

provided, it shall forthwith retire all of the outstanding Bonds and apply the insurance proceeds for that purpose. In any such event all of the Bonds shall be subject to redemption, and such redemption shall be effected pursuant to the provisions of, in the manner, and with the effect provided in Article Seven.

Section 3.10. The Borrower shall, so long as funds and investments in the 1998 Bond Fund (created in Article Four hereof) are inadequate to maintain a debt service reserve in the amount of Seventy-six Thousand Dollars (\$76,000), procure and maintain use and occupancy insurance on each building, the revenues of which are pledged to the payment of the Bonds in an amount sufficient to enable the Borrower to deposit in the 1998 Bond Fund, out of the proceeds of such insurance, an amount equal to the sum that would normally have been available from the revenues of the damaged building for deposit in such fund during the time the damaged building is non-revenue producing as a result of loss of use caused by the perils covered by fire and extended coverage insurance. Policies of use and occupancy insurance shall be acceptable to the Trustee and shall contain a loss payable clause making any loss thereunder payable to the Trustee as its interest may appear.

Section 3.11. It will within thirty (30) days following completion of the Project, and within thirty (30) days following the expiration of each fiscal year thereafter, file with the Trustee (1) an opinion of counsel, either stating that such action has been taken with respect to the execution and delivery to the Trustee of such instruments supplemental hereto and such further acts, deeds, conveyances, mortgages and transfers or other instruments, and the recording and/or filing of the same, and the re-recording and/or refiling of the indentures as may be necessary for the purpose of maintaining the validity and priority of the lien hereof upon the mortgaged property, and reciting the details thereof, or stating that no

such action is required for such purposes; and (2) a certificate signed and verified by the President of each of the governing Boards of the Borrower stating (a) that the Borrower has complied with the requirements of Sections 3.07 and 3.10 with respect to the maintenance of insurance and listing all policies carried, (b) that all taxes, if any, which became due during such year on the mortgaged property have been duly paid unless the Borrower shall in good faith contest any of said taxes, in which event such contest shall be set forth; and (c) that all insurance premiums which became due during such year upon the insurance policies to which reference is hereinbefore made have been paid.

Section 3.12. So long as any of the Bonds issued hereunder shall remain outstanding and unpaid, proper books of account and records will be kept in which full, true and correct entries will be made of all dealings and transactions in or in relation to the properties, business and financial affairs of the Borrower, and the Borrower will:

(a) From time to time furnish to the Trustee such data as to the income and expenses of the Borrower and as to its property and equipment as the Trustee shall reasonably request;

(b) On or before ninety (90) days after the end of each fiscal year, commencing with the fiscal year during which the Project shall have been completed, furnish to the Trustee and to any Bondholder who shall request the same an audit and report prepared by an independent certified public accountant or firm of independent certified public accountants and based on an examination sufficiently complete to comply with generally accepted auditing standards, covering the operation of the Project, New Hall, Joliffe Hall, and the Dining Hall to be located in the Student Union Building and of the Borrower for