

Article First.

For the equal benefit and security of all and every the persons or bodies corporate who shall be or at any time become the holders of said bonds or such of them as shall be issued by the party of the first part without preference, priority or distinction as to lien or otherwise, of any of the said bonds over the others by reason of priority in the time of issuing the same, and so that each and all of the said bonds issued and to be issued as aforesaid, shall have the same right, lien and privilege under and by virtue of this mortgage, and shall all be equally secured hereby with like effect as if they had all been made, executed and delivered simultaneously with the delivery hereof.

And Whereas, It was and is the intention that two hundred thousand dollars of the bonds secured hereby be employed in the acquisition of first mortgage bonds and other liens upon the property of the City Water Works Company of Lawrence, Kansas, and the Paola Water Works Company of Paola, Kansas for the extension of the business of the party of the first part, and the better protection and benefit of the trust hereby created.

It is hereby Agreed, That two hundred of the bonds hereby secured shall be reserved by the Trustee to be used in the acquisition by the mortgagor Company of said first mortgage bonds and other liens by purchase or exchange said reserved bonds to be delivered upon the written request of the President of the party of the first part, countersigned by Coffin & Stanton of New York, and the bonds and liens so acquired shall be delivered to the Trustee and held by it or upon the request of the President of the party of the first part, countersigned by Coffin & Stanton, delivered to said President of the party of the first part, to be by him held as part of the assets of the trust hereby created, and for the better protection and security of said trust.

It is also Agreed, That when all the first mortgage bonds of either said City Water Company, of Lawrence, or said Paola Water Company have been acquired, as hereinabove provided for, the entire series shall be cancelled, and the mortgage securing the same shall be released and discharged of record by said American Loan and Trust Company.

And it is further Covenanted and Agreed, By said party of the first part, that the remaining one hundred thousand dollars of this issue shall be held by said Trustee and any of the same shall be withdrawn and used only upon the filing with said Trustee of a certificate executed by the President of the party of the first part, setting forth that a certain specified amount of said bonds are actually needed for improvements, extensions or the payment of obligations of said Company, or of said Paola Water Company, or of said City Water Company of Lawrence, and said party of the first part covenants that said one hundred thousand dollars shall be withdrawn and used only for said purposes as from time to time it may be necessary. The certificate, as above provided, shall be sufficient authority