

MORTGAGE RECORD 75

and that the cash, and/or obligations secured by purchase money mortgages, which the Company is to receive for the property to be released (which cash, and/or obligations, as the case may be, shall be described in such certificate), is a fair price therefor and/or that the Additional Property which the Company is to receive for the property to be released (which Additional Property shall be described in such certificate) is (together with such, if any, cash paid and/or purchase money obligations received) of a value to the Company at least equal to the value of the property to be released and that the security of the Bonds will not be impaired by such release and the substitution hereunder of the consideration therefor; and, if any Additional Property and/or Underlying Obligations are involved in connection with such release, such certificate shall set forth the further matters relating to Additional Property and/or Underlying Obligations called for by the provisions of subdivision C of section 3 of article III hereof.

C. An Engineer's Certificate stating that the signer has personally examined such Officer's Certificate and also, either personally or through a competent assistant, the property described therein and the release of which is applied for, and that in his judgment all statements contained in such Officer's Certificate (except statements relating to default) are correct; and, if any Additional Property and/or Underlying Obligations are involved in connection with such release, such certificate shall set forth the further matters relating to Additional Property and/or Underlying Obligations called for by the provisions of subdivision D of section 3 of Article III hereof.

D. The full consideration subject to the foregoing provisions of this subsection B in cash, and/or the purchase money obligations duly endorsed or assigned to the Trustee or in blank, and/or the proper instruments of conveyance and transfer, if any, referred to in subsection E immediately following, as the case may be, payable or deliverable to the Company for the property so to be released.

E. An Opinion of Counsel to the effect in the opinions of the signer, that all necessary action on the part of the Company has been taken in compliance with the provisions hereof and all applicable legal requirements, that any obligations included in the consideration for such release are valid obligations, that any purchase money mortgages securing the same are sufficient to afford a first lien, or a lien subject only to liens or encumbrances existing thereon prior to such release, upon the property to be released, and that such obligations and mortgages have been, or contemporaneously upon such release will be, duly assigned and transferred to the Trustee upon the trusts hereof free of all liens prior to the lien hereof, except liens or encumbrances on such property existing prior to such release and except as permitted by the provisions of subdivision C of section 3 of article III hereof; and if any, Additional Property and/or Underlying Obligations are involved in connection with such release, such opinion shall set forth the matters relating to Additional Property and/or Underlying Obligations called for by the provisions of said subdivision C.

The Trustee shall be under no liability or accountability whatever for the collection or enforcement of such obligations or mortgages, and may pay to the Company any interest received thereon so long as it shall not have notice that the Company is in default hereunder.

All sums received by the Trustee for property released by it pursuant to this section shall be held and applied pursuant to the provisions of section 6 of this Article. All property acquired by the Company by exchange or purchase, to take the place of any property released under any of the provisions of this Indenture, shall forthwith and without further conveyance become subject to the lien of and be covered by this Indenture; but the Company at the request of the Trustee from time to time or without such request to the extent necessary to comply with any applicable legal requirements will convey and/or confirm any and all such property to the Trustee by proper deeds which the Company will duly record and/or file, in all places wherever required for the proper protection of the Trustee and of the Bondholders, upon the trusts and for the purposes of this Indenture free of all liens prior to or on an equality with the lien hereof except liens or encumbrances on the property released existing prior to such release and except as permitted by the provisions of Article III hereof.

Section 3. The Company subject to the provisions of sections 7 and 8 of this Article, may, without the consent of the Trustee, at any time sell or otherwise dispose for full value, of any part of its machinery equipment, tools or implements which may have become obsolete worn out or unnecessary for the purposes of the Company. The Company covenants in each such event to replace such property substantially contemporaneously with new property of at least equal value, which new property shall forthwith become subject to the lien of this Indenture as a first lien except liens or encumbrances on such property existing prior to such release and except only as permitted by the provisions of subdivision C of section 3 of Article III hereof, and the Trustee shall execute releases of such property if so requested by the purchaser thereof; provided, however, that the Company shall not, within any period of six (6) consecutive months, sell or dispose of parts of the Mortgaged Property pursuant to this section exceeding in their aggregate value ten thousand dollars (\$10,000).

Section 4. In case any of the Mortgaged Property shall be taken by exercise of the power of eminent domain, or by similar right of power, or in case of any sale or conveyance in lieu and in reasonable anticipation of such taking, the Trustee may release the property so taken or sold, subject to the provisions of sections 7 and 8 of this Article and upon being furnished with an Opinion of Counsel to the effect that such property has been lawfully taken or sold as aforesaid and, in case of any such sale, upon being furnished also with a Directors' Resolution to the effect that such sale was in lieu and in reasonable anticipation of such taking and, in the opinion of the Board of Directors of the Company, was for the best interests of the Company, and also upon the deposit with the Trustee in any such case of (a) the net proceeds of any such taking or (b) in case of a sale in anticipation of such taking, the net proceeds of such sale of the Fair Value of the property to be released as appraised by an Engineer's Certificate, whichever is greater, except only if and to the extent that any such net proceeds are otherwise paid and/or delivered and/or conveyed and/or transferred pursuant to the requirements of any pledge, mortgage or lien existing, as permitted by the provisions hereof, on the property so taken.

Such proceeds deposited with the Trustee shall be applied in accordance with the provisions of section 6 of this Article; provided, however, that the proceeds of such taking or such sale and conveyance, of all of substantially all of the Mortgaged Property or of any part of the Mortgaged Property essential in the operation of the telephone and telegraph properties embraced in the Mortgaged Property, shall be applied with other funds, if needed (in addition to any other funds then held by the Trustee hereunder applicable to the purpose) to be furnished by the Company sufficient for the purpose, in retiring or redeeming, pursuant to the provisions of Article X hereof, all Bonds at the time outstanding hereunder.

Section 5. Subject to the provisions of sections 7 and 8 of this article, the Trustee may from time to time permit to be made alterations in or additions to any part of the Mortgaged Property involving damage to or impairment of the security of the Mortgaged Property or interruption of the business of the Company (it being agreed that other alterations or additions may be made without such permission) when it shall be stated in an Engineer's Certificate that in the judgment of the signer thereof such alterations or additions will not, when completed, impair the security hereof and will not diminish the value of the Mortgaged Property and when the Trustee shall receive such assurance or guaranty as shall be approved by the Trustee that such alterations or additions will be promptly and adequately completed and will not diminish the value of the Mortgaged Property. But, subject as aforesaid the permission of the Trustee shall not be required as a condition to the making by the Company of such alterations in or additions to the Mortgaged Property as shall cost in any one calendar year not more in their aggregate than fifteen thousand dollars (\$15,000), and also as shall not be inconsistent with the use of the Mortgaged Property as a unit for the purposes to which it was devoted or designed prior to such alterations or additions and also as shall not, when completed, impair the security hereof and