

to make any such payment or to observe any such obligations so long as it shall, in good faith and by appropriate legal proceedings, contest its liability therefor.

Section 9. The Company further covenants that it is lawfully seized and possessed of all the aforesaid mortgaged premises, property, rights, privileges and franchises; and that it has good right and lawful authority to mortgage the same; and that all of the property described herein is free from all liens and incumbrances of whatsoever nature, and that it will forever warrant and defend the Trustees and the holders for the time being of said bonds against all lawful claims by third persons, as well as all persons claiming by, from, through or under it.

Section 10. While not in default of any payment required to be made by the Company under any provision of this Mortgage Deed of Trust or in respect of any covenant or agreement therein required of it to be kept and performed, the Company pursuant to terms of resolutions of its Board

(p.36) of Directors authorizing the same may from time to time sell and dispose of any shares of stock, bonds or other securities now or hereafter acquired by it free from the lien of this Mortgage Deed of Trust and apply the proceeds to any corporate purpose.

ARTICLE V.

The Company agrees that at all times during the existence of the indebtedness secured hereby, or any part thereof, it will keep insured all of its buildings, tools, machinery, cars, motors and apparatus and all other property provided for use in connection with its plants and buildings, that is usually insured by companies operating like properties and in the same manner and to the same extent, and shall cause such insurance to be made payable in case of loss to the Corporate Trustee hereunder by proper stipulations inserted in the policies as its interest may appear. In case of any loss or damage covered by insurance policies payable to the Corporate Trustee, all insurance money received by the Corporate Trustee on account of such loss or damage shall be paid out and applied by it from time to time as requested by the Company upon certificates satisfactory to the Corporate Trustee, to replacements of or additions to the property destroyed or injured, or to new and additional improvements to or extensions of any part of the mortgaged property. In case of loss covered by insurance policies any appraisal or adjustment of such loss and any settlement or payment of indemnity therefor which may be agreed upon between the Company and any insurance company, may be consented to and accepted by the Corporate Trustee acting for and in behalf of the Trustees, and the Trustees shall in no way be liable or responsible for the adjustment of any such loss or for the collection of any insurance.

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ARTICLE VI.

In case the Company shall fail seasonably to pay any ground rent, tax, assessment or other governmental charge upon, or constituting a lien on, the property hereby mortgaged; or shall fail to maintain reasonable and proper insurance as aforesaid upon said property, the Trustees or the legal holder or holders of any of the bonds hereby secured may at their, his or her option, pay such ground rent, tax, assessment or other governmental charge, or procure and maintain such insurance, without prejudice, however, to any right of the Trustees, or of the bondholders arising hereunder in consequence of such failure; and the amount of any and every such ground rent, tax, assessment or other governmental charge, and of any and every insurance premium, at any time so paid by the Trustee, or by the holder or holders of any of said bonds, with interest thereon from the date of payment at the rate of seven per centum per annum, shall be repaid by the Company upon demand, and shall become so much additional indebtedness secured by this Mortgage Deed of Trust, and shall be given a preference in payment over any of said bonds, and shall be paid out of the proceeds of any sale of the mortgaged property if not otherwise paid by the Company.

ARTICLE VII.

Section 1. The Company covenants and agrees that it will pay the Corporate Trustee, as a sinking fund, the following amounts annually:

On January 1st, 1917, and again on each January 1st in 1918, 1919, 1920, and 1921, a sum equal to one (1) per cent of the principal of the largest amount of bonds that may have been outstanding at any time during the preceding twelve months.

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On January 1st 1922, and again on the 1st day of each January in the years 1923, 1924, 1925, and also on October 1st 1925, a sum equal to two (2) per cent. on the principal of the largest amount of bonds that may have been outstanding at any time during the preceding twelve months.

Section 2. The sinking fund shall be held by the Corporate Trustee as a Special Trust Fund and shall be applied (as soon after receipt as possible) by the Corporate Trustee to the purchase of bonds outstanding hereunder, in the open market, at the best price obtainable; if the best market price be in excess of the redemption price, as provided in Section 5 of Article I hereof, then said Corporate Trustee shall call by lot for the purchase at par and accrued interest and a premium of two and one-half (2½) per cent, on the principal, bonds to the amount available in the sinking fund, in the manner and on giving the notice as provided in Section 5 of Article I. The bonds so purchased by the Corporate Trustee out of said Sinking Fund shall not be cancelled but shall remain alive and the interest coupons attached to said bonds shall thereafter when due be paid by the Company and collected by the Corporate Trustee for said Sinking Fund as if said bonds were outstanding and unredeemed, and all the interest so paid shall be credited to said Sinking fund and the proceeds thereof applied in like purchase of bonds for said Sinking Fund. The Corporate Trustee shall allow upon all moneys held in the Sinking Fund interest at the current rate or rates which from time to time may be paid or allowed by to its general depositors in its banking department, such interest to be added to the Sinking Fund.

Section 3. Any money or bonds which may at any time be held in Sinking Fund shall constitute part of the mortgaged property.

Covenant of warranty.

Company, when not in default, may sell shares of stock, bonds, etc., acquired by it.

Insurance.

Trustees or bondholders may pay defaulted taxes.

Sinking fund.