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FORM - Orig. Mtge.
9-1975

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NEVADA 19-A WHITE PINE

MORTGAGE

made by

MT. WHEELER POWER, INC.

to

UNITED STATES OF AMERICA

Dated as of December 23, 1969

No. 2

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THIS MORTGAGE, dated as of December 23, 1969 made by
MORTGAGEE, WHEELER POWER, INC. (hereinafter called the "Mortgagor"), a
corporation organized and existing under the laws of the State
of Nevada to UNITED STATES OF AMERICA (hereinafter sometimes
called the "Mortgagee").

WHEREAS, the Mortgagor has determined to borrow funds from the Mortgagee
under and pursuant to the Rural Electrification Act of 1936, as amended (herein-
after called the "Act"); for its lawful corporate purposes and, to that end, has
duly authorized and executed, and has delivered to the Mortgagee, two mortgage
notes to be secured by a mortgage in the terms hereof of the property hereinafter
described; and

WHEREAS, one of said notes is of even date herewith, is in the principal
amount of one million seven hundred forty thousand dollars (\$1,740,000), is payable
to the order of United States of America at the United States Treasury, Washington,
D. C., bears interest at the rate of two (2) per centum per annum, and provides for
periodic payments of interest and repayments of principal which will pay and dis-
charge the principal thereof and interest thereon within thirty-five (35) years after
the date thereof; and

WHEREAS, the other of said notes is of even date herewith, is in the
principal amount of seven million dollars (\$7,000,000), is payable to the order of
United States of America at the United States Treasury, Washington, D. C., bears
interest at the rate of two (2) per centum per annum, and provides for periodic
payments of interest and repayments of principal which will pay and discharge the
principal thereof and interest thereon within thirty-five (35) years after the
date thereof (said two notes being hereinafter, collectively, called the "First
Notes"); and

WHEREAS, it is contemplated that the First Notes shall be secured hereby
and that additional notes (hereinafter called the "additional notes") shall from
time to time be executed and delivered by the Mortgagor to United States of America
to evidence loans made by United States of America to the Mortgagor pursuant to the
Act, or to evidence indebtedness incurred by the assumption by the Mortgagor of the
indebtedness of a third party or parties to United States of America created by a
loan or loans theretofore made by United States of America to such third party or
parties pursuant to the Act or to the Emergency Relief Appropriation Act of 1935
(hereinafter called the "Relief Act"), and that from time to time the Mortgagor may
execute and deliver to the holder or holders of outstanding notes secured hereby
notes to refund such outstanding notes, or in renewal thereof, or in substitution
thereof, all to be secured hereby (the First Notes, the additional notes, and
notes executed and delivered to refund, or in renewal of, or in substitution
for, any note or notes at any time outstanding and secured hereby being herein-
after sometimes collectively called the "notes");

NOW, THEREFORE, THIS MORTGAGE WITNESSETH that, in order to secure the
payment of the principal of and interest on the notes, according to their tenor
and effect, and further to secure the due performance of the covenants, agree-
ments and provisions contained in this Mortgage and to declare the terms and con-
ditions upon which the notes are to be secured, the Mortgagor, in consideration
of the premises, has executed and delivered this Mortgage, and has granted,
bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged
and set over, and by these presents does hereby grant, bargain, sell, convey,
warrant, assign, transfer, mortgage, pledge and set over, unto the Mortgagee,
and its assigns, all and singular the following-described property (hereinafter
sometimes called the "Mortgaged Property"):

All right, title and interest of the Mortgagor in and to the electric
transmission and distribution lines and facilities and electric generating
facilities proposed to be constructed or acquired by the Mortgagor with
the proceeds of the loan partially evidenced by the First Notes - - - - -

pursuant to a certain loan contract (hereinafter called the "Loan Contract"), between the Mortgagor and the Mortgagee, dated as of August 22, 1969 - - - , and to be located in the Counties of Elko, Eureka, Nye and White Pine in the State of Nevada, and in the Counties of Juab, Millard and Tooele in the State of Utah,

and in counties contiguous to any of the counties enumerated above in the States of Nevada and Utah - - - , and in and to all extensions and improvements thereof and additions thereto, including all substations, service and connecting lines, poles, posts, cross arms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes, fixtures, appliances, generators, dynamos, haulers, engines, motors, machines, switchboards, switchracks, - - - machinery, tools, supplies, switching and other equipment, and any and all other property of every nature and description, used or acquired for use by the Mortgagor in connection therewith, and also all right, title and interest of the Mortgagor in and to any and all other electric transmission and distribution lines or systems and electric generating plants at any time or times hereafter constructed or acquired by the Mortgagor, and all extensions and improvements thereof and additions thereto, together with any and all other property of every nature and description used or acquired for use by the Mortgagor in connection therewith, wherever located in the above-mentioned States, including, without limitation, all property of the classes hereinabove listed;

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, and in connection with, the construction or operation by or on behalf of the Mortgagor of electric transmission or distribution lines, or systems, whether underground or overhead or otherwise, or of any electric generating plant, wherever located in the above-mentioned States;

III

All right, title and interest of the Mortgagor in, to and under any and all licenses, franchises, 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 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 electric transmission or distribution lines, or systems, or any electric generating plant or plants in the above-mentioned States, 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, or corporation providing for the purchase or exchange of electric energy by the Mortgagor;

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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 situate, now owned or hereafter acquired by the Mortgagor, it being the intention hereof that all such property 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 and benefits at any time derived, received or had from any and all of the above-described property of the Mortgagor.

Provided, however, that except as hereinafter provided in section 13(b) of article II hereof, no automobiles, trucks, trailers, tractors or other vehicles 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 its assigns forever, to secure equally and ratably the payment of the principal of and interest on the notes, according to their tenor and effect, without preference, priority or distinction 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, and to secure the due performance of the covenants, agreements and provisions herein 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 resolution or resolutions of its board of directors, may from time to time execute and deliver to United States of America one or more additional notes. 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 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 and refunding, renewal and substituted 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 shall prescribe; provided, however, that the notes at any one time secured hereby shall not exceed twenty-five million - - - - - dollars (\$25,000,000 --) in aggregate principal amount, and no note shall mature more than fifty (50) years after the date hereof. Additional notes and refunding, renewal and substituted notes, when and as executed and delivered, shall be secured by this Mortgage, equally and ratably with all other notes at the time outstanding, without preference, priority, or distinction of any of the notes over any other of the notes by reason of the priority of the time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof.

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 any additional note or notes or for any refunding, renewal or substituted note or notes executed and delivered by the Mortgagor as herein provided. 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 additional notes or of refunding, renewal or substituted notes, except as hereinafter provided in section 13 of article II hereof.

ARTICLE II

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagee 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 bylaws and the laws of the State of its incorporation and all other applicable provisions of law to execute and deliver the First Notes and this Mortgage and to execute and deliver additional notes and notes to refund, or in renewal of, or in substitution for, outstanding notes; and all corporate action on its part for the execution and delivery of the First Notes and of this Mortgage has been duly and effectively taken; and the First Notes and this Mortgage are 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 the lien of this Mortgage and taxes or assessments not yet due. 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 the Mortgaged Property, or any part thereof (whether taxed to the Mortgagor or to any noteholder), 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 or to any noteholder adequate proof of such payments or discharge.

SECTION 3. Except to secure loans made by the Mortgagee to the Mortgagor, or to a third party or parties, the obligation of which is assumed by the Mortgagor in the manner specified in the fourth Whereas clause of this Mortgage, the Mortgagor will not, without the consent of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, charge, assign, pledge, mortgage or otherwise encumber any of its property, real or personal, tangible or intangible, wherever situate, 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.

SECTION 5. The Mortgagor will at all times, so long as any of the notes shall be outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, rights of way, easements, permits, and licenses now or hereafter to it granted or upon it conferred, and will comply with all valid laws, ordinances, regulations, and requirements applicable to it or its property. The Mortgagor will not, without the approval in

writing of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, take or suffer to be taken any steps for reorganization or to consolidate with or merge into any other corporation or to sell, lease or transfer (or make any agreement therefor) the Mortgaged Property, or any part thereof.

SECTION 6. The Mortgagor will at all times maintain and preserve the Mortgaged Property and each and every part and parcel thereof in good repair, working order and condition and will from time to time make all needful and proper repairs, renewals, and replacements and useful and proper alterations, additions, betterments, and improvements, and will, subject to contingencies beyond its reasonable control, at all times keep its plant and properties in continuous operation and use all reasonable diligence to furnish the consumers served by it through the Mortgaged Property, or any part thereof, with an adequate supply of electric energy and other services furnished by the Mortgagor.

SECTION 7. Except as specifically authorized in writing in advance by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, 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 8. The Mortgagor will take out, as the respective risks are incurred, and maintain insurance of such classes and in such amounts, and from time to time make such changes in respect thereof, as the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall have determined to be advisable to safeguard the interest of the noteholders. The Mortgagor will, upon request of the holder or holders of notes in the principal amount above specified, submit to the noteholder designated in such request a schedule of its insurance in effect on the date specified in such request and also originals or duplicate originals of such insurance policies as may be requested. If the Mortgagor shall at any time fail or refuse to take out or maintain insurance or to make changes in respect thereof upon appropriate request by such noteholder or noteholders, such noteholder or noteholders may take out such insurance on behalf and in the name of the Mortgagor, and the Mortgagor will pay the cost thereof.

SECTION 9. 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, any noteholder or noteholders 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, 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 mechanics' liens or other encumbrance thereon, or to make repairs thereon 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, and all sums so advanced for any of the aforesaid purposes with interest thereon at the rate of five per centum (5%) per annum 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 noteholder or noteholders making such advance or advances upon demand. It shall not be obligatory for any noteholder 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 mechanics' liens or other encumbrance.

SECTION 10. The Mortgagor will not, without the approval in writing of the holder or holders of not less than a majority in principal

amount of the notes at the time outstanding: (a) construct, make, lease, purchase or otherwise acquire any extensions or additions to its system or enter into any contract in respect thereof, except such extensions or additions as may be financed with loans evidenced by additional notes; (b) construct any consumer services at its expense in excess of one pole and one span of wire in addition to a service drop not more than one hundred fifty (150) feet in length; (c) enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the purchase of electric energy, or for the use by others of any of its property; (d) incur any expenses for legal, engineering, supervisory, accounting or other similar services, except such reasonable expenses as are incurred in the routine course of business; or (e) deposit any of its funds, regardless of the source thereof, in any bank or other depository which is not a member of the Federal Deposit Insurance Corporation, or the successor thereof, or of a Federal Reserve Bank.

SECTION 11. The Mortgagor will not pay its directors, as such, any salaries for their services, except such as shall have been approved by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, provided that nothing herein contained shall preclude any director from serving the Mortgagor in any other capacity and receiving compensation therefor. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Mortgagor.

SECTION 12. The Mortgagor will at all times keep proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Mortgagor, in accordance with good accounting practice. The Mortgagor will furnish each noteholder: (a) not later than the tenth day of each month a statement of operations for the preceding month, including, without limitation, an analysis of the Mortgagor's revenues, expenses and consumer accounts for the preceding month, and, if directed by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such statement shall be in such form and include therein such information as may be specified in such direction; and (b) within thirty (30) days after the close of each fiscal year full and complete reports, certified by its Treasurer, of its financial condition as of the end of such fiscal year and of its operations for such period, and, if requested by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such reports shall be audited and certified by independent public accountants satisfactory to such noteholder or noteholders. Any noteholder, through its agents, representatives, accountants or attorneys, shall at all times during reasonable business hours have access to, and the right to inspect and make copies of any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Mortgagor or in anywise pertaining to its property or business.

SECTION 13(a). The Mortgagor will from time to time upon written demand of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further and supplemental deeds of trust, mortgages, instruments and conveyances as may reasonably be requested by such noteholder or noteholders, and take or cause to be taken all such further action as may reasonably be requested by such noteholder or noteholders to effectuate the intention of these presents and to provide for the securing and payment of the principal of and interest on the notes 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. The Mortgagor will cause this Mortgage

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and any and all supplemental mortgages and deeds of trust 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 real and personal property in such manner and in such places as may be required by law in order fully to preserve the security for the notes and to perfect and maintain the superior lien of this Mortgage and all supplemental mortgages and deeds of trust and the rights and remedies of the Mortgagee and the noteholders.

(b) In the event that the Mortgagor has had or suffers a deficit in net income, as determined in accordance with methods of accounting prescribed in section 12 of article II hereof, for any of the five fiscal years immediately preceding the date hereof or for any fiscal year while any of the notes are outstanding, the Mortgagor will at any time or times upon written demand of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further and supplemental mortgages, instruments and conveyances, and take or cause to be taken all such further action, as may reasonably be requested by such noteholders in order to include in this Mortgage, as Mortgaged Property, and to subject to all the terms and conditions of this Mortgage, all right, title and interest of the Mortgagor in and to, all and singular, the automobiles, trucks, trailers, tractors and other vehicles then owned by the Mortgagor, or which may thereafter be owned or acquired by the Mortgagor. From and after the time of such written demand of such majority noteholders, such vehicles shall be deemed to be part of the Mortgaged Property for all purposes hereof.

SECTION 14. Any noteholder may, at any time or times in succession without notice to or the consent of the Mortgagor and upon such terms as such noteholder may prescribe, grant to any person, firm or corporation who shall have become obligated to pay all or any part of the principal of or interest on any note held by or indebtedness owed to such noteholder or who may be affected by the lien hereby created, an extension of the time for the payment of such principal or interest, and after any such extension the Mortgagor will remain liable for the payment of such note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

SECTION 15. The Mortgagor, subject to applicable laws and rules and orders of regulatory bodies, will charge for electric energy and other services furnished by it rates which shall be sufficient to pay and discharge all taxes, maintenance expense, cost of electric energy, and other operating expenses of its electric transmission and distribution system and electric generating facilities, if any, and also to make all payments in respect of principal of and interest on the notes when and as the same shall become due, and to provide and maintain a reasonable reserve for working capital of the Mortgagor.

SECTION 16. The Mortgagor will not declare or pay any dividends, patronage refunds, or make any retirement of patronage capital or other cash distribution to its members or stockholders or to consumers unless after such payment, retirement or distribution the liquid assets of the Mortgagor, after deducting therefrom the total of current liabilities of the Mortgagor, will equal at least forty per centum (40%) of the reserves for depreciation applicable to properties of the Mortgagor in accordance with good accounting practice, or equal the sum of interest and principal payments due in a twenty-four month period in which maximum interest and principal payments become due and payable according to the terms of notes then outstanding, whichever is larger; provided, however, that in no event will the Mortgagor make any such payment, retirement or distribution if there remains unpaid any installment of principal or interest due on the notes, or if the Mortgagor is in default hereunder. Any general cancellation, or abatement of charges for electric energy or other services furnished by the Mortgagor shall be deemed a cash distribution to consumers. For the purpose of this Section: "liquid assets of the Mortgagor" shall be deemed to include only the following: (1) cash or bank deposits other than deposits or cash required to be deposited in special trust accounts pursuant to the Loan Contract, or by direction of the noteholders pursuant to this Mortgage, (2) investments or deposits in building and loan associations, (3) investments in obligations of the United States of America, and (4) advance payments, which shall be deemed to be payments in respect of the notes in addition to the amounts due thereon or applied thereto; "current liabilities" shall not be deemed to include (i) liabilities which the Mortgagor is authorized under the Loan Contract or this Mortgage, to pay from moneys deposited in the above mentioned trust accounts, nor (ii) principal payments due and payable on the notes within the next succeeding twelve months.

SECTION 17. In the event that the Mortgaged Property, or any part thereof, shall be taken under the power of eminent domain, all proceeds and avails therefrom, except to the extent that all noteholders 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; and, fourth, the balance shall be paid to whosoever shall be entitled thereto.

SECTION 18. The Mortgagor will not at any time employ, or enter into any contract for the employment of, any manager or superintendent of any electric transmission and distribution system or electric generating plant embraced in the Mortgaged Property, or any chief operator, engineer or other employee in active charge of any electric generating plant or electric transmission line embraced in the Mortgaged Property, unless such employment or such contract shall first have been approved by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding. If, during such periods as the Mortgagor shall be in default in the making of a payment or payments of principal of or interest on one or more of the notes, the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall at any time give notice to the Mortgagor that in their opinion any such transmission and distribution system, transmission line or generating plant is not being efficiently operated and shall request the termination of the employment of any such manager or superintendent, or of any such chief operator, engineer or employee, or shall request the termination of any operating contract in respect of any such transmission and distribution system, transmission line or generating plant, the Mortgagor will terminate such employment or operating contract within thirty (30) days after the date of such notice. All contracts in respect of the employment of any such manager or superintendent, or of any chief operator, engineer or employee, or for the operation of any such transmission and distribution system, transmission line or generating plant, shall contain provisions to permit compliance with the foregoing covenants.

SECTION 19. The Mortgagor will well and truly observe and perform all of the covenants, agreements, terms and conditions contained in the Loan Contract, as from time to time amended, on its part to be observed or performed.

~~SECTION 20. Notwithstanding anything contained in the Loan Contract, as from time to time amended, or in the notes, the Mortgagor shall:~~

~~(a) set up such records and accounts and maintain such reserve funds as the holder or holders of not less than a majority in principal amount of the notes at the time outstanding may from time to time require in writing;~~

~~(b) to the extent required in writing by such noteholder or noteholders from time to time, apply revenues arising from the operation of the Mortgaged Property to the payment of or on account of the principal of or interest on any one or more of the notes designated by such noteholder or noteholders, either prior to the time or in excess of the amount provided for in any one or more of the notes in respect of which the payment is to be made; provided, however, that the Mortgagor shall not be obligated hereby to make payments on account of the principal of or interest on any of the notes during any one calendar year in excess of five per centum (5%) of the amount of the principal of such note or notes advanced and unpaid at the time such payment is required; and provided further, that subject to the provisions of section 4 of article II hereof, the Mortgagor may at all times retain funds reasonably adequate for operating purposes for the current month, and in no event less than 1.5 times the amount of its cash expenditures for such purposes during the corresponding month of the preceding year;~~

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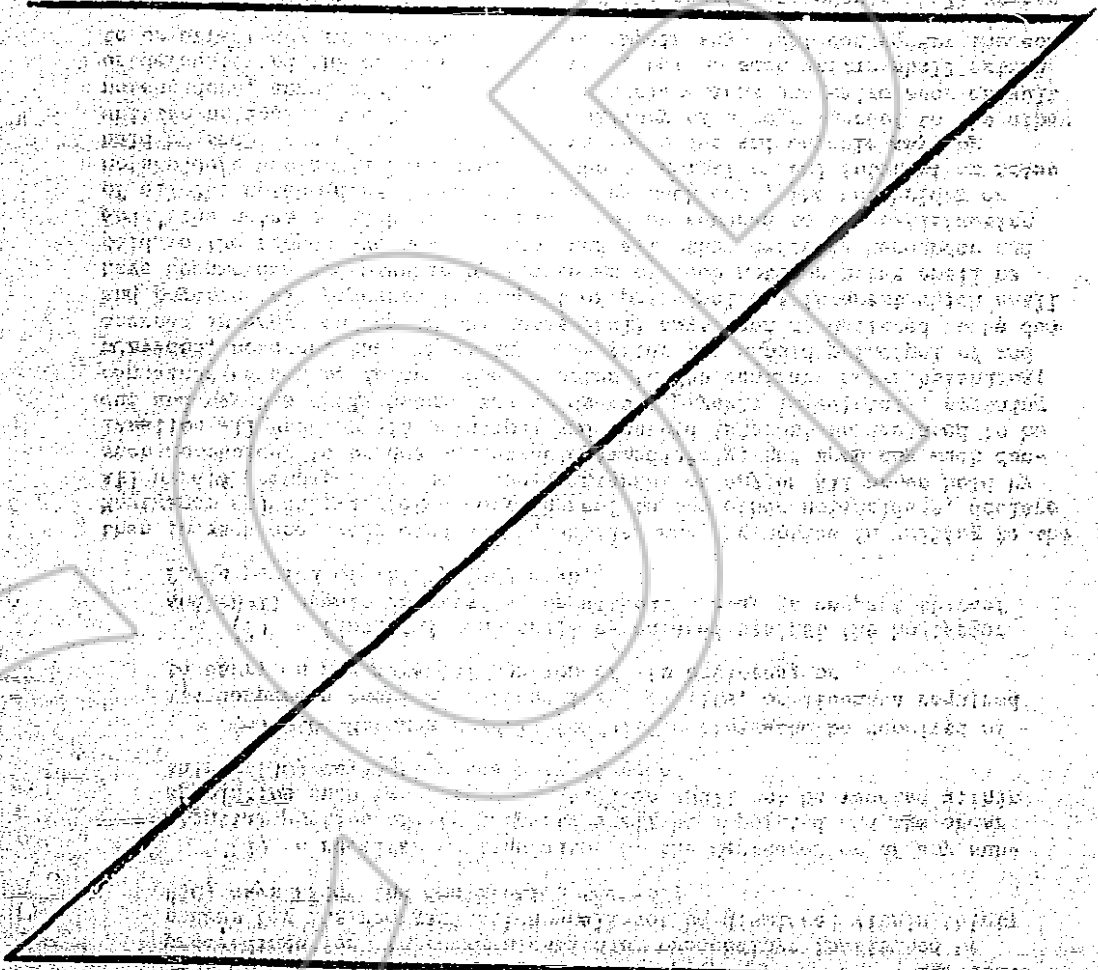
ARTICLE III

REMEDIES OF THE MORTGAGEE AND NOTEHOLDERS

SECTION 12. If one or more of the following events (hereinafter called "events of default") shall happen, that is to say:

(a) default shall be made in the payment of any installment of or on account of interest or principal of any note or notes shall be made and such default shall continue for thirty (30) days;

(b) default shall be made in the due observance or performance of any other of the covenants, conditions or agreements on the part of the Mortgagor, in any of the notes or in this Mortgage contained, and such default shall continue for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Mortgagor by any noteholder;



(c) the Mortgagor shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within thirty (30) days after the institution thereof;

(d) a receiver or liquidator of the Mortgagor or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within thirty (30) days after the entry thereof;

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

(f) a final judgment shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of thirty (30) days,

then in each and every case any noteholder may, by notice in writing to the Mortgagor and delivery of a copy thereof to the other noteholders, declare all unpaid principal of and accrued interest on any or all notes held by such noteholder to be due and payable immediately; and upon any such declaration all such unpaid principal and accrued interest so declared to be due and payable shall become and be due and payable immediately, anything contained herein or in any note or notes to the contrary notwithstanding; provided, however, that if at any time after the unpaid principal of and accrued interest on any of the notes shall have been so declared to be due and payable, all payments in respect of principal and interest which shall have become due and payable by the terms of such note or notes shall be paid to the respective noteholders, and all other defaults hereunder and under the notes shall have been made good or secured to the satisfaction of all the noteholders, then and in every such case, the noteholder or noteholders who shall have declared the principal of and interest on notes held by such noteholder or noteholders to be due and payable may, by written notice to the Mortgagor and delivery of a copy thereof to the other noteholders, annul such declaration or declarations and waive such default or defaults and the consequences thereof, but no such waiver shall extend to or effect any subsequent default or impair any right consequent thereon.

SECTION 2. If one or more of the events of default shall happen, the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, for itself or themselves, and as the agent or agents of the other noteholders, personally or by attorney, in its or their discretion, may, insofar as not prohibited by law:

(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, 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 and the rights of the noteholder or noteholders 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 herein granted or for the foreclosure hereof or hereunder or for the sale of the Mortgaged Property, or 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 noteholder or noteholders instituting

such action or suit 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 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 the noteholder or noteholders instituting such action or suit shall make application 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, shall contain a brief general description of the property to be sold, and shall be given by mailing a copy thereof to the Mortgagor at least fifteen (15) days prior to the date fixed for such sale and by publishing the same once in each week for two successive calendar weeks prior to the date of such sale in a newspaper of general circulation published in said county or, if no such newspaper is published in such county, in a newspaper of general circulation in such county, the first such publication to be not less than fifteen (15) days nor more than thirty (30) days prior to the date fixed for such sale. Any sale to be made under this subparagraph (c) of this section 2 may be adjourned from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned; provided, however, that in the event another or different notice of sale or another or different manner of conducting the same shall be required by law the notice of sale shall be given or the sale shall be conducted, as the case may be, in accordance with the applicable provisions of law.

SECTION 3. If, within thirty (30) days after the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall have had knowledge of the happening of an event or events of default, such noteholder or noteholders shall not have proceeded to exercise the rights or to enforce the remedies herein or by law conferred upon or reserved to the Mortgagee or to the noteholders, any noteholder, for itself and as the agent of the other noteholders, may proceed forthwith to exercise such rights and to enforce such remedies, but no holder or holders of less than a majority in principal amount of the notes at the time outstanding shall be entitled to exercise any of the rights or to enforce any of the remedies herein or by law conferred upon or reserved to the Mortgagee or to the noteholders, unless the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall have failed or refused to exercise such rights and to enforce such remedies for a period of thirty (30) days after such holder or holders shall have had knowledge of a happening of an event or events of default. Nothing herein contained shall, however, affect or impair the right, which is absolute and unconditional, of any holder of any note which may be secured hereby to enforce the payment of the principal of or interest on such note on the date or dates any such interest or principal shall become due and payable in accordance with the terms of such note.

SECTION 4. At any sale hereunder any noteholder or noteholders shall have the right to bid for and purchase the Mortgaged Property, or such part thereof as shall be offered for sale, and any noteholder or noteholders

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 held by such noteholder or noteholders, and such amount so applied shall be credited as a payment on account of principal of and interest on the note or notes held by such noteholder or noteholders.

SECTION 5. 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 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 6. Every right or remedy herein conferred upon or reserved to the Mortgagee or to the noteholders shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

SECTION 7. 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, in order to prevent, delay or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the Mortgaged Property, or any part thereof, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, 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.

ARTICLE IV

POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE

SECTION 1. Until some one or more of the 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 hereunder by the Mortgagor 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 and the noteholders shall thereupon cease, determine and become void and the Mortgagee and the noteholders, 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, each noteholder upon payment in full to him by the Mortgagor of all principal of and interest on any note held by him and the payment and discharge by the Mortgagor of all

charges due to such noteholder 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. It is hereby declared to be the intention of the Mortgagor that all electric transmission and distribution lines, or systems, embraced in the Mortgaged Property, including, without limitation, all rights of way and easements granted or given to the Mortgagor or obtained by it to use real property in connection with the construction, operation or maintenance of such lines, or systems, and all service and connecting lines, poles, posts, cross arms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes and fixtures forming part of, or used in connection with, such lines, or systems, and all other property physically attached to any of the foregoing-described property, shall be deemed to be real property.

SECTION 2. 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.

SECTION 3. 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 4. All demands, notices, reports, approvals, designations, or directions required or permitted to be given hereunder shall be in writing and shall be deemed to be properly given if mailed by registered mail addressed to the proper party or parties at the following addresses:

As to the Mortgagor: Mt. Wheeler Power, Inc.
Baker, Nevada

As to the Mortgagee: Rural Electrification Administration
Washington 25, D. C. 20250

and as to any other person, firm, corporation or governmental body or agency having an interest herein by reason of being the holder of any note or otherwise, at the last address designated by such person, firm, corporation, governmental body or agency to the Mortgagor and the Mortgagee. The Mortgagor or the Mortgagee may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address hereinabove given.

SECTION 5. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not affect the remaining portions hereof.

SECTION 6. Any reference herein to "directors" or "board of

directors" shall be deemed to mean "trustees" or "board of trustees", as the case may be.

SECTION 7. 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, the Mortgagor has caused this Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, the day and year first above written.

MT. WHEELER POWER, INC.

by *Wayne D. Gonder*
President



(Seal)

Attest:

Jannette S. Briggs
Secretary

Executed by the Mortgagor
in the presence of:

Robert O. Vaughan
[Signature]
Witnesses

STATE OF NEVADA

COUNTY OF ELKO

On this 23rd day of December, A.D., 1969, personally appeared before me, ROBERT O. VAUGHAN, a notary public, in and for ELKO County, WAYNE D. GONDER, known to me to be the President of MT. WHEELER POWER, INC., that executed the foregoing instrument, and upon oath did depose that he is the officer of MT. WHEELER POWER, INC. as above designated; that he is acquainted with the seal of MT. WHEELER POWER, INC.; that the signatures to said instrument were made by the officers of MT. WHEELER POWER, INC. as indicated after their signatures; and that MT. WHEELER POWER, INC. executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

Robert O. Vaughan
Notary Public in and for
County, State of Nevada

(Seal)



RECORDED AT THE REQUEST OF Robert O. Vaughan
on Dec. 23 1969, at 30 mins. past 2 P. M. in
Book 33 of OFFICIAL RECORDS, page 592-606 RECORDS OF
EURRKA COUNTY, NEVADA. *Willis A. McPeak* Recorder.
File No. 51869 Jan 16 1970

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BOOK 33 PAGE 606