

Form FHA-KS 442-7 (Rev. 11-15-61)

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13. To provide adequate bond coverage for all officials and employees handling substantial amounts of money.
14. To transmit to the Farmers Home Administration at the end of the fiscal year, a proposed budget for the following year, setting out clearly the estimated income and expenses for the following year. If significant changes from the preceding year's budget are proposed, they must be accompanied by a written narrative supporting the proposed changes.
15. To transmit to the Farmers Home Administration as soon as possible after the end of the Borrower's fiscal year a complete and detailed audit report, made by a qualified independent auditor. The audit may be in the form desired by the Borrower, but must consist of a balance sheet showing the Borrower's current financial position at the end of the year, and an operating statement showing the results of operations for the year just closed.
16. To submit proposed changes to the By-Laws, Rules and Regulations, and Rate Schedules to the Farmers Home Administration for approval before adoption.
17. To submit to the Farmers Home Administration for approval all change orders which affect the construction contract.
18. To provide the Farmers Home Administration an as-built plan of the water collection, production, storage, treating, transmission, and distribution system, along with a complete list and description of all work and materials, with unit and total costs, actually used in construction of the system, within 30 days after the system is completed and in operation.
19. To comply with all laws, ordinances, and regulations affecting the property.
20. To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the notes or any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.
21. Neither the property nor any portion thereof or interest therein shall be assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfactions, and no insured lender shall have any right, title or interest in or to the lien or any benefits hereof.
22. At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.
23. The Government may extend and defer the maturity of and renew and reamortize the debt evidenced by the notes (with the consent of the holder of the notes when it is held by an insured lender) or any indebtedness to the Government secured hereby, release from liability to the Government any party so liable thereon, release portions of the property from and subordinate the lien hereof, and waive any other rights hereunder, without affecting the lien or priority hereof or the liability to the Government of Borrower or any other party for payment of the notes or indebtedness secured hereby.
24. Default hereunder shall constitute default under any other real estate or crop or chattel security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.