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SUPPLEMENTAL MORTGAGE AND SECURITY AGREEMENT,
dated as of 11 January, 1977, made by and among
CONTINENTAL TELEPHONE COMPANY OF SOUTH CAROLINA
(formerly Home Telephone Company of Simpsonville)
(hereinafter called the "Mortgagor"), a corporation
existing under the laws of the State of South Carolina,
UNITED STATES OF AMERICA (hereinafter called the
"Government"), acting through the Administrator of
the Rural Electrification Administration (hereinafter
called "REA"), and RURAL TELEPHONE BANK (hereinafter
called the "Bank"), a corporation existing under the
laws of the Government (the Government and Bank being
hereinafter sometimes collectively called the "Mortgagees").

WHEREAS, the Mortgagor has heretofore borrowed funds from the
Government pursuant to the Rural Electrification Act of 1936, as amended
(7 U.S.C. 901 et seq., hereinafter called the "Act"), and pursuant to
a loan contract or amending loan contract identified in the fourteenth recital
hereof (hereinafter called the "Instruments Recital") by and between the
Mortgagor and the Government (said loan contract, as it may have been
amended prior to the date of the Telephone Loan Contract Amendment
referred to below, being hereinafter called the "Prior REA Loan Agreement")
and has duly authorized and executed, and delivered to the Government,
or assumed the payment of, certain mortgage notes all payable to the order
of the Government, in installments, of which the mortgage notes (herein-
after collectively called the "Outstanding Home REA Notes") identified in
the Instruments Recital are now outstanding and held by the Government; and

WHEREAS, the Outstanding Home REA Notes are secured by the
security instruments (hereinafter collectively called the "Home Mortgage")
made by the Mortgagor to the Government identified in the Instruments
Recital; and

WHEREAS, Jackson Telephone Company (hereinafter called "Jackson"),
a corporation organized under the laws of the State of South Carolina, to
evidence borrowings of funds from the Government pursuant to the Act,
has heretofore duly authorized and executed, and delivered to the Government
certain mortgage notes all payable to the order of the Government, in
installments, of which the mortgage notes (such mortgage notes being
hereinafter called the "Outstanding Jackson REA Notes", and the Outstanding
Home REA Notes together with the Outstanding Jackson REA Notes being
hereinafter collectively called the "Outstanding REA Notes") identified
in the Instruments Recital are now outstanding and held by the Government; and

WHEREAS, the Outstanding Jackson REA Notes are secured by a certain
mortgage, dated as of February 19, 1971, (hereinafter called the "Jackson
Mortgage") made by Jackson to the Government; and

WHEREAS, the Mortgagor, Jackson and Ellore Telephone Company,
(hereinafter called "Ellore") a corporation organized under the laws of
the State of South Carolina, have merged in accordance with law, and
the Mortgagor is the surviving corporation, is the lawful owner of all
properties and assets of Jackson and Ellore, and is liable for all
obligations of Jackson and Ellore, including without limitation,
obligations of Jackson under the Outstanding Jackson REA Notes; and

Project Designation: SOUTH CAROLINA 514 TP2-TA1 HOME
(SOUTH CAROLINA 531 JACKSON)

No. 7

This Instrument was prepared by Michael W. Kelly, Attorney, Electric and Telephone
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