possessed of all property (other than after-acquired property) described in granting clauses I, II, III, IV and V hereof and, in the case of the realty described in granting clause I, has a good and indefeasible estate therein in fee simple; it will construct and will complete the construction on Tract A described in said granting clause I of a new dormitory building designed to house approximately 144 men students together with three supervisor apartments, complete with appurtenant facilities; it will construct and will complete the construction on Tract B described in said granting clause I of a Student Union Building with dining facilities, complete with appurtenant facilities; it warrants and will defend the title to all such property and every part thereof to the Trustee, its successors and assigns, for the benefit of the holders and owners of the Bonds against the claims and demands of all persons whomsoever; it is lawfully qualified to pledge (1) the net revenues of the Project dormitory, (2) the net revenues of the Student Union Building, exclusive of the Dining Hall to be located in said Student Union Building, (3) an annual Student Union fee from each full-time enrolled student, and (4) the net revenues of existing New Hall, Jolliffe Hall, and the Dining Hall to be located in the Student Union Building, subject only to the existing lien thereon to secure the Borrower's Dormitory Bonds, Series 1956, to the payment of the Bonds in the manner prescribed herein, and has lawfully exercised such rights; and it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, deeds, conveyances, mortgages and transfers as the Trustee shall reasonably require for the better assuring, conveying, transferring, mortgaging, pledging, assigning and confirming unto the Trustee all and singular the hereditaments and premises, estates, income and property hereby conveyed, transferred, mortgaged, pledged or assigned or intended so to be.

Section 3.04. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, which shall be lawfully imposed upon it, or upon the trust estate, or upon the properties whose revenues are pledged hereunder, which are at any time subject to the lien of this Indenture or upon any part thereof or upon the income and profits thereof and which constitute or if unpaid might by law become a lien or charge thereon prior to the lien hereof; it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge upon the trust estate or any part thereof, or upon the properties whose revenues are pledged hereunder, the lien of which would be prior to or interfere with the lien hereof, so that the priority of the lien of this Indenture shall be fully preserved; and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge whatsoever upon the trust estate or any part thereof or upon the properties whose revenues are pledged hereunder or upon the income and profits thereof which might or could be prior to the lien of this Indenture, or do or suffer any matter or thing whereby the lien of this Indenture might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claim which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Borrower and security for the payment of the same satisfactory to the Trustee shall be provided.

Section 3.05. It will not do or suffer any [illegible] or thing whereby the mortgaged property or any part thereof or the properties whose revenues are pledged hereunder might or could be impaired or encumbered, and it will at all times maintain, preserve and keep the real and tangible property hereby mortgaged and every part thereof and the properties whose revenues