

DOUGLAS COUNTY

MORTGAGE

MORTGAGE dated as of the 1st day of October, 1937, made by THE KAN VALLEY ELECTRIC COOPERATIVE COMPANY, INC., a cooperative corporation organized and existing under the laws of the State of Kansas (hereinafter called the "Mortgagor"), to the UNITED STATES OF AMERICA (hereinafter sometimes called the "Mortgagee").

WHEREAS, the Mortgagor has determined to borrow funds from the Mortgagee for its lawful corporate purposes and to that end has duly authorized the execution and delivery of its First Mortgage Note (hereinafter called the "Note"), of even date herewith, in the principal amount of two hundred thousand dollars (\$200,000), to be secured by a mortgage in the terms hereof of the property hereinafter mentioned, described, or referred to; and

WHEREAS, it is contemplated that additional loans may from time to time be made by the United States of America to the Mortgagor, pursuant to and for the purposes specified in the Rural Electrification Act of 1936, and any amendments thereto hereafter enacted, which loans shall be evidenced by one or more additional notes (hereinafter called the "additional notes"), the aggregate principal amount of which, together with the principal amount of the Note, shall not at any time exceed one million dollars (\$1,000,000), to be executed and delivered by the Mortgagor to the United States of America substantially in the form of the Note hereinafter set out with such insertions, variations, and omissions therein as may be appropriate, and that the additional notes, limited as aforesaid, shall be secured by this Mortgage equally and ratably with the Note and with one another; and

WHEREAS, the Note is in the following form:

(FORM OF NOTE)

THE KAN VALLEY ELECTRIC COOPERATIVE COMPANY, INC.
FIRST MORTGAGE NOTE

Topeka, Kansas
October 1, 1937

THE KAN VALLEY ELECTRIC COOPERATIVE COMPANY, INC. (hereinafter called "Corporation"), a corporation organized and existing under the laws of the State of Kansas, for value received, promises to pay to the order of the UNITED STATES OF AMERICA at the United States Treasury, Washington, D.C., the sum of two hundred thousand dollars (\$200,000) with interest thereon at the rate of 2.88 per centum per annum, at the times and in the manner hereinafter provided.

Interest which shall accrue on this Note to and including April 1, 1940 (hereinafter called the "accrued interest"), shall become due and payable as hereinafter provided. Thereafter interest (hereinafter called "current interest") at the above rate on the outstanding and unpaid principal of this Note and on the accrued interest shall become due and payable on the first day of each month. Commencing with May 1, 1940, there shall also become due and payable on each interest payment date an amount which, with current interest payable on such date, shall equal \$6,068 per one thousand dollars (\$1000) of the sum of the accrued interest and the principal amount of this Note outstanding and unpaid one (1) month prior to said date. Each such payment, except such amount thereof as shall be required to pay current interest, shall be applied to the payment of or on account of the accrued interest until the accrued interest shall be fully paid and thereafter shall be applied to the payment of or on account of the principal of this Note. Twenty (20) years after the date of this Note the balance of the unpaid principal of this Note, if any, shall become due and payable.

The Corporation on any payment date, as hereinafter provided, may pay all or any part of the principal amount hereof then remaining unpaid, but so long as any of the principal amount hereof shall remain unpaid, the Corporation shall be obligated to make the monthly payments in the amount hereinabove provided.

This Note has been executed and delivered under and pursuant to and is secured by a certain mortgage (hereinafter called the "Mortgage"), dated as of October 1, 1937, made by the Corporation to the United States of America, and is one of several notes (hereinafter called the "Notes"), limited to the aggregate principal amount of one million dollars (\$1,000,000), permitted to be executed and delivered by the Corporation pursuant and subject to the Mortgage. The Mortgage provides that all Notes executed and delivered by the Corporation pursuant to the Mortgage, subject to the limitation as to aggregate principal amount hereinabove specified, including any Note or Notes which may be executed and delivered by the Corporation in renewal of or substitution for any outstanding Note, shall be equally and ratably secured by the Mortgage, without preference, priority, or distinction of any one Note over any other Note and irrespective of the dates of the execution and delivery of the respective Notes. 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 accrued interest on and all unpaid principal of this Note and any other Notes at the time outstanding and secured by the Mortgage may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

IN WITNESS WHEREOF the Corporation has caused this Note to be signed in its name by its President thereunto duly authorized and its corporate seal to be hereunto affixed and attested by its Secretary, also thereunto duly authorized, the day and year first above written.

(SEAL)

THE KAN VALLEY ELECTRIC COOPERATIVE COMPANY, INC.

By

President.

Attest:

Secretary

AND WHEREAS, all necessary acts, things, and conditions prescribed by law and by the articles of incorporation and the bylaws of the Mortgagor have been duly performed, done, and complied with, and the Mortgagor has executed the Note and this Mortgage in the exercise of legal powers in it vested, and all acts, things, and conditions necessary to make the Note a valid and binding obligation of the Mortgagor and to make this Mortgage a valid and binding mortgage to secure the payment of the principal of and interest on the Note and all additional notes, limited as aforesaid, and all notes which may be executed and delivered in renewal of or substitution for the Note or any of the additional notes, when and if executed and delivered, have been duly performed, done and complied with;

NOW THEREFORE, THIS MORTGAGE WITNESSETH: That in order to secure the payment of the principal of and interest on the Note and all additional notes, limited as aforesaid, and all renewal and substituted notes, when and if executed and delivered, according to the tenor and effect thereof, and further to secure the due performance of the covenants, agreements, and provisions herein contained, and to declare the terms and conditions upon which the Note, and all additional notes and renewal and substituted notes, if any, are to be secured, the Mortgagor in consideration of the premises has executed and delivered this Mortgage and has mortgaged, warranted, granted, bargained, sold conveyed, assigned, transferred, pledged, and set over and by these presents does mortgage, warrant, grant, bargain, sell, convey, assign, transfer, pledge, and set over unto the Mortgagee and its assigns all and singular the following-described property (hereinafter sometimes called the "Mortgaged Property"), situated, lying, or located in any one or more of the counties of Douglas, Jackson, Jefferson, Lyon, Osage, Pottawatomie, Shawnee and Wabaunsee in the State of Kansas, to wit:

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All real estate, or interests therein, now owned or which may be hereafter acquired by the Mortgagor, together with all of the right, title, and interest of the Mortgagor, now owned or hereafter acquired, in and to any and all works, plants, buildings, erections, structures, and constructions now on

See Assignment to Bank 83 page 436.