

ATTACHMENT NO. 3

TO THE

VERIFIED APPLICATION FOR APPROVAL
OF ISSUANCE OF SECURITIES

“RESTATED MORTGAGE AND SECURITY
AGREEMENT”

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RESTATED MORTGAGE

AND

SECURITY AGREEMENT

Made By And Between

GARKANE ENERGY COOPERATIVE, INC.

Mortgagor

and

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

Mortgagee

Dated as of _____

THIS INSTRUMENT GRANTS A SECURITY INTEREST
IN A TRANSMITTING UTILITY.

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS
MADE BY THE MORTGAGEE TO THE MORTGAGOR
AND FUTURE OBLIGATIONS OF THE MORTGAGOR TO THE MORTGAGEE.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS.

THE MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS: 559999-0140

THIS INSTRUMENT WAS DRAFTED BY JAMES J. JABLONSKI, ESQ.
OF NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
2201 COOPERATIVE WAY, HERNDON, VIRGINIA 20171
MORTGAGEE'S TELEPHONE NUMBER IS 1-800-424-2954

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APPENDIX A

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RESTATED MORTGAGE AND SECURITY AGREEMENT, dated as of _____, ("Mortgage") is made by and between GARKANE ENERGY COOPERATIVE, INC. (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Utah, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC" or the "Mortgagee"), a cooperative association incorporated under the laws of the District of Columbia.

RECITALS

WHEREAS, the Mortgagor and CFC are parties to that certain Restated Mortgage and Security Agreement dated as of November 1, 1999, as supplemented, amended or restated (the "Original Mortgage" identified in Appendix "A" hereto, hereinafter called the "Instruments Recital") originally entered into between the Mortgagor, the United States of America acting by and through the Administrator of the Rural Utilities Service formerly known as the Rural Electrification Administration (hereinafter called "RUS") and CFC;

WHEREAS, the Mortgagor has previously paid all of its outstanding indebtedness to RUS, payment of which was secured by the lien of the Original Mortgage on the real and personal property of the Mortgagor;

WHEREAS, pursuant to the terms of the Original Mortgage, CFC succeeds to all of the rights of the RUS under the Original Mortgage;

WHEREAS, this Mortgage, while preserving the priority of CFC's lien under the Original Mortgage, restates and consolidates the Original Mortgage and secures the payment of Outstanding Notes and Current Notes (as identified more particularly in the Instruments Recital), and further secures the payment of any Additional Notes;

WHEREAS, the Mortgagor has heretofore borrowed funds from the Mortgagee pursuant to one or more Outstanding Loan Agreements, has duly authorized, executed and delivered to CFC the Outstanding Notes, and has secured the Outstanding Notes by the Original Mortgage;

WHEREAS, the Mortgagor has decided to borrow funds from the Mortgagee pursuant to the Current Loan Agreement;

WHEREAS, pursuant to the Current Loan Agreement, Mortgagor has duly authorized, executed and delivered to the Mortgagee one or more Current Notes to be secured by the mortgage of the property hereinafter described;

WHEREAS, it is contemplated that the Current Notes, the Outstanding Notes and the Additional Notes shall be secured by this Mortgage; and

WHEREAS, the Mortgagor and the Mortgagee are authorized to enter into this Mortgage.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein, do agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used in this Mortgage shall have the meanings specified below. Any capitalized terms used in this Mortgage and not defined below or elsewhere herein shall have the meanings assigned to them under the Uniform Commercial Code of the jurisdiction governing construction of this Mortgage, unless the context clearly requires otherwise. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Accounting Requirements shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Mortgagor or, in the absence thereof, the requirements of generally accepted accounting principles applicable to businesses similar to that of the Mortgagor.

Additional Notes shall mean any Notes issued by the Mortgagor to CFC pursuant to Article III of this Mortgage including any refunding, renewal, or substitute Notes which may from time to time be executed and delivered by the Mortgagor pursuant to the terms of Article III and all other evidences of indebtedness by the Mortgagor to CFC including but not limited to line of credit agreements, agreements to issue one or more letters of credit on behalf of the Mortgagor, and any similar agreements to extend credit or otherwise to provide credit facilities to the Mortgagor, including all amendments, supplements and extensions thereto.

Business Day shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers are both open for business.

CFC is defined in the recitals to this Mortgage and shall include its successors and assigns.

Current Loan Agreement means that certain loan agreement by and between CFC and the Mortgagor identified as such in the Instruments Recital, together with all amendments, supplements thereto and restatements thereof.

Current Notes shall mean all Notes identified as such in the Instruments Recital and issued under the Current Loan Agreement.

Debt Service Coverage Ratio ("DSC") shall mean the ratio determined as follows: for any calendar year add (a) Operating Margins, (b) Non-Operating Margins--Interest, (c) Interest Expense, (d) Depreciation and Amortization Expense for such year, and (e) cash received in respect of generation and transmission and other capital credits, and divide the sum so obtained by the sum of all payments of Principal and Interest Expense required to be made during such calendar year; provided, however, that in the event that any Long-Term Debt has been refinanced during such year the payments of Principal and Interest Expense required to be made during such year on account of such Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced debt) upon the larger of (i) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing

debt is outstanding or (ii) the payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

Depreciation and Amortization Expense shall mean an amount constituting the depreciation and amortization of the Mortgagor as computed pursuant to the Accounting Requirements.

Equities and Margins shall mean Mortgagor's equities and margins computed pursuant to the Accounting Requirements.

Equity shall mean the aggregate of Mortgagor's Equities and Margins as computed pursuant to the Accounting Requirements.

Event of Default shall have the meaning specified in Section 5.01 hereof.

Excepted Property shall mean the property, if any, identified on Appendix C hereto.

Fiscal Year shall mean the fiscal year of the Mortgagor.

Instruments Recital shall mean Appendix A hereto.

Interest Expense shall mean an amount constituting the interest expense with respect to Total Long-Term Debt of the Mortgagor as computed pursuant to the Accounting Requirements. In computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Mortgagor over two percent (2%) of the Mortgagor's Equities and Margins.

Lien shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

Loan Agreement shall mean, collectively:

- a) the Outstanding Loan Agreement;
- b) the Current Loan Agreement; and
- c) any other loan agreement executed by and between the Mortgagor and CFC in connection with the execution and delivery of any Notes secured hereby.

Long-Term Debt shall mean any amount included in Total Long-Term Debt computed pursuant to the Accounting Requirements.

Long-Term Leases shall mean leases having unexpired terms (taking into account terms of renewal at the option of the lessor, whether or not such leases have previously been renewed) of more than 12 months.

Maximum Debt Limit shall mean the amount more particularly described in Appendix A hereto.

Mortgaged Property shall have the meaning specified in Section 2.01 hereof.

Mortgagee shall mean CFC, its successor and assigns.

Non-Operating Margins--Interest shall mean the amount of non-operating margins--interest of Mortgagor as computed pursuant to the Accounting Requirements.

Note or Notes shall mean one or more of the Current Notes, and any other Outstanding or Additional Notes secured under this Mortgage.

Operating Margins shall mean the net amount of operating revenue and patronage capital less the total cost of electric service of the Mortgagor as computed pursuant to the Accounting Requirements.

Original Mortgage shall mean that certain Restated Mortgage and Security Agreement dated as of November 1, 1999, entered into between the Mortgagor, RUS, and CFC; and as supplemented, amended or restated, identified in the Instruments Recital.

Outstanding Loan Agreements shall mean those loan agreements between Mortgagor and CFC identified as such in the Instruments Recital.

Outstanding Notes shall mean all Notes identified as such in the Instruments Recital.

Permitted Encumbrances shall mean:

- (i) any Liens for taxes, assessments or governmental charges for the current year and taxes, assessments or governmental charges due but not yet delinquent;
- (ii) Liens for workmen's compensation awards and similar obligations not then delinquent;
- (iii) mechanics', laborers', materialmen's and similar Liens not then delinquent, and any such Liens, whether or not delinquent, whose validity is at the time being contested in good faith;
- (iv) Liens and charges incidental to construction or current operation which have not been filed or asserted or the payment of which has been adequately secured or which, in the opinion of counsel to the Mortgagor are insignificant in amount;
- (v) Liens securing obligations not assumed by the Mortgagor and on account of which it does not pay and does not expect to pay interest, existing upon real estate (or rights in or relating to real estate) over or in respect of which the Mortgagor has a right-of-way or other easement for substation, transmission, distribution or other right-of-way purposes;

(vi) any right which the United States of America or any state or municipality or governmental body or agency may have by virtue of any franchise, license, contract or statute to purchase, or designate a purchaser of, or order the sale of, any property of the Mortgagor upon payment of reasonable compensation therefor, or upon reasonable compensation or conditions to terminate any franchise, license or other rights before the expiration date hereof or to regulate the property and business of the Mortgagor;

(vii) attachment of judgment Liens covered by insurance (to the extent of the insurance coverage), or upon appeal and covered by bond;

(viii) deposits or pledges to secure payment of workmen's compensation, unemployment insurance, old age pensions or other social security;

(ix) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations;

(x) surety or appeal bonds, and other deposits or pledges for purposes of like general nature in the ordinary course of business;

(xi) easements or reservations in respect to any property for the purpose of transmission and distribution lines and rights-of-way and similar purposes, zoning ordinances, regulations, reservations, restrictions, covenants, party wall agreements, conditions of record and other encumbrances (other than to secure the payment of money), none of which in the opinion of counsel to the Mortgagor is such as to interfere with the proper operation of the property affected thereby;

(xii) the burdens of any law or governmental organization or permit requiring the Mortgagor to maintain certain facilities or perform certain acts as a condition of its occupancy of or interference with any public land or any river, stream or other waters or relating to environmental matters;

(xiii) any Lien or encumbrance for the discharge of which moneys have been deposited in trust with a proper depository to apply such moneys to the discharge of such Lien or encumbrances;

(xiv) any Lien reserved as security for rent or compliance with other provisions of the lease in case of any leasehold estate made, or existing on property acquired in the ordinary course of business or in connection with Restricted Rentals permitted by Section 4.03; and

(xv) Liens for purchase money indebtedness permitted by Section 4.03.

Principal shall mean the amount of principal billed on account of Total Long-Term Debt of Mortgagor as computed pursuant to the Accounting Requirements.

Restricted Rentals shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or

not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition, the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of \$250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

RUS shall mean the United States of America, acting by and through the Administrator of the Rural Utilities Service, formerly known as the Rural Electrification Administration.

Security Interest shall mean any assignment, transfer, mortgage, hypothecation or pledge.

Subordinated Indebtedness shall mean indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes by subordination agreement in form and substance satisfactory to the Mortgagee, which approval will not be unreasonably withheld.

Total Assets shall mean an amount constituting total assets of the Mortgagor computed pursuant to the Accounting Requirements.

Total Long-Term Debt shall mean an amount constituting the long-term debt of the Mortgagor as computed pursuant to the Accounting Requirements.

Total Utility Plant shall mean the amount constituting the total utility plant of the Mortgagor computed in accordance with the Accounting Requirements.

Uniform Commercial Code shall mean the Uniform Commercial Code of the jurisdiction governing construction of this Mortgage.

Section 1.02. Construction of Mortgage. Accounting terms used in this Mortgage and not referred to above shall have the meanings assigned to them under generally accepted accounting principles. The singular shall include the plural, and vice versa, as the context requires.

ARTICLE II

SECURITY

Section 2.01. Granting Clause. In order to secure the payment of the principal of and interest on and any other amount due under the Notes, according to their tenor and effect, and further to secure the due performance of the covenants, agreements and provisions contained in this Mortgage and the Loan Agreement and to declare the terms and conditions 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 the Mortgagor does hereby grant to the Mortgagee, for the purposes herein expressed, a security interest in the following properties, assets and rights of the Mortgagor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (hereinafter sometimes called the "Mortgaged Property"):

I

All right, title and interest of the Mortgagor in and to the electric generating plants and facilities and electric transmission and distribution lines and facilities now owned by the Mortgagor and located in the counties listed in Appendix B hereto, or hereafter constructed or acquired by the Mortgagor, wherever located, and in and to all extensions and improvements thereof and additions thereto, including any and all other property of every kind, nature and description, used, useful or acquired for use by the Mortgagor in connection therewith, and including, without limitation, the property described in the property schedule listed on or attached to Appendix B hereto;

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, or 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;

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 the 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, 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 all personal property and fixtures of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper, deposit accounts, letter-of-credit rights, investment property (including certificated and uncertificated securities, security entitlements and securities accounts), software, general intangibles, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds (as such terms are defined in the applicable Uniform Commercial Code;

provided, however, that the term "instrument" shall be such term as defined in Article 9 of the applicable Uniform Commercial Code rather than Article 3);

V

All right, title and interest of the Mortgagor in, to and under any and all agreements, leases or contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm or corporation relating to the Mortgaged Property (including contracts for the lease, occupancy or sale of the Mortgaged Property, or any portion thereof);

VI

All right, title and interest of the Mortgagor in, to and under any and all books, records and correspondence relating to the Mortgaged Property, including, but not limited to: all records, ledgers, leases and computer and automatic machinery software and programs, including without limitation, programs, databases, disc or tape files and automatic machinery print outs, runs and other computer prepared information indicating, summarizing evidencing or otherwise necessary or helpful in the collection of or realization on the Mortgaged Property;

VII

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 situated, now owned or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now owned but not specifically described herein or 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, cash, proceeds and benefits at any time derived, received or had from any and all of the above-described property or business operations of the Mortgagor, to the fullest extent permitted by law.

Provided, however, that no automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft or ships, if any) which are titled and/or registered in any state of the United States and 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 and any other amount due under the Notes, according to their tenor and effect, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided herein) or 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, or otherwise, and to secure the due performance of the covenants, agreements and provisions herein and in the Loan Agreement contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE III

ADDITIONAL SECURED NOTES

Section 3.01. Additional Secured Notes. Without the prior consent of the Mortgagee, the Mortgagor may issue Additional Notes to the United States of America, acting by and through the administrator of the Rural Utilities Service (including its successors and assigns) which Notes will thereupon be secured equally and ratably with the Notes if the following requirements are satisfied:

(A) As evidenced by a certificate of an independent certified public accountant delivered to the Mortgagee, the Mortgagor shall have achieved (1) for each of the two calendar years preceding, or any two consecutive 12 month periods ending within 180 days preceding the issuance of such Notes, a DSC of not less than 1.35 and (2) Equity of not less than twenty percent (20%) of Total Assets after taking into consideration such new indebtedness and the assets created by such indebtedness; and

(B) No Event of Default or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing hereunder. The Mortgagor shall also have the right without the consent of the Mortgagee, so long as an Event of Default or any event which with the giving of notice or lapse of time or both would become an Event of Default, has not occurred and is continuing hereunder, to issue Additional Notes for the purpose of refunding or refinancing any Notes so long as the total amount of outstanding indebtedness evidenced by any such Additional Note is not greater than 105 percent of the Note being refunded or refinanced.

Notwithstanding the foregoing, CFC may offer additional credit facilities to be secured hereunder, and the Mortgagor may issue Additional Notes to CFC in connection therewith, which Notes will thereupon be secured equally and ratably with the Notes, without the Mortgagor meeting the above requirements.

Section 3.02. Maximum Debt Limit. The Notes at any one time secured by this Mortgage shall not in the aggregate principal amount exceed the Maximum Debt Limit.

ARTICLE IV

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagee as follows:

Section 4.01. Authority to Execute and Deliver Notes and Mortgage; All Action Taken; Enforceable Obligations. The Mortgagor is authorized under its articles of incorporation and bylaws and all applicable laws and by corporate action to execute and deliver the Notes and this Mortgage; and the Notes and this Mortgage are, and any Additional Notes when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms.

Section 4.02. Authority to Mortgage Property; No Liens; Exception for Permitted Encumbrances; Mortgagor to Defend Title and Remove Liens. The Mortgagor warrants that it is the owner of, or has other rights in the Mortgaged Property, that it has good, right and lawful authority to mortgage the Mortgaged Property for the purposes herein expressed, and that the Mortgaged Property is free and clear of any Lien affecting the title thereto, except the lien of this Mortgage and Permitted Encumbrances. Except as to Permitted Encumbrances, 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 Mortgaged Property against any and all claims and demands. Subject to the provisions of Section 4.03, or unless approved by the Mortgagee, 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. Except as to Permitted Encumbrances, 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 any of the Mortgagor's property (whether taxed to the Mortgagor or to the Mortgagee), or the franchises, earnings or business of the Mortgagor, as and when the same shall become due and payable; provided, however, that this provision shall not be deemed to require the payment or discharge of any tax, rate, levy, assessment or other governmental charge while the Mortgagor is contesting the validity thereof by appropriate proceedings in good faith and so long as it shall have set aside on its books adequate reserves with respect thereto.

Section 4.03. Additional Permitted Debt. Except as permitted by Section 3.01 hereunder and the Loan Agreement, the Mortgagor shall not incur, assume, guarantee or otherwise become liable in respect of any debt (including Subordinated Indebtedness) other than the following:

- (1) Purchase money indebtedness in non-electric utility property, in an amount not exceeding ten percent (10%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater;
- (2) Restricted Rentals in an amount not to exceed five percent (5%) of Equity during any 12 consecutive calendar month period;
- (3) Unsecured current debt and lease obligations incurred in the ordinary course of business including accounts payable for goods and services; and
- (4) Unsecured indebtedness.

Section 4.04. Payment of Notes. The Mortgagor will duly and punctually pay the principal of (premium, if any) and interest on the Notes at the dates and places and in the manner provided therein, and all other sums becoming due hereunder.

Section 4.05. Preservation of Corporate Existence and Franchises. The Mortgagor will, so long as any of the Notes are 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 be granted or upon it conferred, and will comply with all valid laws, ordinances, regulations and requirements applicable to it or its property.

Section 4.06. Maintenance of Mortgaged Property. So long as the Mortgagor holds title to the Mortgaged Property, the Mortgagor will at all times maintain and preserve the Mortgaged Property in good repair, working order and condition, ordinary wear and tear and acts of God excepted, and in compliance with all applicable laws, regulations and orders, and will from time to time make all necessary 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 operating condition 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. If any substantial part of the Mortgaged Property is leased by the Mortgagor to any other party, the lease agreement between the Mortgagor and the lessee shall obligate the lessee to comply with the provisions of this Section in respect of the leased facilities and permit the Mortgagor to operate the leased facilities in the event of any failure by the lessee to so comply.

Section 4.07. Insurance; Restoration of Damaged Mortgaged Property. The Mortgagor will take out, as the respective risks are incurred, and maintain the classes and amounts of insurance in conformance with generally accepted utility industry standards for such classes and amounts of coverages of utilities of the size and character of the Mortgagor.

The foregoing insurance coverage shall be obtained by means of bond and policy forms approved by regulatory authorities, and, with respect to insurance upon any part of the Mortgaged Property, shall provide (unless waived by the Mortgagee) that the insurance shall be payable to the Mortgagee as its interest may appear by means of the standard mortgagee clause without contribution. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least thirty (30) days after written notice to the Mortgagee of cancellation.

In the event of damage to or the destruction or loss of any portion of the Mortgaged Property, unless the Mortgagee shall otherwise agree, the Mortgagor shall promptly replace or restore such damaged, destroyed or lost portion so that the Mortgaged Property shall be in substantially the same condition as it was in prior to such damage, destruction or loss, and shall apply the proceeds of the insurance for that purpose.

Sums recovered under any policy or fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by the Mortgagee for any loss under such policy or bond shall, unless otherwise directed by the Mortgagee, be applied to the prepayment of the Notes pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such notes and installments thereof as may be designated by the Mortgagee at the time of any such prepayment), or be used to construct or acquire facilities which will become part of the Mortgaged Property. At the request of the

Mortgagee, the Mortgagor shall exercise such rights and remedies which it may have under such policy or fidelity bond and which may be designated by the Mortgagee, and the Mortgagor hereby irrevocably appoints the Mortgagee as its agent to exercise such rights and remedies under such policy or bond as the Mortgagee may choose, and the Mortgagor shall pay all costs and expenses incurred by the Mortgagee in connection with such exercise.

Section 4.08. Mortgagee Right to Expend Money to Protect Mortgaged Property. The Mortgagor agrees that the Mortgagee from time to time hereunder may in its sole discretion, but shall not be obligated to, after having given five (5) Business Days prior written notice to Mortgagor, advance funds on behalf of Mortgagor, in order to insure Mortgagor's compliance with any covenant, warranty, representation or agreement of Mortgagor made in or pursuant to this Mortgage or any Loan Agreement, to preserve or protect any right or interest of the Mortgagee in the Mortgaged Property or under or pursuant to this Mortgage or any Loan Agreement, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Mortgaged Property or other property or assets of Mortgagor; provided, however, that the making of any such advance by the Mortgagee shall not constitute a waiver by the Mortgagee of any Event of Default with respect to which such advance is made nor relieve the Mortgagor of any such Event of Default. Notwithstanding the foregoing, if, in the sole discretion of Mortgagee, a situation arises which requires immediate action by Mortgagee to preserve and protect any of the Mortgaged Property given to secure the obligations secured by this Mortgage, Mortgagee shall be free to take such action as it reasonably deems appropriate to preserve and protect such Mortgaged Property without delivery of prior written notice to Mortgagor, or if such notice has been delivered, without waiting for the expiration of the aforementioned grace period. The Mortgagor shall pay to the Mortgagee upon demand all such advances made by the Mortgagee with interest thereon at a rate equal to the Mortgagee's rate at such time for short-term loans but in no event shall such rate be in excess of the maximum rate permitted by applicable law. All such advances shall be included in the obligations and secured by this Mortgage.

Section 4.09. Further Assurances to Confirm Security of Mortgage. Upon the written request of the Mortgagee, the Mortgagor shall promptly make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements and amendments thereto (including continuation statements), security agreements, pledge agreements, stock powers or other such instruments of transfer or assignment duly executed in blank, stock certificates or other securities representing any of the Mortgaged Property, instruments (including any promissory notes held or acquired by the Mortgagor, duly endorsed and assigned to the Mortgagee) and conveyances as may reasonably be requested by the Mortgagee, and take or cause to be taken all such further action as may reasonably be requested by the Mortgagee to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's lien on and security interest in any or all of the Mortgaged Property. The Mortgagor will cause this Mortgage and any and all supplemental indentures of mortgage, mortgages and deeds of trust and every security agreement, financing statement, amendment thereto (including continuation statements) and every additional instrument which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and re-recorded and re-filed as conveyances and mortgages and

deeds of trust of and security interests in real and personal property in such manner and in such places as may be required by law or reasonably requested by the Mortgagee in order to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's lien on and security interest in any or all of the Mortgaged Property.

Section 4.10. Application of Proceeds from Condemnation. 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 may be used to finance construction of facilities secured or to be secured by this Mortgage. Any proceeds not so used shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage 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, to such installments thereof as may be designated by the Mortgagee at the time of any such payment; and fourth, the balance shall be paid to Mortgagor or whoever shall be entitled thereto.

Section 4.11. Compliance with Loan Agreement. The Mortgagor will observe and perform all of the covenants, agreements, terms and conditions contained in any Loan Agreement entered into in connection with the issuance of any of the Notes, as from time to time amended.

Section 4.12. Rights of Way, etc. The Mortgagor will use its best efforts to obtain all such rights of way, easements from landowners and releases from lien holders as shall be necessary or advisable in the conduct of its business, and, if requested by the Mortgagee, deliver to the Mortgagee evidence satisfactory to it that it has obtained such rights of way, easements or releases.

Section 4.13. Mortgagor's Legal Status. (a) The Mortgagor represents, warrants, covenants and agrees that: (i) the Mortgagor's exact legal name is that indicated on the signature page hereof, (ii) the Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof, (iii) the cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none and (iv) Section 7.04 hereof accurately sets forth the Mortgagor's place of business or, if more than one, its chief executive office as well as the Mortgagor's mailing address if different.

(b) (i) The Mortgagor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, without providing prior written notice to the Mortgagee at least thirty (30) days prior to the effective date of any change, (ii) if the Mortgagor does not have an organizational identification number and later obtains one, the Mortgagor will promptly notify the Mortgagee of such organizational identification number and (iii) the Mortgagor will not change its type of organization, jurisdiction of organization or other legal structure without the prior written consent of the Mortgagee.

Section 4.14. Authorization to File Financing Statements. The Mortgagor hereby irrevocably authorizes the Mortgagee at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Mortgaged Property (i) as all assets of the

Mortgagor or words of similar effect, regardless of whether any particular asset comprised in the Mortgaged Property falls within the scope of Article 9 of the applicable Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Mortgagor is an organization, the type of organization and any organizational identification number issued to the Mortgagor and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Mortgaged Property relates. The Mortgagor agrees to furnish any such information to the Mortgagee promptly upon request. The Mortgagor also ratifies its authorization for the Mortgagee to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

Section 4.15. Other Actions Concerning Mortgaged Property. The Mortgagor will take any other action reasonably requested by the Mortgagee to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's lien on and security interest in any and all of the Mortgaged Property including, without limitation (a) complying with any provision of any statute, regulation or treaty of the United States as to any Mortgaged Property if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Mortgagee to enforce, the Mortgagee's security interest in such Mortgaged Property, (b) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Mortgaged Property, (c) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Mortgagee and (d) taking all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

ARTICLE V

REMEDIES OF THE MORTGAGEE

Section 5.01. Events of Default: Each of the following shall be an "Event of Default":

(a) Payments. Failure of Mortgagor to make any payment of any installment of or on account of interest on or principal of (or premium, if any associated with) any Note or Notes for more than five (5) Business Days after the same shall be required to be made, whether by acceleration or otherwise;

(b) Other Covenants. Failure of Mortgagor to observe or perform any covenant, condition or agreement on the part of the Mortgagor, in any of the Notes, the Loan Agreement or in this Mortgage, and such default shall continue for a period of thirty (30) days after written notice specifying such default shall have been given to the Mortgagor by the Mortgagee;

(c) Bankruptcy. 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 sixty (60) days after the institution thereof;

(d) Dissolution or Liquidation. Other than as provided in subsection (c) above, the dissolution or liquidation of the Mortgagor, or failure by the Mortgagor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days;

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

(f) Final Judgment. A final judgment in excess of \$100,000 shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of sixty (60) days;

(g) Representations and Warranties. Any representation or warranty made by the Mortgagor herein, in the Loan Agreement or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect; or

(h) Other Obligations. Default by the Mortgagor 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.

Section 5.02. Acceleration of Maturity; Rescission and Annulment.

(a) Defaults. If an Event of Default described in Section 5.01 shall have occurred and be continuing, the Mortgagee may declare the principal of, and any other amounts due on account of, the Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and upon such declaration, all unpaid principal (premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.

(b) Rescission and Annulment. If at any time after the unpaid principal of (premium, if any) 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 (other than amounts due as a result of the acceleration of the Notes) shall be paid to the Mortgagee, and all other defaults hereunder and under the Notes shall have been made good and secured to the satisfaction of the Mortgagee, then and in every such case, the Mortgagee may, by written notice to the Mortgagor, annul such declaration and waive such default and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 5.03. Remedies of Mortgagee. If one or more of the Events of Default shall occur and be continuing, the Mortgagee personally or by attorney, in its discretion, may, to the fullest extent permitted by law:

(a) Possession; Collection. 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, whether then past due or accruing thereafter, 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) Enforcement; Receiver. Proceed to protect and enforce the rights of the Mortgagee 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 debt hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable 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 Mortgagee 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, whether then past due or accruing after the appointment of such receiver, 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 application shall be made 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) Auction. 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 notice shall comply with all applicable law. Subject to all applicable provisions of law, any sale to be made under this subparagraph (c) of this Section 5.03 may be adjourned from time to time by announcement at the time and place appointed for such sale, and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned.

Section 5.04. Application of Proceeds from Remedial Actions. 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 ratable 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 the Mortgagor or whosoever shall be lawfully entitled thereto.

Section 5.05. Remedies Cumulative; No Election. Every right or remedy herein conferred upon or reserved to the Mortgagee 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 5.06. Waiver of Appraisal Rights. 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 appraisal, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged Property may be situated, 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.

Section 5.07. Notice of Default. The Mortgagor covenants that it will give immediate written notice to the Mortgagee of the occurrence of an Event of Default.

ARTICLE VI

POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE

Section 6.01. Possession Until Default. 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 6.02. Defeasance. If the Mortgagor shall pay or cause to be paid the whole amount of the principal of (premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Mortgagor hereunder and under the Loan Agreement and shall keep and perform, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagee shall thereupon cease, determine and become void and the Mortgagee, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, the Mortgagee, upon payment in full by the Mortgagor of all principal of (premium, if any) and interest on the Notes and the payment and discharge by the Mortgagor of all charges due hereunder or under the Loan Agreement, shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Property Deemed Real Property. It is hereby declared to be the intention of the Mortgagor that any electric generating plant or plants and facilities and all electric transmission and distribution lines or other electric or non-electric systems and facilities 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 plant, lines, facilities or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

Section 7.02. Mortgage to Bind and Benefit Successors and Assigns. 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. The Mortgagor hereby agrees to execute such consents, acknowledgments and other instruments as may be reasonably requested by the Mortgagee in connection with the assignment, transfer, mortgage, hypothecation or pledge of the rights or interests of the Mortgagee hereunder or under the Notes or in and to any of the Mortgaged Property.

Section 7.03. Headings. 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 7.04. Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Mortgage shall be given or made in writing (including, without limitation, by telecopy) and delivered or telecopied to the intended recipient at the "Address for Notices" specified, or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Mortgage, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Address for Notices of the respective parties are as follows:

As to the Mortgagor:

GARKANE ENERGY COOPERATIVE, INC.
120 W 300 South
Loa, Utah 84747

Attention: General Manager
Fax: (435) 836-2497

As to the Mortgagee:

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: Senior Vice President - Member Services
Fax: (703) 709-6776

Section 7.05. Severability. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not affect the remaining portions hereof.

Section 7.06 Mortgage Deemed Security Agreement. To the extent that any of the property described or referred to in this Mortgage is governed by the provisions of the Uniform Commercial Code, this Mortgage is hereby deemed a "security agreement", a "financing statement" and a "fixture filing" under the Uniform Commercial Code. The Mortgagor herein is the "debtor" and the Mortgagee herein is the "secured party." The mailing addresses of the Mortgagor as debtor and of the Mortgagee as secured party are as set forth in Section 7.04 hereof. The Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof. The cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none.

Section 7.07. Indemnification by Mortgagor of Mortgagee. The Mortgagor agrees to indemnify and save harmless the Mortgagee against any liability or damages which the Mortgagee may incur or sustain in the exercise and performance of its rightful powers and duties hereunder. The obligation of Mortgagor to reimburse and indemnify the Mortgagee hereunder shall be secured by this Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee with interest at the rate specified in Section 4.08 hereof.

Section 7.08. Counterparts. 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.

Section 7.09. Costs and Expenses: Mortgagor agrees to pay and be liable for any and all expenses, including, but not limited to reasonable attorney's fees, court costs, receiver's fees, costs of advertisement and agent's compensation, incurred by Mortgagee in exercising or enforcing any of its rights hereunder. Such sums shall be secured hereby and shall be payable forthwith, with interest thereon at the rate specified in Section 4.08 hereof.

Section 7.10. Governing Law. This Mortgage shall be governed by, and construed according to, the laws of the State of Utah, except to the extent governed by federal law or the Uniform Commercial Code of the state of the Mortgagor's location.

IN WITNESS WHEREOF, GARKANE ENERGY COOPERATIVE, INC., 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, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, 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, all as of the day and year first above written.

[EXECUTED ON THE FOLLOWING PAGES]

GARKANE ENERGY COOPERATIVE, INC.

(SEAL)

By: _____

Title: _____

Attest: _____

Title: _____

Executed by the Mortgagor
in the presence of:

Witnesses

STATE OF UTAH)
COUNTY OF _____) SS

On this _____ day of _____, before me appeared
_____ and _____ personally
known by me and, having been duly sworn by me, did say that they are the _____
and _____, respectively, of Garkane Energy Cooperative, Inc., a Utah
corporation, and that the seal affixed to the foregoing instrument is the corporate seal of
said corporation, and that said instrument was signed and sealed in behalf of said
corporation by authority of its Board of Directors, and the said
_____ and _____ acknowledged that
the execution of said instrument was a free act and deed of said corporation.

IN WITNESS whereof, I have hereunto set my hand and official seal the day and
year last above written.

(Notarial Seal)

Notary Public

My commission expires:

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By:

William R. Knecht III
Assistant Secretary-Treasurer

William R. Knecht III

Attest:

Eileen Iciek

EILEEN ICIEK

Title:

Assistant Secretary Treasurer
Assistant Secretary - Treasurer

Executed by the Mortgagee
in the presence of:

JAMES R MEIERS II

JAMES R MEIERS II

COLLEEN TAYLOR
Witnesses

COLLEEN TAYLOR

COMMONWEALTH OF VIRGINIA

COUNTY OF FAIRFAX

)
)
)
SS

I, Heather M. Billingsley Lane, a Notary Public in and for the Commonwealth of Virginia, County of Fairfax, do certify that William R. Knecht III, whose name is signed to the writing above, has acknowledged the same before me in my county aforesaid.

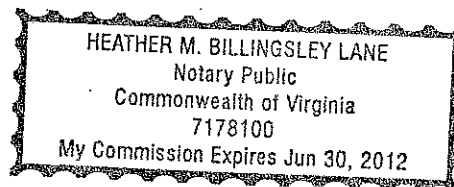
Given under my hand this 22nd day of October, 2010.

(Notarial Seal)

Notary Public

Heather M. Billingsley Lane

My commission expires:



Appendix A - Instruments Recital

The Maximum Debt Limit referred to in Section 1.01 is \$57,500,000.00

The instruments referred to in the preceding recitals are as follows:

1. "Original Mortgage":

Mortgage Type	Mortgage Date
Restated Mortgage and Security Agreement	November 1, 1999

2. "Current Loan Agreement" is that loan agreement dated as of even date herewith.

3. "Current Notes":

Loan Designation	Loan Amount	Note Date	Maturity Date
UT006-V-9020	\$15,000,000.00	Dated as of even date herewith	Forty (40) years from the date hereof

4. "Outstanding Loan Agreement" are those loan agreements dated as of:

05/03/1976	11/23/1992
11/04/1977	03/27/2000
09/14/1981	12/22/2003
As amended 01/20/1989	10/29/2007
10/27/1986	

5. "Outstanding Notes"

Loan Designation	Loan Amount	Note Date	Maturity Date
UT006-A-9002	\$868,000.00	09/09/1976	09/09/2011
UT006-A-9005	\$245,000.00	03/14/1978	03/14/2013
UT006-A-9008	\$892,000.00	12/11/1981	12/11/2016
UT006-A-9009	\$2,336,842.00	06/12/1987	06/12/2022
UT006-A-9010	\$1,074,737.00	11/23/1992	11/23/2027
UT006-A-9013	\$4,075,326.00	03/27/2000	03/27/2035
UT006-A-9014	\$2,373,231.00	03/27/2000	03/27/2035
UT006-A-9016	\$4,500,000.00	03/27/2000	03/27/2035
UT006-V-9018	\$10,000,000.00	12/22/2003	12/22/2043
UT006-V-9019	\$15,000,000.00	10/29/2007	10/29/2047

Appendix B

- (a) The Mortgaged Property is located in the Counties of Wayne, Sevier, Garfield, Kane, Washington in the State of Utah and Mohave in the State of Arizona.
- (b) The property referred to in the Granting Clause includes the following:

SEE ATTACHED

**Garkane Energy Cooperative, Inc. (fka Garkane Power Association,
Inc.)**

PROPERTY SCHEDULE

July 2010

WAYNE COUNTY, UTAH

1. Loa District Office and Yard: A certain tract of land described in a certain Deed, dated December 24, 1970, by the Wayne County Potato Growers Association, as grantor, to Garkane Power Association, Inc., and recorded in the Office of the County Recorder of Wayne County, Utah, in Book P of Deeds, at Page 155, as follows:

All of Lot Two (2), Block Four (4), Loa Townsite Survey;
together with the Potato House located on said property;
and together with all improvements, appurtenances,
easements, tenements, and hereditaments thereto annexed
thereupon situated, or thereunto appertaining.

2. Hanksville Substation: A certain tract of land described in a certain Deed, dated January 23, 1980, by Owen L. Albrecht and Ranae Albrecht, as grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Wayne County, Utah, in Book 154, at Page 156, as follows:

Beginning at the common quarter Section Corner between Sections 16 and 21, Township 28 South, Range 11 East, Salt Lake Meridian; thence North 6 deg 02' West 1349.7 feet; thence North 88 deg 49' West 340 feet; thence North 1 deg 11' East 50 feet to the proposed Southeast property corner; thence north 1 deg 11' East 208.7 feet; thence North 88 deg 49' West 208.7 feet; thence South 1 deg 11' East 208.7 feet; thence South 88 deg 49' East 208.7 feet back to the Southeast proposed property corner. Together with an access easement for ingress and egress over adjacent lands owned by Grantors in said Section 16 for all purposes necessary or incidental to the use of said property as an electrical substation.

3. Loa Property: A certain tract of land described in a certain Deed, dated July 1, 1996, by Sheri Peterson, as grantor, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Wayne County, Utah, in Book 161, at Page 946, as follows:

Beginning 99 feet North of the Southeast corner of Lot 1, Block 4, Plat "A", LOA TOWNSITE SURVEY, thence North 159.06 feet; thence West 260.7 feet; thence South 159.06 feet; thence East 260.7 feet to beginning.

ALSO: Commencing at the Southeast Corner of Lot 1, Block 4, Plat "A", LOA TOWNSITE SURVEY, and running thence West 100 feet; thence North 99 feet; thence East 100 feet; thence South 99 feet to the point of beginning.

Subject to easements and rights-of-way of record or enforceable in law and equity.

TOGETHER WITH all water rights and improvements thereunto appertaining.

4. Loa Property: A certain tract of land described in a certain Deed, dated January 28, 2002, by Monroe Colemand, as grantor, to Garkane Energy Cooperative, Inc., recorded in the Office of the County Recorder of Wayne County, Utah, in Book 177, at Page 746, as follows:

Commencing 100 feet West of the Southeast Corner of Lot 1, Block 4, Plat A, LOA TOWNSITE SURVEY; thence West 147.5 feet, thence North 99 feet, thence East 147.5 feet, thence South 99 feet to point of beginning

5. Sherry Durfey Property: A certain tract of land described in a certain Deed, date, April 30, 2009, by Sherry Durfey, as grantor, to Garkane Energy Cooperative, Inc., recorded in the office of the County Recorder of Wayne County, Utah, in Book 213, at page 999, as follows:

All of Lot 3, Block 4, Plat "A", LOA TOWNSITE SURVEY

SEVIER COUNTY, UTAH

1. Old Sigurd Substation: A certain tract of land described in a certain Deed, dated June 29, 1959, by Barkely and Vera Anderson, as grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Sevier County, Utah, in Book 65 of Deeds, at Page 569, as follows:

Beg S 89 deg 04'57" W 2402.39 ft along 1/4 sec line & N 0 deg 55'03" W 20 ft from E 1/4 cor of sec1, T23S, R2W, SLM, th N 0 deg 55'03" W 80 ft, N 89 deg 04'57" E 80 ft; th SO deg 55'03" E 80 ft; th S 89 deg 04'57" W 80 ft to beg.

Sigurd:

2500 sq. ft or 0.057 acres situated in the SW1/4 of the NE
1/4 of Sec. 1, T23S, R2W, SLB&M

2. New Sigurd Substation: A certain tract of land described in a certain Deed, dated April 29, 1983, by R. Tim Anderson and Sharon T. Anderson, as grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Sevier County, Utah, in Book 181 of Deeds, at Page 417, as follows:

Beginning at a point South 89 deg 04 '57" West 2402.39 feet along the Quarter Section Line and North 0 deg 55'03" West 20 feet from the East Quarter Corner of Section 1, Township 23 South, Range 2 West, Salt Lake Base and Meridian; thence North 0 deg 55'03" West 80 feet; thence North 89 deg 04'57" East 80 feet; thence South 0 deg 55 '03" East 80 feet; thence South 89 deg 04'57" West 80 feet to the point of beginning. Area: 0.147 acre

TOGETHER WITH a 20.00 foot Right of Way Easement for the purpose of ingress and egress located in the Southwest Quarter of the Northeast Quarter of Section 1, Township 23 South, Range 2 West, Salt Lake Base and Meridian; Beginning at the intersection of the Westerly Boundary fence of a County Road and the Quarter Section Line at a point South 89 deg 04'57" West 1996.82 feet along said Quarter Section Line from the East Quarter corner of Section 1, Township 23 South, Range 2 West, Salt Lake Base and Meridian; thence continuing along said Quarter Section Line South 89 deg 04 '57" West 405.57 feet; thence North 0 deg 55'03" West 20.00 feet; thence North 89 deg 04'57" East 413.41 feet to the Westerly Boundary Fence of said County Road; thence South 20 deg 29'07" West 21.48 feet to the point of beginning. Containing 0.19 acres.

GARFIELD COUNTY, UTAH

1. Old Hatch Warehouse: A certain tract of land described in a certain Deed, dated April 24, 1970 by the Town Board of Hatch Town, as grantor, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Garfield County, Utah, in Book 166 of Deeds, at Page 492, as follows:

Beginning at the Southeast corner of Lot 3, Block 3, Flat A, Hatch Town Survey; thence West 120 feet; thence North 60

feet; thence East 90 feet; thence North 60 feet; thence East 30 feet; thence South 120 feet to beginning.

Together with all water rights and easements and all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

2. Hatch Office. Warehouse and Yard: A certain tract of land described in a certain Deed, dated August 7, 1939, by Henry N. Marshall, and Wife, as grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Garfield County, Utah, in Book L of Deeds, at Page 506, as follows:

Com. at the NE. cor. of Sec. 29, T. 36 S., R. 5W., SLM., & run th. s. 415.0 ft; th. W. 356.92 ft. m/l, to U.S. Hwy. #89; th Ne'ly. along an 1800 ft. radius to the pt. of beg. Cent. 1.33 ac. m/l.

3. East Fork Reservoir Property: A certain tract of land described in a certain Deed, dated December 20, 1956, by Nethella Griffin, Oneta K. Shirts, and Clyde & Irene King, as grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Garfield County, Utah, in Book 103 of Deeds, at Pages 179 & 180, as follows:

Com. at pt. 3818 ft. N. & 44 deg 19' W. from SE. cor. of Sec. 10, T. 32 S., R. 4 E., S.L.B.& M., run. N. 76 deg W. 650 ft., turning 90 deg to right run. N. 14 deg E. 1050 ft. turning 90 deg to right, run. S. 76 deg E. 750 ft., turning 90 deg to right run. S. 14 deg W. 1050 ft. turning 90 deg to right & run. N. 76 deg W. 100 ft. to pt. of beg. comprising 18.15 acres.

4. West Fork Reservoir Property: A certain tract of land described in a certain Deed, dated October 29, 1959, by Bernell and Cleo Baker, Husband & Wife, as grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Garfield County, Utah, in Book 116 of Deeds, at Page 8, as follows:

Starting at the Northwest corner of the Northeast quarter of the Northwest quarter of Section 8, Township 32 South, Range 4 East of the SLB&M., and running thence East 400 feet; thence South 600 feet; thence West 400 feet; thence North 600 feet to place of beginning and containing 5.5 acres, more or less.

5. Tropic Substation: A certain tract of land described in a certain Deed, dated January 27, 1966, by Ernest L. and Angeline J. Ahlstrom, as grantors, to Garkane

Power Association, Inc., recorded in the Office of the County Recorder of Garfield County, Utah, in Book 135 of Deeds, at Page 429, as follows:

Beg. at the 1/4 corner peg between Sec. 23 and 26, Township 36 South, Range 3 West S.L.M. Thence South 326 feet to the N. W. corner of Garkane Power Substation; thence South 150 feet; thence East 150 feet; thence North 150 feet; thence West 150 feet to point of beginning, containing fifty two hundredths (.52) of an acre more or less.

6. East Fork Reservoir Property: A certain tract of land described in a certain Deed, dated March 31, 1980 and April 3, 1980, by Howard L. Shurtz and Homer T. Shurtz, as grantors, to Garkane Power Association, Inc., recorded April 8, 1980 in the Office of the County Recorder of Garfield County, Utah, in Book 261, at Page 525, as Reference No. 180344, as follows:

Beginning at a point 1320 feet West of the Northeast corner of Section 10, Township 32 South, Range 4 East, Salt Lake Base and Meridian, and running thence West 2640 feet; thence South 1056 feet; thence East 2640 feet; thence North 1056 feet to the place of beginning.

7. East Fork Reservoir Property: A certain tract of land described in a certain Deed, dated October 27, 1977 by Boulder King Ranches, Inc., as grantor, to Garkane Power Association, Inc., recorded October 27, 1977 in the Office of the County Recorder of Garfield County, Utah, in Book 238, at Page 837, as follows:

Beginning at the center of Section 10, Township 32 South, Range 4 East, Salt Lake Base and Meridian and running thence South 0 deg 42'57" East 1318.02 feet; thence South 89 deg 55'34" West 1332.48 feet; thence North 1 deg 04' 54" West 1316.44 feet; thence North 0 deg 23'36" West 1596.08 feet; thence North 89 deg 56'05" East 1331.90 feet; thence North 89 deg 58'59" East 1316.75 feet; thence South 0 deg 22'23" East 1591.20 feet; thence South 89 deg 51'11" West 1307.19 feet to the point of beginning and containing 137.32 acres, excepting therefrom the following two described parcels:

Parcel #1: Beginning at a point South 2 deg 20'35" East 1056.65 feet from the NorthQuarter corner of said Section 10; thence North 89 deg 58'59" East 1290.25 feet; thence South 0 deg 22 '23" East 330.00 feet; thence South 89 deg 58'59" West 1265.30 feet to the center of Boulder Creek; thence along said creek North 7 deg 22'37" West 194.47

feet; thence North 0 deg 52'59" West 137.15 feet to the point of beginning, containing 9.72 acres.

Parcel #2: Beginning at a point south 15 deg 19'56" West 2484.72 feet from the North Quarter Corner of said Section 10; thence North 14 deg 11'26" East 1050.00 feet; thence South 75 deg 48'34" East 750.00 feet; thence South 14 deg 11'26" West 1050.00 feet; thence North 75 deg 48'34" West 750.00 feet to the point of beginning, containing 18.08 acres.

NET ACREAGE: 109.52 acres.

8. Hatch Substation: A certain tract of land described in a certain Deed, dated August 2, 1985, by James H. Hatch, and Janice T. Hatch, as grantors, to Garkane Power Association, Inc., recorded August 2, 1985 in the Office of the County Recorder of Garfield County, Utah, in Book 288, at Page 226, as follows:

Beginning at a point which bears North 0 deg 08'15" East 241.48 feet from the Southwest corner of the Northeast quarter of the Southwest quarter of Section 21, Township 36 South, Range 5 West, Salt Lake Base and Meridian, thence North 0 deg 08'15" East 375.38 feet; thence South 72 deg 27'45" East 304.0 feet; thence Southwesterly along U.S. Highway right of way fence to the point of beginning, 1.233 acres.

9. Escalante Substation: A certain tract of land described in a certain Deed of Distribution by Personal Representative, dated September 12, 1990, by Tex R. Olsen, as Personal Representative of the Estate of W.M. Christensen, deceased, as grantor, to Garkane Power Company grantee, recorded October 1, 1990 in the Office of the County Recorder of Garfield County, Utah, in Book 304, at Page 428, as follows:

Beginning at a point North 89°40' East 839.27 feet and South 55°05' East 84.73 feet and South 279.18 feet from the North Quarter Corner of Section 18, Township 35 South, Range 3 East, Salt Lake Base and Meridian; running thence South 228.76 feet; thence East 405.7 feet; thence North 228.76 feet; thence West 405.7 feet to the point of beginning.

EXCEPTING THEREFROM a 0.22 acre parcel which was conveyed to Garkane Power Company as described in Deed recorded in Book 36 at Pages 134 and 135 of Official Records.

A certain tract of land described in a certain Deed dated June 1, 1954, by Rufus H. Liston, and Ethel Liston, as grantors to Garkane Power Association, Inc., recorded in the Office of the Garfield County Recorder, State of Utah, on July 13, 1954, in Book No. 36, at Pages 134 & 135, as follows,

The place of beginning is 20 feet west of the North West Corner of Lot 2 Block 2 Parcel 13 Plot "B" Escalante townsite survey. Running thence west 100 feet, Thence south 124 feet, Thence east 100 feet, Thence north 124 feet, to place of beginning, containing 0.285 acres.

10. Hatch Property: A certain tract of land described in a certain Deed dated June 28, 1996, by Sheri Peterson, as grantor, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Garfield County, Utah, in Book 329, at Pages 360 & 361, as follows:

Parcel 1:

Beginning North 82 deg 31'14" West 2700.87 feet and North 0 deg 9'45" West 1848.13 feet from the center of Section 28, Township 36 South, Range 5 West, Salt Lake Base and Meridian, and running thence North 0 deg 9'45" West 414.71 feet to the Northwest corner of said Section 28; thence North 89 deg 1'47" East 769.50 feet; thence South 11 deg 51'20" West 396.26 feet; thence South 37 deg 56'21" West 89.91 feet; thence North 87 deg 11'36" West 632.30 feet to the place of beginning.

SUBJECT TO right-of-way over the North 20.0 feet of said property.

Parcel 2:

Beginning North 89 deg 01'47" East 883.68 feet from the Southwest Corner of Section 21, Township 36 South, Range 5 West, Salt Lake Base and Meridian, said Southwest corner bears South 89 deg 01'47" West 2698.97 feet from the South quarter section corner of said Section 21; thence North 00 deg 10'02" West 190.00 feet; thence North 89 deg 06'43" East 731.55 feet; thence South 32 deg 09'00" West 220.24 feet; thence South 89 deg 01'47" West along the South line of said Section 21, 651.00 feet, more or less, to the point of beginning.

SUBJECT TO an easement for roadway purposes over and across the Westerly 30 feet of said property. TOGETHER WITH an easement for a roadway over the following: Beginning at the Southwest corner of Section 21, Township 36 South, Range 5 West, Salt Lake Base and Meridian, thence North 89 deg 01'47" East 883.60 feet; thence North 00 deg 10'02" West 22.95 feet; thence South 89 deg 01'47" West 860.30 feet; thence South 44 deg 58'40" West 33.0 feet to the point of beginning.

TOGETHER WITH 14 shares of the capital stock of Hatch Irrigation Company.

ALSO TOGETHER WITH a culinary well right as evidenced by Water Users Claim No. 61-683, Certificate No. 11202.

11. New Hatch Substation Property: A certain tract of land described in a certain Deed, dated June 4, 2008, by Janice T. Hatch, as grantors, to Garkane Energy Cooperative, Inc., recorded in the office of the County Recorder of Garfield County, Utah, in Book 431, at Page 895, as follows:

Commencing at the West ¼ Corner of Section 21, Township 36 South, Range 5 West, SLB&M, being marked by a G.L.O. brass cap; thence, along the east-west center section line of said section North 89° 24' 20" East 1349.67 feet to the West 1/16th corner of said section; thence, along the west 1/16th section line of said section South 0° 17' 39" West 207.81 feet, to the **POINT OF BEGINNING**; thence' departing said 1/16th line, South 72° 29' 27" East 397.57 feet; thence south 17° 30' 33" West 320.00 feet, to the north right-of-way of the Garfield County Road; thence' the north right-of-way of said road, North 72° 29' 27" West 298.43 feet, to said west 1/16th line; thence' along said 1/16th line, North 00° 17' 39" East 335.01 feet to the **POINT OF BEGINNING**, containing 2.56 acres (more or less).

KANE COUNTY, UTAH

1. Kanab Office, Warehouse and Yards: A certain tract of land described in a certain Deed, dated May 12, 1964, by Nellie F. and Marriner Jones, her husband, as

grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Kane County, Utah, in Book 014 of Deeds, at Page 128, as follows:

Beginning at a point which is 5.95 chains South of the Northeast corner of the Southwest quarter of the Northeast quarter of Section 4, Township 44 South, Range 6 West, Salt Lake Base and Meridian, and running thence West 4.66 chains; thence South 4.30 chains; thence East 4.66 chains; thence North 4.30 chains to the place of beginning, containing 2.50 acres, more or less. Also known as Lot "K", Kanab City Survey, Kane County, Utah.

- 2(a). Paria Substation: A certain tract of land described in a certain Deed, dated July 2, 1959, by D. G. Robinson and Adonis F. Robinson, his Wife, as grantors to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Kane County Utah, in Book N-6 of Deeds, at Page 52, as follows:

Beginning 598 feet North of (1/4) Corner to Section 12 and 13 in Township 42 South Range 2 West Salt Lake Meridian, Utah and running thence North 83 deg 13' East 183 feet; thence North 6 deg 47' West 100 feet; thence South 83 deg 13' West 163 feet; thence South 4 deg 30' West 102 feet to the point of beginning.

- 2(b) Kanab Creek Ranchos Substation: A certain tract of land described in a certain Deed, dated July 13, 1981, by Clark F. Swapp & Frances M. Swapp, Husband & Wife, as grantors to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Kane County, Utah, in Book D70, at Page 18, as follows,

BEGINNING at the Northeast Corner of the Southeast Quarter of the Southeast Quarter (SE1/4SE1/4) of Section 29, Township 43 South, Range 6 West, Salt Lake Base and Meridian, and running thence South 00 deg 17'21" West 264.0 feet along the Section line; thence North 89 deg 24'38" West 1,320.0 feet along the North line of Kanab Creek Ranchos Subdivision, to the 1/16 Section line; thence North 00 deg 17'21" East 264.0 feet along said line to the 1/16 corner; thence South 89 deg 24'38" East 1,320.0 feet along the 1/16 Section line to the point of beginning. Containing 8.0 acres.

TOGETHER will all improvements and appurtenances thereunto belonging but being SUBJECT to Easements, Rights of way and Restrictions of record and those enforceable in law and equity.

3. Kanab Creek Ranchos Property: A certain tract of land described in a certain Deed, dated November 21, 1986, by Afton A. Jameson, as grantor, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Kane County, Utah, in Book 092, at Page 581, as follows:

Beginning at a point 327.81' North and 0.91' West of the ¼ corner common to Sec 32 & 33, T43S, R6W, SLB&M, which lies on the section line between said sections, thence N 0 deg 09'33" W along the section line 1642.0', thence N 88 deg 54'44" E along a existing fence 1312.52', thence S 0 deg 09'28" E along center section line 1666.92', thence W 1312.44' to point of beginning. Containing 49.851 acres less such acreage here after described. Beginning at same point of beginning, thence N 0 deg 09'33" W 1612.0', thence N 88 deg 54'44" E 832.86' (North 88°54'44" West 832.86 feet by Deed), thence S 0 deg 06' E 1577.9', thence W 576.04', thence S 0 deg 06' E 50', thence W 255.39' to point of beginning. Containing 30.13 acres Net Acreage: 19.721 acres.

SUBJECT TO A DEED dated May 22, 1997, by Garkane Power Association, Inc., as grantor to Alvey Development Corp., recorded on May 27, 1997, in the Office of the Kane County Recorder of Kane County, in the State of Utah, in Book 163, page 238, entry no. 90431, as follows,

An undivided one-half 1/2 Interest in the following described real property:

Beginning at a point 327.81 feet North and 255.39 feet East of the Quarter Section Corner common to Sections 32 and 33, Township 43 South, Range 6 West, Salt Lake Base and Meridian, thence North 0°06' West 50 feet; thence East 60 feet; thence South 50 feet; thence West 60 feet to the point of beginning.

4. Kanab Creek/Tropic Reservoir Property: A certain tract of land described in a certain Deed, dated January 8, 1993, by Usher J. Henrie, James R. Henrie, Jed E. Henrie, and Fern H. Hughes, as grantors, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Kane County, Utah, in Book 0125, at Pages 706 & 707, as follows:

All of Sectional Lot 2, Section 16, T 38 S, R 4 1/2 W, SLB&M. Containing 40 acres, more or less.

5. Kane County Property: A certain tract of land described in a certain Deed, dated March 19, 2002, by loyd Heyborne and Maryllis Heyborne, as grantors to Garkane Energy Cooperative, Inc., recorded in the Office of the County Recorder of Kane County, Utah, in Book 220, at Page 282, as follows:

Beginning at a point North 0°16'15" East 116.00 feet and North 36°56'48" West 159.23 feet from the Southeast Corner of Block 18, Plat "A" Revised, Official Orderville Town Survey, which point also bears North 60°36'50" East 2886.37 feet from the Southwest Corner of Section 4, Township 41 South, Range 7 West, Salt Lake Base & Meridian, Utah; and running thence North 36°56'48" West 220.53 feet to the southeasterly line of Center Street; thence North 42°00'21" East along said southeasterly line of Center Street, 52.00 feet; thence South 47°59'39" East 16.00 feet; thence North 42°00'21" East 135.10 feet to the intersection with an existing fence line; thence South 42°13'04" East along said existing fence line 201.86 feet; thence South 42°00'21" West 205.54 feet to the point of beginning containing 0.93 acres.

6. Kanab Creek Ranchos Lot: A certain tract of land described in a Warranty Deed dated July 23, 1998, made and given by Carl R. Albrecht and Gail W. Albrecht, as grantors, to Garkane Power Association, Inc., as grantee, which Warranty Deed was recorded on July 28, 1998 in the Office of the County Recorder of Kane County, Utah, in Book 0176, at Page 76, as Entry No. 95177, as follows:

All of Lot 39, Unit 1, KANAB CREEK RANCHOS, according to the official plat thereof, on file in the Office of the Recorder of Kane County, State of Utah.

Together with all improvements and appurtenances thereunto belonging.

7. A certain tract of land described in a Warranty Deed dated April 6, 1992, made and given by Kanab City, a Utah municipal corporation, as grantor, to Garkane Power Association, Inc., as grantee, which Warranty Deed was recorded on April 9, 1992 in the Office of the County Recorder of Kane County, Utah, in Book 0119, at Page 753, as Entry No. 72752, as follows:

BEGINNING at a point 392.7 feet South and 307.56 feet West of the Northeast Corner of the Southwest Quarter of the Northeast Quarter (SW1/4NE1/4) of Section 4, Township 44 South, Range 6 West, Salt Lake Base and Meridian, and running thence South 283.8 feet; thence West 289.95 feet; thence North 20°46'30" East 303.54 feet;

thence East 182.28 feet to the point of beginning.
Containing 1.54 acres, more or less.

8. Todd's Substation Property: A certain tract of land described in a Warranty Deed dated April 3, 2006, Jacobs Mark, as grantor, to Garkane Energy Cooperative, Inc., recorded in the Office of the County recorder of Kane County, Utah, in Book 300, at Page 650, as follows:

PARCEL 1: Commencing at the corner of Sections 14, 15, 22, and 23, Township 38 South, Range 6 West, Salt Lake Base and Meridian, Utah; and running thence South 00° 18' 52" West along the line between said sections 22 and 23, 196.57 feet to the TRUE POINT OF BEGINNING; thence North 41° 45' 39" West 173.01 feet; thence South 48° 14' 21" West 300.81 feet; thence South 41° 45' 39" East 300.00 feet to the westerly right-of-way line of U.S. highway 89; thence North 49° 41' 12" East along said westerly right-of-way line of U.S. Highway 89, 56.75 feet; thence North 48° 16' 07" East 205.80 feet; thence North 45° 56' 07" East 38.30 feet; thence north 41° 45' 39" West, leaving said right-of-way line of U.S. Highway 89, 126.99 feet to the true point of beginning. Containing 2.08 acres.

PARCEL 2: Commencing at the corner of Sections 14, 15, 22, and 23, Township 38 South, Range 6 West, Salt Lake Base and Meridian, Utah; and running thence South 00° 18' 52" West along the line between said sections 22 and 23, 196.57 feet; thence North 41° 45' 39" West 128.01 feet to the TRUE POINT OF BEGINNING; thence North 41° 45' 39" West 24.00 feet; thence North 48° 14' 21" East 36.24 feet to a curve on the southerly line of an existing 66 foot road easement; thence easterly along the southerly line of an existing 66 foot road easement, along a non-tangent curve to the left, concave northerly with an arc length of 30.72 feet, radius of 298.66 feet and long chord that bears South 80° 21' 21" East a distance of 30.71 feet; thence South 48° 14' 21" West 55.40 feet to the true point of beginning. Containing 0.03 acres.

9. 8-Mile Gap Substation: A certain tract of land described in a Warranty Deed dated November 25, 2008, Robert and Shirley Johnson, as grantor, to Garkane Energy Cooperative, Inc., recorded in the Office of the County recorder of Kane County, Utah, in Book 360, at Page 332, as follows:

Beginning at a point being South 00° 09' 57" West 101.02 feet and South 89° 50' 03" east 66.00 feet from the Northwest Corner of Section 4, Township 44 South, Range 5 West, Salt Lake Base and Meridian, and running thence North 72° 52' 57" East 300.00 feet; thence South 00° 10' 23" West 300.00 feet; thence South 72° 52' 57" West 300.00 feet; thence North 00° 10' 23" East 300.00 feet to the point of beginning, containing 85932.847 square feet or 1.973 acres (more or less).

10. Duck Creek Substation: A certain tract of land described in a Warranty Deed dated June 21, 2005, Kenneth D. Walters Family Trust, as grantor, to Garkane Energy Cooperative, Inc., recorded in the Office of the County recorder of Kane County, Utah, in Book 281, at Page 601, as follows:

Beginning at point North 0° 45' 00" West 1343.32 feet from the Southeast Corner of Section 7, Township 38 South, Range 7 West, Salt Lake Base and Meridian, and running thence South 87° 45' 30" West 330.25 feet; thence South 0° 40' 16" East 236.67 feet; thence North 87° 45' 30" East 330.57 feet to the East line of said Section 7; thence North 0° 45' 00" West 236.86 feet, more or less, along said line to the point of beginning.

WASHINGTON COUNTY, UTAH

1. Hildale Substation: A certain tract of land described in Warranty Deed dated January 4, 1989, made and given by Hildale Town Corporation, a Municipal Corporation of the State of Utah, as grantor, to Garkane Power Association, Inc., as grantee, which Warranty Deed was recorded on January 6, 1989 in the Office of the County Recorder of Washington County, Utah, in Book 508, at Page 802, as Entry No. 342623, as follows:

Beg at a point S 89 Deg 53'44" W along The 1/4 Sec Line 1286.68 feet, and N 0 Deg 04 '22" W 0.50 ft from the E 1/4 Corner of Sec 32, T43S, R10W, SLB&M, and run thence N 88 Deg 45'38" E 82.46 feet to a pt on the Wly R-O-W Line of Highway U-59, said point being on the arc of a 5679.578 foot radius curve, with radius line bearing South 43 Deg 13'01" West; thence Southeasterly to the right, along the arc of said curve, 462.65 feet thru a central angle of 4 Deg 40'02"; thence South 89 Deg 52'11" West 405.91 ft; thence North 0 Deg 04'22" West 329.32 feet to the point of beginning.

2. Hildale Industrial Park Property: A certain tract of land described in a certain Deed, dated July 1, 2009, Hildale Town Corporation, as grantor, to Garkane Energy Cooperative, Inc., recorded in the Office of the County recorder of Washington County, Utah, Document Number 20090025435, as follows:

THAT PORTION OF LOT 5 described as follows:
Commencing at the said east quarter corner of Section 32;
thence S. 89° 53' 44" W. 1356.31 feet along the quarter section line and S. 0° 06' 16" E. 43.00 feet to the northeast corner of Lot 5 and the TRUE POINT OF BEGINNING;
thence S. 0° 06' 16" E. 285.79 feet along the east boundary of Lot 5; thence S. 89° 53' 44" W. 34.77 feet along the

south boundary of Lot 5; thence jogging around an area of walled enclosures the following three courses: N. 0° 06' 16" W. 10.27 feet, S. 89° 53' 44" W. 76.73 feet, and S. 0° 06' 16" E. 10.27 feet; thence S. 89° 53' 44" W. 185.51 feet along the said south boundary; thence N. 0° 06' 16" W. 285.79 feet along the west boundary of Lot 5; thence N. 89° 53' 44" E. 297.00 feet along the north boundary of Lot 5 to the point of beginning, containing 1.93 acres.

THAT PORTION OF LOT 6 described as follows: Commencing at the said east quarter corner of Section 32; thence S. 89° 53' 44" W. 1653.31 feet along the quarter section line and S. 0° 06' 16" E. 43.00 feet to the northeast corner of Lot 6 and the TRUE POINT OF BEGINNING; thence S. 0° 06' 16" E. 285.79 feet along the east boundary of Lot 6; thence S. 89° 53' 44" W. 92.87 feet along the south boundary of Lot 6; thence jogging around an area of a water loading station the following three course: N. 0° 06' 16" W. 21.32 feet, S. 89° 53' 44" W. 81.65 feet to Point A, and S. 0° 06' 16" E. 21.32 feet; thence S. 89° 53' 44" W. 122.48 feet along the said south boundary; thence N. 0° 06' 16" W. 35.45 feet along the west boundary of Lot 6 to Point B; thence jogging around an area of a well house the following four courses: N. 89° 53' 44" E. 40.94 feet to Point C, N. 0° 06' 16" W. 50.24 feet to Point D, N. 41° 31' 06" W. 12.52 feet, and S. 89° 53' 44" W. 32.65 feet; thence N. 0° 06' 16" W. 104.17 feet along the said west boundary; thence jogging around an area of a gas yard the following two courses: N. 89° 53' 44" E. 68.69 feet and N. 0° 06' 16" W. 86.54 feet; thence N. 89° 53' 44" E. 228.31 feet along the north boundary of Lot 6 to the point of beginning, containing 1.72 acres.

Together with an easement for electrical lines, covering the said area of a gas yard, the said area extending from the said portion of Lot 6 to the platted boundary of Lot 6.

Together with an easement for buried electrical ground grid, covering the said area of a well house, the said area extending from the said portion of Lot 6 to the platted boundary of Lot 6.

Together with an easement for utilities, 15 feet wide, adjoining and extending north of the line between the said Points B and C and extending from the street right of way to the line between the said Points C and D.

Reserving an easement for utilities, beginning at the said Point A and thence the following six courses; N. 0° 06' 16" W. 14.13 feet, S. 89° 53' 44" W. 81.54 feet to the said Point C, N. 0° 06' 16" W. 15.00 feet, N. 89° 53' 44" E. 140.82 feet, S. 0° 06' 16" E. 29.13 feet, and S. 89° 53' 44" W. 59.28 feet to the point of beginning.

THAT PORTION OF LOT 11 described as follows: Commencing at the said east quarter corner of Section 32; thence S. 89° 53' 44" W. 1983.31 feet along the quarter section line and S. 0° 06' 16" E. 358.79 feet and N. 89° 53' 44" E. 33.00 feet to a point on the west boundary of Lot 11, which point is S. 0° 06' 16" E. 30.00 feet from the northwest corner of Lot 11 and which point is the TRUE POINT OF BEGINNING; thence N. 89° 53' 44" E. 55.12 feet; thence S. 0° 06' 16" E. 150.17 feet; thence S. 89° 53' 44" W. 55.12 feet; thence N. 0° 06' 16" W. 150.17 feet along the said west boundary to the point of beginning, containing 0.19 acres.

Together with a non-exclusive right of access across the northerly 30 feet of Lot 11, which 30 feet adjoins both the said portion of Lot 6 and the said portion of Lot 11 and is to also be used as public alley way.

Together with an easement for buried electrical ground grid, adjoining and extending 15 feet outward from the said portion of Lot 11 along the north, east, and south sides.

MOHAVE COUNTY, ARIZONA

1. Colorado City Substation: A certain tract of land described in a certain Deed, dated February 25, 1988, by the United Effort Plan, a common law trust, as grantor, to Garkane Power Association, Inc., recorded in the Office of the County Recorder of Mohave County, Arizona, in Book 1414, at Page 684, as follows:

Beginning at a point 1935.44 feet South and 57.5 feet West of Northeast corner of Section 7, Township 41 North, Range 6 West Gila and Salt River Base and Meridian, Thence West 169.55 feet, a point on Highway 389 R.O.W. thence 311.11 feet along R.O.W. Thence North 0 Deg 12'58" W 260.85 feet to Point of Beginning. Containing .5076 acre more or less.

TOGETHER WITH all plants, works, structures, erections, reservoirs, dams, buildings, fixtures and improvements now

or hereafter located on any of the properties conveyed by any and all of the aforesaid deeds mentioned above, and all tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining.

Appendix C -Excepted Property

NONE