

of this Section shall be accompanied by a certified copy of a resolution of the Board of Directors of the Company and sworn statements of three persons appointed by the Company and approved by the Trustee, showing the terms of the sale or exchange of the property to be released, and also showing that in opinion of said Board of Directors and the persons so appointed and approved (1) such property to be released is not necessary for the efficient conduct of the business of the Company; (2) the price realized or to be realized from the sale of the property to be released is the full value thereof or the value of the property exchanged or to be exchanged therefor is at least equal to that of the property to be released, and (3) such sale or exchange is advisable from the standpoint of the Company, the Trustee and the holders of the bonds at the time outstanding hereunder.

Section 2. In case any part or parts of the mortgaged property or any interest therein shall be taken under any condemnation or eminent domain proceedings, the net proceeds realized by the Company therefrom shall be disposed of in the same manner as though realized from a voluntary sale of such property under the provisions hereof.

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Section 3. At any time when there is no default hereunder the Company may, free from the lien hereof, sell, exchange or otherwise dispose of such material or other movable property, including machinery, as may have become worn out, disused or undesirable for the use of the Company; provided, however, that upon or before doing so it shall renew the same or substitute therefor other property suitable to the business of the Company and of equal or greater value.

Section 4. In favor of every purchaser from the company and of every person claiming any interest by, through or under the Company, every release of property from the lien of this indenture by the Trustee shall be valid, and no such purchaser or person need inquire as to the power or authority of the Trustee to give any such release.

ARTICLE SIX.

Section 1. All insurance moneys received by the Trustee in accordance with the provisions of Section 9 of Article Two of this indenture, and all cash received by said Trustee as proceeds from the sale of properties released under the provisions of Article Five of this indenture, shall be held by said Trustee as a Special Trust Fund as part of the mortgaged property, and shall be paid out, from time to time, upon checks or drafts drawn by the Company, for one or more of the following purposes:

(a) the purchase, payment or redemption of bonds hereby secured at a price not exceeding par and accrued interest; such bonds so purchased, paid or redeemed to be canceled and no bonds to be issued in substitution therefor; or

(b) The payment of the actual and reasonable cash cost of permanent extensions, enlargements and additions made or acquired after the delivery of this trust indenture of and to the plants, properties and equipment of the Company; provided that any insurance moneys received may, at the option of the Company, be applied upon checks or drafts as

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aforesaid to the payment of the reasonable cash cost of replacing the properties destroyed or injured, and that any moneys received from the proceeds of the sale of released property may, upon like checks or drafts, be applied to the reasonable cash cost of replacing the property released.

Section 2. No part of said Special Trust Fund shall be withdrawn or applied for on account of expenditures for (1) real property or interest in or concerning the same which shall not have been specifically mortgaged to the Trustee; (2) buildings or plants located or erected upon real estate not owned by the Company; (3) properties and equipment against which there are outstanding and valid transportation certificates, contractors, mechanics, vendors, or other liens; or (4) the property of any other railway company acquired by the Company as an entirety, or substantially so, unless and until in each instance there shall have been filed with the Trustee, a certificate of a competent person selected or approved by said Trustee that in the opinion of such person such purchase or acquisition will not diminish or impair the lien or security of this indenture or the value of said security or any of the rights of the Trustee or bondholders hereunder.

Section 3. All checks and drafts of the Company upon said Special Trust Fund shall be signed by the Company by its President or Vice-President, and its Treasurer or an Assistant Treasurer, and prior to the presentation of such checks and drafts to the Trustee, the Company shall deliver to said Trustee sworn statements of its General Manager or Assistant General Manager, and of its Treasurer or Assistant Treasurer, certifying that such checks and drafts are drawn for one or more of the purposes for which cash may be paid out under the provisions of this Article, and said Trustee shall be fully protected in paying any such checks or drafts mentioned in such sworn statements. Said Trustee, however, shall have the right, at the reasonable expense of the Company, but shall not be obliged to make such independent investigation in the prom-

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ises as said Trustee may deem necessary in order to establish the right of the Company to the payment of any such checks or drafts.

ARTICLE SEVEN.

Section 1. The Trustee hereby accepts the trusts imposed upon it by this indenture, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it by or through its attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof, and the Company covenants and agrees to repay upon demand all such outlays and expenditures so incurred.

(b) The Trustee shall not be responsible for any recitals herein or in said bonds, or for insuring the mortgaged property or collecting any insurance moneys, or for the execution or validity of this indenture, or for the sufficiency of the

Disposition of proceeds of sale of property taken under condemnation proceedings.

Trustee's release valid.

Special Trust Fund.

Application of special trust fund.

Restrictions on application of special trust fund.

Orders for withdrawals from special trust fund.

Rights and immunities of Trustee.