

are pledged hereunder in good condition, repair and working order and maintain, preserve and keep all structures and equipment owned by it whether or not hereby mortgaged and every part and parcel thereof in good condition, repair and working order and from time to time make all necessary renewals, repairs, replacements and alterations to that end. It will not hereafter, so long as any of the Bonds are outstanding, mortgage New Hall or Jolliffe Hall or the alien thereof.

Section 3.06. It will establish and maintain so long as any of the Bonds are outstanding such student union fees from each full-time enrolled student and such parental rules, rental rates, and charges for the occupancy and use of the Project and other facilities the net revenue of which are pledged hereunder, as may be necessary to assure maximum occupancy and use thereof and to provide with its other available funds, the debt service on the Bonds, including the debt service reserve, as is required under Article Four. Reference is made to resolutions adopted by the Governing Boards of the Borrower concurrently with the authorization of this Indenture, establishing initially student union fees and parental rules and rules effective as to the Project.

The Borrower will do all things necessary or convenient to enforce the provisions of such resolutions, assuming the obligation to amend such resolutions from time to time to render them fully efficient.

Section 3.07. It will procure and maintain so long as any of the Bonds are outstanding hereunder (a) upon acceptance of the Project from the contractor, if such insurance is not already in force, fire and extended coverage insurance on the Project and, from and after the date when any funds are acquired hereunder, if such insurance is not already in force, fire and extended coverage insurance on any other of its buildings; the revenues of which are pledged hereunder to the security of the Bonds, with reliable insurance companies well-

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factory to the Trustee in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty per cent. (80%) of the full insurable value of the damaged building; (b) upon receipt of any loan funds hereunder public liability insurance in reasonable amounts, but in no event less than \$50,000 for one person and \$100,000 for more than one person involved in one accident, to protect the Borrower from claims for bodily injury and/or death which may arise from the Borrower's operations, including any use or occupancy of its grounds, structures and vehicles; (c) upon acceptance of the Project from the contractor boiler explosion insurance in an amount not less than \$50,000 against loss suffered by reason of the explosion of any boiler servicing the Project; and (d) workmen's compensation and/or other insurance as may be required under the laws of Kansas. All policies of insurance of the type described in clause (a) of this paragraph shall provide that the proceeds thereof except as to any particular loss not exceeding \$10,000 in amount, shall be payable to the Borrower and to the Trustee, as their respective interests may appear. The proceeds of any particular loss which are less than \$10,000 shall be paid to the Borrower.

Section 3.08. All policies insuring the Project shall contain the standard mortgage clause customarily used in the State of Kansas and shall be deposited with the Trustee.

In case of any default by the Borrower in fulfilling its covenants with respect to maintaining any of the insurance policies required under Section 3.07, the Trustee may, at its option, effect such insurance in the name of the Borrower, or in the name of the Trustee and all money paid by the Trustee as premiums upon such insurance shall be repaid to it by the Borrower upon demand, with interest at the rate of five per cent (5%) per annum, and, if not so repaid, shall be secured by the lien of this Indenture in priority to the indebtedness evidenced by the Bonds issued hereunder. But the Trustee shall be under no obligation to extend such credit to the Borrower.