Article First.

It is hereby covenanted that no bond shall be deemed secured by these presents unless and until there shall be endorsed thereon a certificate signed by the Trustee to the effect that the same is one of the bonds described in the mortgage mentioned in such bond. The certificate as hereinbefore provided upon each bond signed by the Trustee shall be the sole and conclusive proof that said bond is properly issued and secured by this indenture. Upon the execution and delivery and recording of this mortgage the said Trustee shall certify and deliver to the President of the Company forty thousand dollars ($40,000) of the said bonds (to be used in the payment for the property and franchises herein and hereby conveyed. The ten thousand dollars ($10,000) of bonds remaining in the hands of the Trustee shall be used only for the purpose of paying for extensions and improvements or for the purchase of real estate or other property to be used and necessary for the proper operation of the Company and shall be certified and delivered to the Company upon receipt of a certified copy of a resolution of its Board of Directors reciting the amount of bonds required to make such extensions and improvements or for such purchase of real estate or other property and that the proceeds from the sale of said bonds will be applied to the payment of said expenses. Said resolution shall be accompanied by an affidavit of the manager or engineer of the Company setting forth the character nature and amount of contemplated expenditures.

Upon presentation of said resolution and affidavit the Trustee shall deliver to the Company bonds secured hereby to the amount stated in said resolution to be so required but the Trustee shall not be under obligation to see to the application or disposition of any funds certified or delivered by it as aforesaid.

Article Second.

The Company hereby covenants and agrees to and with the Trustee that it will pay all lawful taxes and assessments upon the property hereby mortgaged