

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

December 29, 1972

*Reviewed and Approved
For Reprinting August 1982*

REVISED REA BULLETIN 115-1

Attached is a copy of revised REA Bulletin 115-1, Sales of Capital Assets by Electric Borrowers.

The bulletin has been revised to:

1. Change its title from "Sales of Property by Electric Borrowers" to "Sales of Capital Assets by Electric Borrowers" to more closely conform this terminology to that in the loan security documents.
2. Clarify the provisions for the disposition of the net proceeds from sales.
3. Incorporate the revision of REA Form 369 providing for the change in title and to indicate how the sale is to be handled: for cash, by transfer or as an installment sale.
4. Provide for the assignment of Installment Sales Agreements to the U. S. Government and supplemental lenders, if applicable.

Attachment

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

December 29, 1972
Supersedes 3/27/72

REA BULLETIN 115-1

SUBJECT: Sales of Capital Assets by Electric Borrowers

- I. Purpose: To set forth Rural Electrification Administration policy and procedure to be followed in the sale of capital assets of electric borrowers. Capital assets include all tangible and intangible utility plant, construction in progress, nonutility property, and materials, supplies and equipment normally used in the system. For purposes of this bulletin, sales include: sales, either voluntary or resulting from condemnation procedures; transfers by assumption of indebtedness; assignments or exchanges or trades of properties between REA borrowers or between REA borrowers and non-REA borrowers. This bulletin applies to materials, supplies and equipment used in borrowers' systems but not to materials, supplies, appliances and equipment held primarily for merchandising.

- II. Policy:
 - A. General:

All capital assets of REA borrowers are ordinarily mortgaged or pledged to the Federal Government as security for REA loans. Loans made by the National Rural Utilities Cooperative Finance Corporation (CFC) or other lenders are generally secured by a mortgage containing similar pledges to such supplemental lenders. The Rural Electrification Act of 1936, as amended, and the various security instruments limit a borrower's rights to dispose of its capital assets without appropriate prior approval of REA and any secured supplemental lender.

All sales shall fulfill the following requirements:

 1. The selling price shall be not less than the fair market value of the capital asset.
 2. The sale shall be in the best interests of the seller and the mortgagee(s).

3. All approvals required by law, by the articles of incorporation, the bylaws of the seller or the mortgagee(s) shall be obtained prior to delivery of the asset.
4. In the case of transactions involving exchanges or trades of plant in place between an REA borrower and a non-REA borrower, a determination shall be made that the exchange or trade is equitable to the REA borrower and that the plant acquired in the exchange or trade can be economically integrated into the borrower's system. (See III E of this bulletin.)
5. Unless the seller is dissolved, its electric system after the sale will constitute a satisfactory operating unit and the sale will not jeopardize the repayment of seller's REA and other loans. If the purchaser is an REA borrower, the same determinations shall also be made with respect to the purchaser's operations and loan repayment.

B. Methods of Handling Sales:

Sales of capital assets generally shall be made for cash; however, sales made between two REA borrowers may be treated as transfers and made in consideration of the assumption of a portion of the REA indebtedness of the seller. Where a portion of the seller's and/or purchaser's indebtedness is to a secured supplemental lender, REA will coordinate approvals for such transfers. A release of capital assets from the Government's lien and liens of other secured lenders may be required for the consummation of the sale even in cases where general REA approval is hereby given as indicated below. Where a release of lien is required, see instructions in Attachment II.

1. Sales for Which REA Approval is Hereby Given: REA approval is hereby given to the sale for cash or trade-in of capital assets provided:
 - a. The sale fulfills all the requirements of II, A, above.
 - b. The selling price or trade-in allowance in a single transaction is less than \$25,000* and the aggregate value of sales during any 12-month period is less than \$100,000,* and
 - c. The seller immediately distributes and accounts for the proceeds from the sale, less out-of-pocket expenses incident to the sale as follows: (The distribution

*For power supply borrowers \$50,000 and \$200,000, respectively

and accounting from the proceeds from all sales, whether they require prior approval of REA and supplemental lenders, if applicable, or not, shall be the same.)

- (1) To the Cash-Construction Fund-Trustee account to be used in a manner and for a purpose for which REA loan funds may be used; or
 - (2) If the borrower has no concurrent loans outstanding, to the Rural Electrification Administration as a special payment to be applied to the note or notes designated by the borrower or REA; or
 - (3) To REA and a secured supplemental lender if the borrower has concurrent loans outstanding, by application of such funds as a prepayment on the notes of both lenders pro rata according to the aggregate unpaid principal amount of the notes then outstanding, as designated by the note-holders; or
 - (4) In the case of dispositions of equipment, materials or scrap, to the "Cash-General" account to be used for the purchase of materials, equipment, supplies or property useful in the mortgagor's business which shall be subject to the lien of the mortgage.
2. Sales for Which General Approval is Given But Where the Purchaser Requests a Partial Release of Lien: The letter of transmittal submitting the partial release of lien should be signed by an authorized official of the borrower and should contain a complete description of the capital asset being sold. (See Attachment II and Exhibit A.)
 3. Sales or Dispositions of Proceeds Requiring Special Approval from REA and Secured Supplemental Lenders: For sales or disposition of proceeds other than those specified in Paragraph II, B, 1, specific approval shall be obtained from REA, and secured supplemental lenders, if applicable, in advance of the consummation of the sale. Delivery of the capital asset should not be made until all such necessary approvals have been received.
 4. Method of Approval:
 - a. If the Government is the sole lien holder on the borrower's capital assets, approval for the sale by the Government will be indicated on REA Form 369, "Request for Approval to Sell Capital Assets," when returned to the seller.

- b. If the Government holds a lien jointly with supplemental lenders, joint approval for the sale will be necessary. REA will coordinate joint approval with appropriate supplemental lenders after action by REA.
 - (1) Information involved should be forwarded directly to REA and one copy to supplemental lenders.
 - (2) The board resolution in these instances should direct the request to both REA and the supplemental lender.
 - (3) When approved by REA and the supplemental lender, REA Form 369 will be returned by REA to the seller.

III. Information Required by REA for Sales of Capital Assets Requiring Specific Approval: (Send one copy of these items to supplemental lender if the borrower is a supplemental borrower.)

A. All Sales:

1. REA Form 369, "Request for Approval to Sell Capital Assets." (See Attachment I.)
2. One certified copy of the board resolution setting forth the reasons for the proposed sale and indicating agreement on the terms and details except as provided in 2 a below.
 - a. If condemnation is involved, a board resolution need not accompany Form 369. Instead, a copy of the petition or complaint in the condemnation suit should be attached to Form 369. Items 10, 11 and 12 of Form 369 may be completed by referring to the attachment. Item 14 need not be completed. Form 369 and the copy of the petition or complaint in condemnation cases should be submitted to REA promptly after the petition or complaint has been received by the borrower.
3. Partial release of lien (as necessary). The partial release should be prepared by the borrower's attorney or by the attorney of the purchaser of the property. It will be the responsibility of such attorney and the borrower to assure the accuracy and legal effectiveness of a proposed release. When the partial release of lien requires execution and acknowledgment by a Trustee (See Exhibits B and C of Attachment II), such execution and acknowledgment by the Trustee should be obtained before submission of the release to REA for execution. Attachment II provides instructions and recommended forms to assist in preparing the required release.

B. Additional Information Required for Sales of Real Estate and Plant in Place:

1. Except in condemnation cases, a statement of agreement between the seller and the purchaser on the proposed selling price. When applicable, include adjustments such as capital additions and retirements; depreciation; taxes; disposition of membership fees, deposits and contributions; prepaid and delinquent bills and accounts; insurance; assignment of easements; the proposed closing date and other pertinent information. Generally the closing date selected should be no less than 90 days after the date the required information is forwarded to REA.
 2. A complete legal description supported by key and detail maps showing the location of lines or other capital assets to be sold.
 3. A breakdown of consumers by classification showing number, mileage, average kWh usage, and revenues for the portion of lines being sold.
 4. An inventory of lines on a priced assembly or record unit basis, or, in the case of facilities other than lines, a detailed breakdown of separable units and their costs.
 5. Description and estimated costs of changes, if any, which must be made in the seller's system in order to maintain satisfactory operations after the sale has been completed.
 6. Other pertinent data such as the physical condition of the property to be sold, a copy of the lease, if facilities to be sold are on leased land, and the approval of appropriate regulatory bodies where required.
 7. The retail rates to be applied to the consumers on the lines being sold (comparative rate schedules).
 8. If the purchaser is another REA borrower or a borrower from a supplemental lender, a description and estimated costs of the changes, if any, necessary to integrate the properties being acquired with the purchaser's existing system for satisfactory operations.
- C. Installment Sales. If the purchaser is to pay the seller in installments, such information should be noted on the REA Form 369, Item 9. A Sales Agreement between the seller and the purchaser should be executed and the agreement should be assigned to the U. S. Government and the supplemental lender, if applicable. The partial release of lien will not be executed by REA and the supplemental lender, if applicable, until the final installment payment has been received by the seller. The disposition of the


proceeds from installment sales will be the same as that from cash sales as set forth in Section II B 1c above.

D. Information Required for Sales Involving a Transfer of Capital Assets by Assumption of Indebtedness:

1. Information from the seller as specified in Paragraph III, A and B above.
2. Identification of the note or notes of the seller to be credited. Such note or notes designated must not be in default.
3. One certified copy of the purchasing borrower's board resolution indicating agreement on the terms and details. The effective date for transfer shall correspond to that indicated in the selling borrower's resolution.

E. Assignments and Exchanges: Transactions involving assignment of loan funds from one borrower to another, in conjunction with a sale or transfer by assumption, or transactions involving the exchanges or trades of real estate or plant in place between a borrower and a non-REA borrower will be considered on an individual case basis. The items listed in Paragraph III, A, B and D will be required as applicable. For exchanges or trades the applicable items in REA Bulletin 27-1, "Loans Involving Provisions for the Acquisition of Existing Electric Facilities," will also apply.

IV. Expenditures for Sales: Expenditures by the seller in connection with the sale of capital assets shall be properly accounted for and all documents retained for review during audit.



Administrator

Attachments

- I. REA Form 369, "Request for Approval to Sell Capital Assets"
- II. Instructions for Attorney preparing a release of lien with Exhibits A, B, C and D.

Index:

CAPITAL ASSETS

Sales by Electric Borrowers

REAL ESTATE

Sales by Electric Borrowers

U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Form Approved
OMB No. 40-R1829

REQUEST FOR APPROVAL TO SELL CAPITAL ASSETS

TO: U. S. DEPARTMENT OF AGRICULTURE, REA WASHINGTON, D. C. 20250

INSTRUCTIONS - See reverse side of this form.

1. DATE OF THIS REQUEST

2. CLOSING DATE OF SALE

3. BORROWER DESIGNATION OF SELLER

4. BORROWER DESIGNATION OF PURCHASER (if REA Borrower)

5. NAME AND ADDRESS OF SELLER

6. NAME AND ADDRESS OF PURCHASER

7. APPROXIMATE ORIGINAL COST

8. CONDITION OF PROPERTY (Check one)

NEW SCRAP
 USED USEABLE

9. TYPE OF SALE (Check one)

CASH INSTALLMENT
 TRANSFER TRADE

10. SELLING PRICE

11. DESCRIBE IN SUFFICIENT DETAIL TO IDENTIFY ADEQUATELY THE PROPERTY AND ESTIMATE ITS PRESENT VALUE. IF REAL ESTATE, INCLUDE LEGAL DESCRIPTION. ATTACH FORMS FOR PARTIAL RELEASE OF LIEN, IF NECESSARY.

12. REASON FOR SALE (If additional space is needed, attach additional sheets.)

13. DISPOSITION OF NET PROCEEDS OF SALES (Insert amount in appropriate space.)

A. TO CASH (Check one)

GENERAL FUND ACCOUNT (only the net proceeds from sale of materials, equipment and scrap) \$
 CONSTRUCTION FUND - TRUSTEE ACCOUNT \$

B. TO REA AS A SPECIAL PAYMENT TO BE APPLIED TO NOTE(S) NO. _____

DATED _____ 19 _____ \$

C. TO SUPPLEMENTAL LENDER (if applicable) AS A SPECIAL PAYMENT TO BE APPLIED TO NOTE(S)

NO. _____ DATED _____ 19 _____ \$

D. SELLER'S NOTES TO BE ASSUMED For sale of property by assumption of indebtedness only. Designate REA and and/or supplemental lender (if applicable) and appropriate note of each.

DESIGNATION	DATE OF NOTE(S)	AMOUNT OF NOTE(S)	AMOUNT TO BE ASSUMED

E. OTHER (Include supplemental lenders and amounts if applicable.)

14.

CERTIFICATION

I hereby certify that the selling price is not less than the fair market value of the property; the sale is in the best interest of the mortgagee(s) and this organization, the system after the sale will constitute a satisfactory operating unit and will not jeopardize the repayment of the REA or other loans, if any; and that all necessary approvals have been or will be obtained where required by law or by the articles of incorporation or by-laws of this organization.

SELLER'S CORPORATE NAME

SIGNATURE OF AUTHORIZED OFFICIAL

TITLE OF AUTHORIZED OFFICIAL

15. APPROVAL is hereby given to complete the sale and release possession to the above-named purchaser of the property described above for the sum of \$ _____, contingent upon disposition of the proceeds in the manner stipulated above.

SUPPLEMENTAL LENDER

DATE

ADMINISTRATOR

DATE

16. NOTICE OF FINAL ACTION - When delivery of the property has been made the borrower should notify REA by completing the certification below.

CERTIFICATION

I certify that possession of the property indicated above was released on _____ and \$ _____ has been accounted for as approved above.

SIGNATURE OF AUTHORIZED OFFICIAL

TITLE OF AUTHORIZED OFFICIAL

INSTRUCTIONS FOR PREPARATION OF REA FORM 369

Submit original and six copies (eight, if supplemental lender is involved,) to REA with Items 1 through 14 completed, together with information regarding the details of the sale, the computation of the selling price, one copy of a certified board resolution, the cut-off date established (in the case of sales by assumption of debt) and any other material necessary for a full disclosure of the proposed transaction and its effect upon the system. (See REA Bulletin 115-1.) Where supplemental lender is involved, submit one additional copy of the Form 369 with all supporting details and board resolution direct to supplemental lender.

SALES FOR CASH. After approval (Item 15) the original and two copies of Form 369 (three if supplemental lender is involved) will be returned to the Seller. Seller is to complete Item 16, returning the original and one copy to the Rural Electrification Administration, Washington, D. C. 20250, Attention: Collections and Custodial Section, Accounting and Auditing Division, together with a check, if a prepayment is to be made, for the net proceeds from the sale, or apportionment thereof, if supplemental lender is involved. One completed copy of Form 369 should be sent to the supplemental lender, together with a check, if a prepayment is to be made, for the apportionment of the net proceeds of the sale. The net proceeds apportionment between REA and the supplemental lender, if any, is determined in accordance with II B 1 (3) of REA Bulletin 115-1. One copy of the form should be retained in the Seller's file. If the proceeds are to be deposited in the construction funds, no separate accounting is required even if a supplementary lender is involved.

SALES BY ASSUMPTION OF INDEBTEDNESS. After approval by the REA Administrator and supplemental lender* if applicable (Item 15) the original and two copies of the Form 369 will be returned to the Seller (three if supplemental lender is involved) with any supplemental instructions necessary. One copy will be sent by REA to the purchaser for its files. Seller is to complete Item 16 and return the original and one copy to REA as per the instructions received from the area office. One copy should be sent to the supplemental lender, if applicable, and one copy retained in the Seller's file.

CONDEMNATIONS. Submit Form 369 promptly after learning that property will be condemned, giving all known details. A board resolution need not be submitted for condemnations. Instead a copy of the petition or complaint in the suit should be submitted as an attachment to this form. Items 10, 11, and 12 may be completed by referring to the petition or complaint. Item 14 need not be completed. Items on the form which cannot be completed may be omitted at that time and submitted later. Approvals will not be given until negotiations have been completed. Final processing requires complete information.

Instructions for Attorney Preparing a Release of Lien

Suggested Form of Partial Release

For guidance and assistance to attorneys preparing partial releases of lien for execution by REA, and where applicable, by other secured lenders, there are attached the following forms to fit particular circumstances. The appropriate form shall be selected in each case.

- Exhibit A - Form of Partial Release for use where the lien of one or more mortgages is involved.
- Exhibit B - Form of Partial Release for use where the lien of one or more deeds of trust is involved.
- Exhibit C - Form of Partial Release for use where the lien of one or more mortgages and the lien of one or more deeds of trust are involved.
- Exhibit D - A provision for use in releasing personal property from a financing statement filed under the Uniform Commercial Code.

Preparation of the Release

In utilizing the appropriate form of partial release, it is important that consideration be given to the following matters:

- (1) There should be inserted a proper, exact legal description of the property to be released. This description should correspond to the description contained in the instrument conveying the borrower's property to the grantee.
- (2) All mortgages, deeds of trust, and supplements thereto securing REA or supplemental loans, where applicable, should be listed in the form. It is important that underlying security instruments be included, as well as current security instruments, since the mortgages and deeds of trust contain after-acquired property clauses and thus cover all property of the borrower theretofore and thereafter acquired. Security documents have generally been filed for record in all counties in which property of the borrower is located; the underlying security instruments are generally described in the "whereas" clauses of the most recent mortgage or deed of trust.
- (3) The attorney should determine whether it is necessary or advisable for him to add, for each of the security instruments listed in the release, the recordation data relating to the particular county in which the property to be released is located.

Bulletin 115-1
Attachment II (Con.)

- (4) An adequate number of copies of the partial release for recordation and for the records of the borrower, the purchaser, other mortgagees, and the trustee, if any, should be prepared for execution by REA and other mortgagees. In addition, please furnish one copy for REA records and for the records of any supplemental lenders.
- (5) Where a successor trustee has been appointed to succeed a trustee named in a deed of trust, a "Whereas" clause of the release should refer to this fact and to the recorded evidence of such appointment. Where a trustee corporation named in a deed of trust has merged with another institution, or has changed its name, a "Whereas" clause in the release should explain the variance in names between the named trustee and the trustee executing the partial release.
- (6) If a partial release of lien has recently been prepared and executed by REA for the borrower, a review of this partial release will be helpful to the attorney in preparing the proposed new release. Any additional security instruments or supplements that may have been executed by the borrower subsequent to the earlier release should, of course, also be listed in the new release.
- (7) In order that REA and other secured lenders may be in a position to execute the proposed release, the release must include the specific provision in the attached Exhibits A, B and C to the effect that the release will not affect or impair the Government's liens or liens of supplemental financing organizations on other properties of the borrower not expressly released, and that the release is made without warranties and without recourse.
- (8) In the attached Exhibits A, B, C and D where an asterisk (*) appears after references to the Government, and in the margins indicating the appropriate line of each exhibit, insert the names of supplemental lenders who hold mortgages and/or deeds of trust when the borrower has secured loans with CFC or other supplemental lenders.

Attachments

CFC or OTHER MORTGAGEE

UNITED STATES OF AMERICA

by _____
(title) _____

by _____
(title) _____
For the Administrator of the
Rural Electrification Administration

(Add appropriate form(s) of acknowledgment. Begin with "DISTRICT OF COLUMBIA) SS", and provide, in the appropriate place in the form, at least two blank lines of space for title of party (parties) signing.

Bulletin 115-1
Exhibit B

(For Use Where Capital Assets Secured Only by Deeds of Trust)

PARTIAL RELEASE, dated as of _____, made by the
(hereinafter called the "Trustee"), as trustee, to
(hereinafter called the "Corporation").

WHEREAS, the Corporation, to evidence loans made pursuant to the Rural Electrification Act of 1936, as amended, has executed certain mortgage notes (hereinafter collectively called the "Notes"), all payable to the order of United States of America (hereinafter called the "Government"),* and

WHEREAS, the Corporation, to secure the Notes, has executed and delivered the following instruments to the Trustee (hereinafter collectively called the "Security Instruments"):

Instrument

Dated as of

(Here list all deeds of trust and supplemental indentures securing REA loans); and

WHEREAS, the indebtedness evidenced by the Notes is the only indebtedness as of the date hereof secured by the Security Instruments; and

WHEREAS, the Corporation has requested that certain property hereinafter described be released from the liens of the Security Instruments;

NOW, THEREFORE, THESE PRESENTS WITNESSETH that, in consideration of the sum of one dollar in hand paid by the Corporation to the Trustee at the time of the delivery of these presents, the receipt whereof is hereby acknowledged, the Trustee does hereby release and discharge unto the Corporation, its successors and assigns, all right, title, interest, claim or demand whatsoever which the Trustee may have acquired by or through the Security Instruments, or any of them, in and to the following described property, and does hereby quitclaim said property unto the Corporation, its successors and assigns forever:

(Add exact legal description of the property to be released.)

TO HAVE AND TO HOLD said property unto the Corporation, its successors and assigns forever, free, clear and discharged of and from any and all liens and claims of the Trustee under and by virtue of any or all of the Security Instruments.

THIS RELEASE is made by the Trustee, consented to by the Government,* * and accepted by the Corporation on the express condition that it shall not in any way affect or impair the liens and security of the Security Instruments, or any of them, upon other premises and properties now subject thereto and not expressly released hereby. This release is made and accepted without covenant or warranty, express or implied, at law or

in equity, and without recourse to the Trustee or the Government,* in *
any contingency.

IN WITNESS WHEREOF, the Trustee has executed this instrument, and *
the Government* as holder of all of the Notes, has (have) caused this *
instrument to be duly executed in token of its (their) consent to the
execution thereof by the Trustee, all as of the day and year first above
written.

(Seal) _____ by (Insert name of Trustee)
Attest: _____ (title) _____
(title) _____ UNITED STATES OF AMERICA
(Add appropriate form(s) of acknowledgments) by _____
(Begin form of acknowledgment For the Administrator of the
with "DISTRICT OF COLUMBIA) SS", and provide, in the appropriate place in
the form, at least two blank lines of space for title of party (parties)
signing.

(For Use Where Capital Assets Secured by Both Mortgages and Deeds of Trust)

PARTIAL RELEASE, dated as of _____, made by the
(hereinafter called the "Trustee"), as trustee, and the UNITED STATES
OF AMERICA (hereinafter called the "Government")*, to _____ *
(hereinafter called the "Corporation").

WHEREAS, the Corporation, to evidence loans made to the Corporation
by the Government pursuant to the Rural Electrification Act of 1936, as
amended, has executed certain mortgage notes (hereinafter collectively
called the "Notes"), all payable to the order of the Government,* and *

WHEREAS, the Corporation, to secure the Notes, has executed and
delivered the following instruments (hereinafter collectively called
the "Security Instruments") to the Trustee or the Government,* as the *
case may be:

<u>Instruments</u>	<u>Dated as of</u>
--------------------	--------------------

(Here list all deeds of trust, supplemental indentures, mortgages
and supplemental mortgages securign REA loans); and

WHEREAS, the indebtedness evidenced by the Notes is the only
indebtedness as of the date hereof secured by the Security Instruments;
and

WHEREAS, the Corporation has requested that certain property
hereinafter described be released from the liens of the Security
Instruments;

NOW, THEREFORE, THESE PRESENTS WITNESSETH that, in consideration
of the sum of one dollar in hand paid by the Corporation to the Trustee,
and the sum of one dollar in hand paid by the Corporation to the Govern-
ment,* at the time of the delivery of these presents, the receipt where- *
of is hereby acknowledged by the Trustee and the Government,* the Trustee *
and Government* do hereby release and discharge unto the Corporation, its
successors and assigns, all right, title, interest, claim or demand what-
soever which the Trustee and the Government,* or either (any) of them, may *
have acquired by or through the Security Instruments, or any of them, in
and to the following described property, and do hereby quitclaim the
property unto the Corporation, its successors and assigns forever:

(Add exact legal description of property to be released.)

TO HAVE AND TO HOLD said property unto the Corporation, its successors
and assigns forever, free, clear and discharged of and from any and all
liens and claims of the Trustee and the Government* under and by virtue *
of any or all of the Security Instruments.

THIS RELEASE is made by the Trustee, made and consented to by the Government,* and accepted by the Corporation on the express condition that it shall not in any way affect or impair the liens and security of the Security Instruments, or any of them, upon other premises and properties now subject thereto and not expressly released hereby. This release is made and accepted without covenant or warranty, express or implied, at law or in equity, and without recourse to the Trustee or the Government,* in any event or in any contingency. *

IN WITNESS WHEREOF, the Trustee has executed this instrument, and the Government* has (have) caused this instrument to be duly executed in its (their) own behalf and, as holder of all of the Notes, in token of its (their) consent to the execution thereof by the Trustee, all as of the day and year first above written.

(Insert Name of Trustee)

(Seal)
Attest: _____ by _____
(title) _____
(title) _____

UNITED STATES OF AMERICA

by _____
(title) _____
For the Administrator of the
Rural Electrification Administration

and

CFC or OTHER MORTGAGEE

by _____
(title) _____

(Add appropriate forms of acknowledgments)
(Begin form(s) of acknowledgment with "DISTRICT OF COLUMBIA) SS", and provide, in the appropriate place in the form, at least two blank lines of space for title of party (parties) signing.

Bulletin 115-1
Exhibit D

(For Use Where Uniform Commercial Code Provision Applies)

The following form of paragraph inserted just before the "In Witness Whereof" paragraph of the proper form of Partial Release, should be used where the Partial Release also covers personal property described in a filed financing statement. The Partial Release could then be used for required filing under the Uniform Commercial Code, as well as for recordation in real property records.

From the collateral described in the financing statement bearing File No. _____, filed in the office of _____, and the financing statement bearing File No. _____, filed in the office of _____, (1) the Government, the address of which is Rural Electrification Administration, Washington, D. C. 20250, (2) as the Secured Parties in such financing statement release(s) the property described above. The Corporation is the Debtor, as shown in said financing statement, and its address is _____.

- (1) The pertinent filing offices (such as the applicable county recording office and the office of the Secretary of State) and the respective filing numbers should be shown.
- (2) Where a deed of trust rather than a mortgage has been previously filed as a financing statement, the Trustee should be inserted as the Secured Party, and its address should appear in the place of the Government and other lenders and their addresses.

