of its most recent such report on REA Form 7, and the
facts stated therein are true.

E. The Borrower is exempt from the payment of United States Federal income taxes pursuant to section 501(c) of the Internal Revenue Code of 1954, as amended.

F. The chief place of business of the Borrower and the office where its records concerning accounts and contract rights are kept is located in Wells, in the County of Elko, in the State of Nevada.

G. All property owned by the Borrower is located in the County of Elko, State of Nevada, and in the County of Tooele, in the State of Utah.

H. The Borrower has not signed any security agreement or filed or permitted to be filed any financing statements with respect to assets owned by it, other than security agreements and financing statements running in favor of REA and CFC.

I. No license, consent or approval of any governmental authority except REA (said consent by REA being herein called the "REA Consent")

is required in connection with the transactions contemplated hereby.

J. The Borrower and REA have entered into a loan contract or amending loan contract, dated as of May 8, 1959 -----, as it may have been amended prior to this date (herein, as in effect on the date hereof, called the "Prior REA Loan Agreement") providing for the lending by REA and the borrowing by the Borrower of funds from REA, evidenced by promissory notes of the Borrower (herein called the "Prior REA Notes") and secured by one or more security instruments and amendments and supplements thereto in favor of REA (herein collectively called the "REA Mortgage"). The Prior REA Loan Agreement, the Prior REA Notes and the REA Mortgage are the valid and binding obligations of the Borrower and no default exists thereunder.

K. The Borrower and REA have executed and delivered simultaneously herewith a loan agreement (herein called the "Concurrent REA Loan Agreement"), a true and complete copy of which has been delivered to CFC, providing for (i) a further loan to the Borrower by REA in the maximum aggregate principal amount of Six Hundred Thirty Thousand Dollars (\$630,000.00) - - - - - to be evidenced by the promissory note or notes of the Borrower (herein collectively called the "Concurrent REA Note"), (ii) the Advances (as hereinafter defined) to be made by CFC, and (iii) the Mortgage (as hereinafter defined). The Borrower will execute and deliver to CFC and REA a Supplemental Mortgage and Security Agreement, which has been or will be executed by REA and CFC (herein, as so executed, called the "Mortgage"), on all property now owned or hereafter acquired by the Borrower, supplementing and restating the REA Mortgage and adding CFC as a secured party thereto.

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

SECTION 2. The Advances. CFC agrees to make, and the Borrower agrees to request, on the terms and conditions of this Agreement, Advances (herein called "Advances") from time to time up to and including a date two years from the date hereof, at the office of CFC in Washington, D.C., or at such other place as may be mutually agreed upon, in an aggregate principal amount not to exceed Two Hundred Seventy Thousand Dollars (\$270,000.00) - - -

(the earlier of (a) said date two years hence or (b) the date on which said amount has been fully advanced being herein called the "Termination Date" and said amount being herein called the "CFC Commitment"). The Borrower shall give CFC written notice of the date on which each Advance is to be made. The obligation of the Borrower to repay the Advances shall be evidenced by a promissory note of the Borrower (herein called the "Note"), dated of even date with the Mortgage, in the principal amount of the unpaid principal amount of the Advances from time to time outstanding and in substantially the form of Exhibit A hereto. The Note shall be payable and shall bear interest as set forth in said Exhibit A. CFC shall endorse on the reverse side of the Note a notation evidencing each Advance.

The Borrower agrees that the initial Advance hereunder shall be in the amount at least equal to five percent of the CFC Commitment and that on the date of the initial Advance, it will apply a portion of the proceeds of such Advance equal to five percent of the CFC Commitment to the purchase of Capital Term Certificates from CFC at a purchase price of 100% of the principal amount thereof. The Borrower hereby consents and agrees that the principal amount of the Capital Term Certificates to be so purchased by it shall be deducted from the amount of the initial Advance to be received by the Borrower on said date,

and further agrees that any interest accrued on such Capital Term Certificates for the period from the previous interest payment date thereof to the date of the initial Advance shall be payable by the Borrower on the next interest payment date after the date of the initial Advance. CFC agrees to deliver to the Borrower on or about said date the Capital Term Certificates so purchased. The Borrower agrees to apply the balance of the proceeds of the initial Advance and the proceeds of each subsequent Advance in accordance with its loan application with such modifications as may be mutually agreed, and to deposit all funds advanced hereunder in its Trustee Special Construction Fund Account.

SECTION 3. Conditions. The obligation of CFC to make any Advance hereunder is subject to the following conditions:

A. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC, and, as to all matters of local law, to such local counsel as counsel for CFC may associate with them.

B. CFC shall have been furnished with certified copies, satisfactory in form and substance to CFC, of all such corporate documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC or its counsel shall require.

C. CFC shall have received an opinion of counsel for the Borrower, satisfactory in form and substance to CFC, (1) to the effect that (i) the Borrower has been duly incorporated and is validly existing, in good standing, under the laws of the State of its incorporation as above recited, (ii) the execution and performance by the Borrower of this Agreement, the Note and the Mortgage and the transactions contemplated thereby will not violate any provision of the Articles of Incorporation or By-Laws of the Borrower or result in the 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, known to such counsel, (iii) no litigation is pending or, to the knowledge of such counsel, threatened against or affecting the Borrower, (iv) the Borrower has full corporate power to own its properties and operate its business as presently conducted and to borrow and give security as provided herein, (v) this Agreement, the Note and the Mortgage have been duly authorized, executed and delivered by the Borrower and constitute the valid and binding obligations of the Borrower, enforceable against the Borrower according to their respective terms, (vi) the Mortgage has been duly recorded as a mortgage on real property and duly filed, recorded or indexed as a security interest in personal property and gives a first mortgage lien on the property mortgaged thereby, and the security interest in real and personal property created by the Mortgage has been duly effected, (vii) no license, consent or approval of any governmental authority except the consents described in section 1.I hereof is required in connection with the transactions contemplated hereby, and (viii) the Borrower is the holder of all certificates and authorizations of governmental authorities required by law to enable it to engage in the business transacted by it, and (2) as to such other legal matters as CFC or its counsel shall reasonably require.

D. CFC shall have determined, to its own satisfaction, that (i) CFC is not required to qualify as a foreign corporation authorized to do business in any State in which the Borrower owns or operates properties in connection with the entering into and performance of this Agreement, the Note or the Mortgage or in connection with any exercise of remedies under any of said instruments and (ii) CFC is not required to obtain any license, approval, authorization or consent of any governmental authority of any such State in connection with the execution, delivery or performance of this Agreement, the Note or the Mortgage.

E. The Borrower shall have received from REA not less than fifty percent (50%) of the amount of the additional loan provided for in the Concurrent REA Loan Agreement, shall have executed and delivered to CFC a requisition, in form and substance satisfactory to CFC, and shall have furnished to CFC a statement, satisfactory to CFC, signed by an officer or the General Manager of the Borrower to the effect that all conditions to Advances have been met.

F. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations and consents, including without limitation the REA Consent, required by law to enable the Borrower to engage in the business required by it or necessary for the execution, delivery or performance by the Borrower of this Agreement, the Note or the Mortgage.

G. The representations and warranties contained in Section 1 shall (except as affected by the transactions contemplated by this Agreement and except as otherwise provided in Section 5.A. (4) hereof) be true on the date of the making of the initial Advance hereunder with the same effect as though such representations and warranties had been made on such date, and no Event of Default specified in Section 6 and no event which, with the lapse of time or the notice and lapse of time specified in Section 6, would become such an Event of Default shall have occurred and be continuing or will have occurred at the completion of the making of such Advance; and, between the date hereof and the date of each subsequent Advance hereunder, there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower, and no Event of Default specified in Section 6, and no event which, with the lapse of time or the notice and lapse of time specified in Section 6, would become such an Event of Default shall have occurred and be continuing or will have occurred at the completion of the making of such Advance.

H. 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.

I. ~~Notwithstanding anything contained in this Agreement, CFC shall be under no obligation to make any Advance hereunder, unless and until the Borrower, in addition to complying with all other conditions of this Agreement which are precedent to the making of such Advance, shall have~~

SECTION 4. Prepayments. Subject to the terms of the Mortgage, the Borrower may at any time or from time to 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. Each prepayment on the Note shall be applied in payment of installments of principal of the Note in inverse order of their maturity.

SECTION 5. Particular Covenants of the Borrower.

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

(1) Promptly deliver to CFC certified copies of all consents, licenses and approvals of governmental authorities that may be required in connection with any transaction contemplated hereby.

(2) Remain a member in good standing of CFC, it being understood that this covenant includes without limitation the requirement that the Borrower perform all agreements by it or on its part to be performed pursuant to any subscription agreement entered into or to be entered into between the Borrower and CFC for the purchase of Capital Term Certificates or other securities of CFC.

(3) Promptly upon its becoming available, furnish to CFC a true and correct copy of the annual report of the Borrower to the United States Department of the Treasury on Form 990 or any successor form thereto.

(4) Promptly notify CFC orally (confirmed in writing) of any assertion, ruling or judgment that the Borrower is not fully exempt from the payment of Federal income taxes pursuant to the section referred to in Section 1.E., and within 120 days after such assertion, ruling or judgment, establish to the satisfaction of CFC that such assertion, ruling or judgment will have no material adverse effect on the Borrower's financial condition.

(5) Subject to applicable laws and rules and orders of regulatory bodies, and to events in the judgment of CFC beyond the control of the Borrower, so operate and manage its business as to achieve both a Times Interest Earned Ratio (as hereinafter defined and herein called "TIER") of not less than 1.5, and a Debt Service Coverage Ratio (as hereinafter defined and herein called "DSC") of not less than 1.25, each of said ratios being determined by averaging the two highest annual ratios during the most recent three calendar years. For the purpose of this subsection (5): TIER shall mean the ratio determined in each year by adding Patronage Capital and Margins (as computed for purposes of line A.23 on REA Form 7, rev. 12/70 and, if applicable, line A.24 on said REA Form 7) to Interest Expense (as computed for purposes of line A.14 on said REA Form 7 minus an amount as computed for purposes of line A.15 on said Form 7), and dividing the total so obtained by Interest Expense (as so computed); DSC shall mean the ratio determined in each year by adding Patronage Capital and Margins and Interest Expense (each computed as set forth above) to Depreciation and Amortization Expense (as computed for the purpose of line A.11 on said Form 7)

and dividing the total so obtained by an amount equal to the sum of all payments of principal and interest required to be made during such year on account of Total Long-Term Debt (as computed for the purpose of line C.35 on said REA Form 7).

(6) 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 he has furnished to the governing board of the Borrower a report of the activities of the Borrower, and of its performance under this Agreement, the Note and the Mortgage, during such year, and that to the best of his 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 him and the nature and status thereof.

B. After the date of execution hereof and until payment in full of the Note and performance of all obligations of the Borrower under this Agreement, the Borrower agrees that without the prior written consent of CFC it will not create, incur, assume or suffer to exist any security interest, lien, charge or encumbrance on or of, any of its properties or assets, whether now owned or hereafter acquired, except:

- (1) the Mortgage and liens permitted thereby;
- (2) liens for taxes not delinquent or being contested in good faith;
- (3) deposits or pledges to secure payment of workmen's compensation, unemployment insurance, old age pensions or other social security benefits; or
- (4) 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.

SECTION 6. Events of Default. If any of the following Events of Default shall occur after the date of this agreement and shall not have been remedied:

A. default by the Borrower in the payment of any installment of or on account of principal of or interest on the Note when and as the same shall be required to be made;

B. default by the Borrower under the Prior REA Loan Agreement or the Concurrent REA Loan Agreement as determined by REA, or default by the Borrower under the Mortgage;

C. any representation or warranty made by the Borrower in Section 1 or made in any certificate furnished to CFC hereunder shall prove to have been incorrect, or shall be breached, in any material respect;

D. default by the Borrower in the performance of any agreement contained in Section 2, 5.A.(4). or 5.B;

E. default by the Borrower in the performance of any other agreement herein which shall remain unremedied for 20 days after written notice thereof shall have been given to the Borrower by CFC;

F. any license, consent or approval of any governmental body or other regulatory authority required for the consummation of any transaction contemplated by this Agreement or necessary to the operation of the Borrower's business substantially as now conducted shall have been revoked, withdrawn, materially modified or withheld or shall otherwise fail to remain in full force and effect;

G. 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;

H. the Borrower shall cease to operate any substantial part of its electric system;

I. the Borrower shall (1) apply for or consent to the appointment of a receiver, trustee, or liquidator of the Borrower or of all or a substantial part of its assets, (2) be unable, or admit in writing its inability, to pay its debts as they mature, (3) make a general assignment for the benefit of creditors, (4) be adjudicated a bankrupt or insolvent or (5) file a voluntary petition in bankruptcy or an arrangement with creditors or take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against the Borrower in any bankruptcy, reorganization or insolvency proceedings, or corporate action shall be taken by the Borrower for the purpose of effecting any of the foregoing;

J. an order, judgment or decree shall be entered, without the application, approval or consent of the Borrower, by any court of competent jurisdiction, approving a petition seeking reorganization of the Borrower or appointing a receiver, trustee or liquidator of the Borrower or of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days;

CFC may by written notice to the Borrower immediately terminate the commitment of CFC hereunder, and any amounts advanced hereunder shall at the option of CFC become immediately due and payable.

SECTION 7. Notices. All notices, requests and demands shall be given to or made upon the respective parties hereto as follows:

The Borrower

WELLS RURAL ELECTRIC COMPANY
P.O. Box 365; Wells, Nevada 89835

CFC
1115 - 30th Street, N. W.
Washington, D. C. 20007

or in such other manner, as to either party hereto, as such party shall designate by written notice to the other party hereto.

SECTION 8. Payment of Expenses and Late-Payment Charges. The Borrower will pay all costs and expenses of CFC, including reasonable fees of counsel, in connection with the enforcement of this Agreement, the Mortgage and the other instruments herein provided for, all fees for recording and filing and all taxes (including penalties and interest, if any, assessed thereon) in connection with any of the foregoing.

If payment of any principal and/or interest due under the terms of the Note is not received at CFC's office in Washington, D. C. within 5 calendar days after the due date thereof (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, a late-payment charge equal in amount to interest at the rate of 10% per annum (computed for actual number of days elapsed on the basis of a year of 365 days), or such lower rate as may be fixed by CFC from time to time, on the delinquent amount for the late-payment period.

SECTION 9. 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 10. Applicable Law. This Agreement and the documents provided for herein shall be deemed to be governed by, and construed in accordance with, the laws of the District of Columbia.

SECTION 11. Holiday Payments. If any payment to be made by the Borrower hereunder shall become due on a Saturday, Sunday or business holiday under the laws of the District of Columbia 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.

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

WELLS RURAL ELECTRIC COMPANY
(Name of Borrower)

(SEAL)

Attest: _____
Secretary

By: _____
President

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

Attest: _____
Assistant Secretary

By: _____
Governor

SECURED PROMISSORY NOTE

\$

, 19

, a

corporation (herein called the "Cooperative"), for value received promises to pay to the order of NATIONAL RURAL UTILITIES CO-OPERATIVE FINANCE CORPORATION (herein called the "Payee") at the Payee's office in Washington, D. C., in lawful money of the United States, the sum of the aggregate unpaid principal amount of all Advances made by the Payee pursuant to the Loan Agreement herein-after referred to, with interest thereon in like money from the respective dates of each Advance hereunder at the rate or rates hereinafter specified, in installments as follows:

Interest only accrued on said principal amount to the last day of next ensuing the Termination Date (as such term is defined in said Loan Agreement) shall be paid on or before said day, and thereafter equal quarterly installments in the amounts shown in the Payment Schedule or Payment Schedules (described herein below) shall be paid on the last day of each

; except that if not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable on a date thirty-five years after the date hereof. Each quarterly installment shall be applied first to interest accrued on the principal amount to the due date of such installment (or, at the election of the holder hereof, to the date of payment of such installment if the same is not paid on its due date) and the balance to the reduction of principal. All Advances made by the Payee pursuant to said Loan Agreement shall be endorsed by the Payee on the reverse side hereof on or before any assignment or transfer hereof by the Payee. On or after the Termination Date (as so defined), and thereafter upon any change made by the Payee hereunder in the rate of interest payable hereunder, the Payee will furnish to the Cooperative a Payment Schedule indicating the precise amount of each quarterly installment of principal and interest, and the total amount of each such quarterly installment, to be paid by the Cooperative pursuant to such Payment Schedule.

The rate of interest payable hereunder shall be 8 1/4% per annum (computed for the actual number of days elapsed on the basis of a year of 365 days) until a date between January 1, 1984 and December 31, 1984 specified in writing by the Payee. Thereafter interest payable hereunder shall be at a rate or rates per annum (computed in like manner) fixed by the Payee from time to time. The Payee will make no change in rate between January 1, 1984 and December 31, 1984 without giving the Cooperative at least 90 days prior written notice thereof and the Payee will make no change in rate thereafter without giving the Cooperative at least 60 days prior written notice thereof (any such 90-day or 60-day notification period being herein called a "Notification Period").

The Cooperative may at its option at any time or times make prepayments of the principal hereof, in the manner and to the extent provided in said Loan Agreement; provided that no prepayment premium may be prescribed by the Payee in connection with full prepayment of this Note made during any Notification Period.

This Note is secured by a Supplemental Mortgage and Security Agreement dated as of _____, as it may have been or shall be amended or supplemented from time to time, among the Cooperative, the Payee and the United States of America. This Note is the Note referred to in, and has been executed and delivered pursuant to, the Loan Agreement dated as of _____, between the Payee and the Cooperative.

IN WITNESS WHEREOF the Cooperative has caused this Note to be signed in its corporate 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.

(Name of Cooperative)

(SEAL)

By _____
President

Attest: _____
Secretary