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LISA SMITH, COUNTY RECORDER
MADISON COUNTY IOWA

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RUS DESIGNATION NUMBER: Iowa 73

**SUPPLEMENTAL MORTGAGE
AND
SECURITY AGREEMENT**

Made by and among

FARMERS ELECTRIC COOPERATIVE, INC.

2389 Hwy 92

Greenfield, Iowa 50849

Mortgagor and taxpayer, and

CoBANK, ACB

6340 South Fiddlers Green Circle

Greenwood Village, Colorado 80111

Mortgagee

UNITED STATES OF AMERICA

Rural Utilities Service

Washington, D.C. 20250

Mortgagee

**NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION**

20701 Cooperative Way

Dulles, VA 20166

Mortgagee

*Return
to:*

Dated as of June 2, 2016

THIS INSTRUMENT WAS PREPARED BY KATHLEEN SAVAGEAU, 6340 SOUTH FIDDLERS GREEN CIRCLE, GREENWOOD VILLAGE, CO 80111, (800) 542-8072.
LEGAL DESCRIPTION & TAX PARCEL ID NO.: SEE SCHEDULE B.
THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF \$35,000,000.00. LOANS AND ADVANCES UP TO THIS AMOUNT, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED OR FILED MORTGAGES AND LIENS.
THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.
MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 54006.
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY AND FIXTURES, AFTER-ACQUIRED PROPERTY, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.

SUPPLEMENTAL MORTGAGE AND SECURITY AGREEMENT

THIS SUPPLEMENTAL MORTGAGE AND SECURITY AGREEMENT, dated as of June 2, 2016 (hereinafter sometimes called this “Supplemental Mortgage”), is made by and among **FARMERS ELECTRIC COOPERATIVE, INC.** (hereinafter called the “Mortgagor”), a cooperative association existing under the laws of the State of Iowa; **CoBANK, ACB** (hereinafter called “**CoBank**”), a federally chartered instrumentality of the United States; the **UNITED STATES OF AMERICA**, acting by and through the Administrator of the Rural Utilities Service (hereinafter called the “**Government**”); and the **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION** (hereinafter called “**CFC**”), a cooperative corporation under the laws of the District of Columbia, and is intended to confer rights and benefits on the Government, CFC and CoBank in accordance with this Supplemental Mortgage and the Original Mortgage (hereinafter defined) (the Government, and CoBank and CFC being hereinafter sometimes collectively referred to as the “**Mortgagees**”).

Recitals

Whereas, the Mortgagor, the Government, CoBank and CFC are parties to that certain Restated Mortgage and Security Agreement, as supplemented, amended or restated (the “**Original Mortgage**” as identified in Schedule “A” of this Supplemental Mortgage) originally entered into between the Mortgagor, the Government acting by and through the Administrator of the Rural Utilities Service (hereinafter called “**RUS**”), and CFC; and

Whereas, the Mortgagor deems it necessary to borrow money for its corporate purposes and to issue its promissory notes and other debt obligations therefor, and to mortgage and pledge its property hereinafter described or mentioned to secure the payment of the same, and to enter into this Supplemental Mortgage pursuant to which all secured debt of the Mortgagor hereunder shall be secured on parity (this Supplemental Mortgage and the Original Mortgage, as it may have been previously amended or supplemented, hereinafter may be called collectively the “**RUS Mortgage**”); and

Whereas, the RUS Mortgage, as supplemented hereby, preserves the priority of the Original Mortgage for the pro rata benefit of all the Mortgagees and secures the payment of all of the Mortgagor’s outstanding indebtedness as listed in Instruments Recital of Schedule “A” hereto (collectively, the “**Outstanding Notes**”); and

Whereas, the Original Mortgage provides the terms by which additional pari passu obligations may be issued thereunder and further provides that the Original Mortgage may be supplemented from time to time to evidence that such obligations are entitled to the security of the Original Mortgage; and

Whereas, by their execution and delivery of this Supplemental Mortgage the parties hereto do hereby secure the Additional Notes listed in Schedule “A” pari passu with the Outstanding Notes under the Original Mortgage; and

Whereas, all acts necessary to make this Supplemental Mortgage a valid and binding legal instrument for the security of such notes and related obligations, subject to the terms of the RUS Mortgage, have been in all respects duly authorized.

Now, Therefore, This Supplemental Mortgage Witnesseth: That to secure the payment of the principal of (and premium, if any) and interest on all Notes issued hereunder according to their tenor and effect, and the performance of all provisions therein and herein contained, and in consideration of the covenants herein contained and the purchase or guarantee of Notes by the guarantors or holders thereof,

the Mortgagor has mortgaged, pledged and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, release, convey, assign, transfer, hypothecate, pledge, set over and confirm, pledge and grant a continuing security interest in for the purposes hereinafter expressed, unto the Mortgagees all property, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible and intangible, of the kind or nature specifically mentioned herein or any other kind or nature, except any Excepted Property set forth on Schedule "C" hereof owned or hereafter acquired by the Mortgagor (by purchase, consolidation, merger, donation, construction, erection or in any other way) wherever located, including (without limitation) all and singular the following:

A. all of those fee and leasehold interests in real property set forth in Schedule "B" hereto, subject in each case to those matters set forth in such Schedule; and

B. all of those fee and leasehold interests in real property set forth in Schedule "B" of the Original Mortgage or in any restatement, amendment or supplement thereto, subject in each case to those matters set forth in such Schedule; and

C. all of the kinds, types or items of property, now owned or hereafter acquired, described as Mortgaged Property in the Original Mortgage or in any restatement, amendment or supplement thereto as Mortgaged Property.

It is Further Agreed and Covenanted That the Original Mortgage, as previously restated, amended or supplemented, and this Supplemental Mortgage shall constitute one agreement and the parties hereto shall be bound by all of the terms thereof and, without limiting the foregoing.

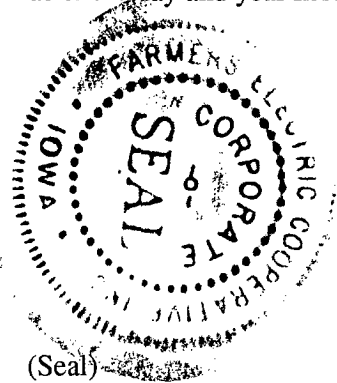
1. All capitalized terms not defined herein shall have the meaning given in Article I of the Original Mortgage.

2. This Supplemental Mortgage is one of the Supplemental Mortgages contemplated by Article II of the Original Mortgage.

3. The Maximum Debt Limit for the RUS Mortgage shall be as set forth in Schedule "A" hereto.

[SIGNATURES ON FOLLOWING PAGES]

In Witness Whereof, FARMERS ELECTRIC COOPERATIVE, INC., as Mortgagor; CoBANK, ACB, as Mortgagee; UNITED STATES OF AMERICA, as Mortgagee; and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, have each caused this Supplemental Mortgage to be signed in their respective names by duly authorized persons, all as of the day and year first written above.



FARMERS ELECTRIC COOPERATIVE, INC.

By: C. Charles Dunn Sr.

Name: C. Charles Dunn Sr.

Title: EVP/CM

(Seal)

Attest: William E. Adams
Secretary

Executed by the Mortgagor in the presence of:

Gina Meisenheimer

Print Name: Gina Meisenheimer

Garrett Thompson

Print Name: Garrett Thompson

Witnesses

STATE OF IOWA)
) SS
COUNTY OF Adair)

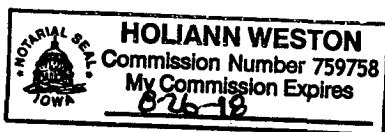
The foregoing instrument was acknowledged before me this 27 day of July, 2016, by William Adams, the secretary of FARMERS ELECTRIC COOPERATIVE, INC., a Iowa cooperative association, on behalf of said cooperative association.

(SEAL)

Holliann Weston
Notary Public

Printed Name: Holliann Weston

My commission expires: 8-26-18



UNITED STATES OF AMERICA

By: [Signature]

Name: CHRISTOPHER A. McLEAN

Title: Assistant Administrator of the Rural Utilities Service Electric Programs

Executed by the United States of America, as Mortgagee, in the presence of:

[Signature]
Print Name: James Murray

[Signature]
Print Name: Jonathan P. Claffey

Witnesses

DISTRICT OF COLUMBIA) SS

On this 24th day of June, 2016, personally appeared before me Christopher A. McLean, who, being duly sworn, did say that he/she is the ^{ASST} Administrator of the Rural Utilities Service, an agency of the United States of America, and acknowledged to me that, acting under a delegation of authority duly given and evidenced by law and presently in effect, he/she executed said instrument as the act and deed of the United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF I have heretofore set my hand and official seal the day and year last above written.

[Signature]

Notary Public
DEBORAH A.H. ANDERSON
Notary Public of District of Columbia
My Commission Expires 6/30/2020



My commission expires: _____

SUPPLEMENTAL MORTGAGE

SCHEDULE A

MAXIMUM DEBT LIMIT AND OTHER INFORMATION

1. The Maximum Debt Limit is \$35,000,000.00
2. The Original Mortgage as referred to in the first **WHEREAS** clause above is more particularly described as follows:

Restated Mortgage and Security Agreement, dated as of November 3, 2003, by and among **FARMERS ELECTRIC COOPERATIVE, INC.**, as Mortgagor; the **UNITED STATES OF AMERICA**, acting by and through the Administrator of the Rural Utilities Service, as a Mortgagee; and the **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION**, as a Mortgagee.

Recording Date	County (State)	Book, Page	Document No.
January 6, 2004	Adair (IA)	Book 501, Page 1	N/A
July 17, 2009	Audubon (IA)	N/A	09-0754
December 3, 2003	Cass (IA)	Book 2003, Page 4044	N/A
August 13, 2009	Guthrie (IA)	N/A	2009-2083
December 3, 2003	Madison (IA)	Book 2003, Page 7165	N/A
December 3, 2003	Union (IA)	Book 769, Page 027	N/A

Supplemental Mortgage and Security Agreement, dated as of May 10, 2012, by and among **FARMERS ELECTRIC COOPERATIVE, INC.**, as Mortgagor; the **UNITED STATES OF AMERICA**, acting by and through the Administrator of the Rural Utilities Service, as a Mortgagee; **COBANK, ACB**, as a Mortgagee; and the **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION**, as a Mortgagee.

Recording Date	County (State)	Book, Page	Document No.
August 1, 2012	Adair (IA)	Book 673, Page 34	2012-0956
August 1, 2012	Audubon (IA)	N/A	12-1020
August 1, 2012	Cass (IA)	Book 2012, Page 1558	000893090016
August 2, 2012	Guthrie (IA)	Book 2012, Page 2024	2012-2024
August 1, 2012	Madison (IA)	Book 2012, Page 2445	2012-2445
August 1, 2012	Union (IA)	Book 1030, Page 121	00001543

3. The outstanding secured indebtedness described in the third **WHEREAS** clause above is more particularly described as follows:

OUTSTANDING NOTES issued to the Government¹

<u>Loan Designation</u>	<u>Face Amount</u>	<u>Date</u>	<u>Final Maturity</u>	<u>% Rate²</u>
AD8 ³	\$10,000,000.00	2 Sep 2013	31 Dec 2047	V

OUTSTANDING NOTES issued to CFC

<u>CFC Loan Designation</u>	<u>Face Amount of Note</u>	<u>Note Date</u>	<u>Maturity Date</u>
IA073-C-9015	\$433,000.00	02/24/1983	02/24/2018
IA073-V-9021	\$3,000,000.00	05/19/2011	05/19/2051
IA073-A-9022	\$2,750,000.00	02/28/2012	02/28/2025
IA073-A-9023	\$4,190,000.00	08/23/2012	08/23/2037

OUTSTANDING NOTES issued to CoBank

<u>CoBank Loan Designation</u>	<u>Face Amount of Note</u>	<u>Note Date</u>	<u>Maturity Date</u>	<u>% Rate</u>
RI1049T01	\$9,162,219.49	February 14, 2012	September 30, 2034	4.25

¹ "Government" as used in this listing refers to the United States of America acting through the Administrator of the Rural Utilities Service (RUS) or its predecessor agency, the Rural Electrification Administration (REA). Any Notes which are payable to a third party and which either RUS or REA has guaranteed as to payment are also described in this listing as being issued to the Government. Such guaranteed Notes are typically issued to the Federal Financing Bank (FFB), an instrumentality of the United States Department of Treasury, and held by RUS.

² V=variable interest rate calculated by RUS pursuant to title 7 of the Code of Federal Regulations or by the Secretary of Treasury. CFC=an interest rate which may be fixed or variable from time to time as provided in the CFC Loan Agreement pertaining to a loan which has been made by CFC and guaranteed by RUS. CoBank=an interest rate which may be fixed or variable from time to time as provided in the CoBank Loan Agreement pertaining to a loan which has been made by CoBank and guaranteed by RUS.

³ In addition to this note which the Mortgagor has issued to FFB, the Mortgagor has also issued a corresponding promissory note to RUS designated as the certain "Reimbursement Note" bearing even date therewith. Such Reimbursement Note is payable to the Government on demand and evidences the Mortgagor's obligation immediately to repay RUS, any payment which RUS may make pursuant to the RUS guarantee of such FFB note, together with interest, expenses and penalties (all as described in such Reimbursement Note). Such Reimbursement Note is an "ORIGINAL NOTE issued to the Government" for purposes of the Part One of Schedule A and this Mortgage and is entitled to all of the benefits and security of this mortgage.

4. The Additional Notes described in the fifth **WHEREAS** clause above are more particularly described as follows:

ADDITIONAL NOTES issued to CoBank

CoBank Loan Designation	Face Amount of Note	Note Date	Maturity Date	% Rate
RI1049T02	\$770,000.00	May 3, 2016	May 31, 2026	Variable

SUPPLEMENTAL MORTGAGE

SCHEDULE B

PROPERTY SCHEDULE

The fee and leasehold interests in real property referred to in clause A of the granting clauses are described as follows:

SEE ATTACHED EXHIBIT A

SUPPLEMENTAL MORTGAGE

SCHEDULE B

EXHIBIT A

1. Greenfield, Hebron and Orient Sub

Three tracts of land described in a certain deed, dated June 21, 1968, by Southwestern Federated Power Cooperative, as Grantor, to the Mortgagor, as Grantee, and recorded in the office of the Adair County Recorder in the State of Iowa, in Deed Book 205 on page 560.

Less and Except:

Beginning at a point which lies north 90°00' west a distance of three hundred seventy-two and four-tenths (372.4) feet from the north quarter corner of Section Thirty-five (35), Township Seventy-five (75) North, Range Thirty (30) West of the Fifth Principal Meridian which point of beginning lies on the north boundary of said Section Thirty-five (35) and also on the north right-of-way line of the public highway running diagonally through the Northeast quarter (NE1/4) of the Northwest quarter (NW1/4) of said Section Thirty-five (35) and running from that point of beginning south 53°04' west along the north right-of-way line of said public highway a distance of three hundred one and one-tenth (301.1) feet; thence north 0°00' east a distance of one hundred eighty one (181) feet to the north boundary line of said Section Thirty-five (35); thence north 90°00' east along the north boundary line of said Section Thirty-five (35) a distance of two hundred forty and seven-tenths (240.7) feet to the point of beginning; all bearings being based on the assumption that the north boundary line of the Northwest quarter (NW1/4) of said Section Thirty-five (35) is a true east to west line. The property described above formerly belonged or now belongs to Ray C. Augustin and contains one-half (1/2) of an acre.

2. Anita Sub

A certain tract of land described in a certain deed, dated June 21, 1968, by Southwestern Federated Power Cooperative, as Grantor, to the Mortgagor, as Grantee, and recorded in the office of the Cass County Recorder in the State of Iowa, in Deed Book 399 on pages 190-191.

3. Winterset Sub

A certain tract of land described in a certain deed, dated June 21, 1968, by Southwestern Federated Power Cooperative, as Grantor, to the Mortgagor, as Grantee, and recorded in the office of the Madison County Recorder in the State of Iowa, in Deed Book 96 on page 202.

4. Lorimor Sub

A certain tract of land described in a certain deed, dated June 14, 1971, by Orval R. Delaney and Bertha S. Delaney, his wife, as Grantor, to the Mortgagor, as Grantee, and recorded in the office of the Union County Recorder in the State of Iowa, in Deed Book 375 on page 363.

5. Casey Sub

A certain tract of land described in a certain deed, dated April 19, 1974, by Central Iowa Power Cooperative, as Grantor, to the Mortgagor, as Grantee, and recorded in the office of the Adair County Recorder in the State of Iowa, in Deed Book 220 on page 287.

6. Stuart Sub

A certain tract of land described in a certain deed, dated May 3, 1976, by Eugene Kading and Elaine Kading, his wife, as Grantors, to the Mortgagor, as grantee, and recorded in the Office of the Adair County Recorder in the State of Iowa, in Deed Book 224 on page 335.

7. Patterson Sub

A certain tract of Land described in a certain deed, dated November 30, 1976, by Ethel A. Brown, Lloyd F. Brown, and Sandra Brown, as Grantors, to the Mortgagor, as grantee, and recorded in the Office of the Madison County Recorder in the State of Iowa, in Deed Book 106 on page 227.

8. Earlham Sub

A certain tract of land described in a certain deed dated August 28, 1978, by Blanche Hoeness, Twyla Jackson, Virginia Reed, Larry Jackson and Harry F. Reed, as Grantors, to the Mortgagor, as grantee, and recorded in the Office of the Madison County Recorder in the State of Iowa, in Deed Book 108 on page 302.

9. Bridgewater Sub

A certain tract of land described in a certain deed, dated September 7, 1978, by John R. Buboltz and Mabel E. Buboltz, as Grantors, to the Mortgagor, as grantee, and recorded in the Office of the Cass County Recorder in the State of Iowa, in Deed Book 412 on page 167.

10. Wiota Sub

A certain tract of land described in a certain deed, dated May 23, 1986, by Bruce Behrends and Marilyn Behrends, as Grantors, to the Mortgagor, as grantee, and recorded in the Office of the Cass County Recorder in the State of Iowa, in Deed Book 419 on page 2238.

11. DeSota Sub

A certain tract of land described in a certain deed, dated November 28, 1986, by Rose Acre Farms, Inc., as Grantors, to the Mortgagor, as grantee, and recorded in the Office of the Madison County Recorder in the State of Iowa, in Deed Book 122 on page 646.

12. Menlo Sub

A certain tract of land described in a certain deed, dated July 30, 1990, by Rose Acre Farms, Inc., as Grantors, to the Mortgagor, as grantee, and recorded in the Office of the Adair County Recorder in the State of Iowa, in Deed Book 299 on page 251.

13. Lot One (1) of the Subdivision of Part of the Southeast Quarter of the Southeast Quarter (SE1/4 SE1/4) of Section Eight (8), Township Seventy-five (75) North, Range Thirty-one (31) West of the 5th P.M., containing 7.98 acres, including 2.01 acres of road right of way; AND Lot Two (2) of the Subdivision of Part of the Southeast Quarter of the Southeast Quarter (SE1/4 SE1/4) of Section Eight (8), Township Seventy-five (75) North, Range Thirty-one (31) West of the 5th P.M., containing 7.89 acres, including .87 acres of county road right of way, all as shown in Plat of Survey filed September 12, 2003 in Book 492 on Page 192 in Adair County, Iowa.

SUPPLEMENTAL MORTGAGE

SCHEDULE C

EXCEPTED PROPERTY

The Excepted Property as defined in the Original Mortgage.