CFC Members

Electric distribution cooperative secured mortgage notes
Lien on all utility assets, a pledge of revenue and after acquired property.

CFC

Collateral
Eligible Mortgage Notes
Criteria*:
--The borrower must be performing and in good standing with CFC
--Notes of distribution members where 50% or more of the operating revenues are derived from direct sales of electricity
--Distribution members having equity ratios of at least 20% and average debt service coverage ratios of at least 1.35x
--All eligible mortgage notes of any one member cannot exceed 10% of the aggregate amount of all eligible collateral

usbank
Trustee

Investors (CTB Buyers)

Collateral Trust Bonds
(“CTBs”)
Secured by the pledge of permitted investments and eligible senior secured mortgage notes from distribution system borrowers.
Principal amount of eligible mortgage notes pledged must be in an amount at least equal to the outstanding principal amount of CTBs.

*For more information on the criteria for eligible mortgage notes, see page 7 of the prospectus.