

DOUGLAS COUNTY

provided. Any such supplemental mortgage executed and delivered for such purpose shall either set forth verbatim or describe in reasonable detail the additional, renewal, or substituted note or notes so executed and delivered and to be secured by this Mortgage and any supplemental mortgage or mortgages executed and delivered pursuant hereto, and shall also specify the limitations and restrictions, if any, pertaining to the applicability of this Mortgage as security therefor.

ARTICLE II PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagee and the holders of notes secured hereby (hereinafter sometimes collectively called the "noteholders") as follows:

Section 1.-The Mortgagor warrants that it has good right and lawful authority to mortgage the property mentioned, described, or referred to in the granting clauses of this Mortgage for the purposes herein expressed; and that the said property is free and clear of any deed of trust, mortgage, lien, charge, or encumbrance thereon or affecting the title thereto, except the lien of this Mortgage and taxes or assessments not yet due, and except as the foregoing may be qualified in the granting clauses hereof. The Mortgagor will maintain and preserve the lien of this Mortgage so long as the Note, or any additional note or notes, or any note or notes executed and delivered in renewal thereof or substitution therefor (the Note and such additional, renewal, and substituted notes being hereinafter sometimes collectively called the "notes") shall be outstanding, and it will forever warrant and defend the title to the property described as being mortgaged hereby to the Mortgagee against any and all claims and demands whatsoever.

Section 2.- The Mortgagor is duly authorized under its articles of incorporation and bylaws and the laws of the State of its incorporation and all other applicable provisions of law to execute and deliver the Note and this Mortgage and to execute and deliver the additional notes and notes in renewal thereof or substitution therefor; and all corporate action on its part for the execution and delivery of the Note and of this Mortgage has been duly and effectively taken; and the Note and this Mortgage are and will be valid and enforceable obligations of the Mortgagor in accordance with their respective terms and provisions.

Section 3.-The Mortgagor will duly and punctually pay the principal of and interest on the notes at the dates and places and in the manner provided therein according to the true intent and meaning thereof, and all other sums becoming due hereunder.

Section 4.-The Mortgagor will at all times, so long as any of the notes shall be outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and all franchises, rights-of-way, easements, permits, and licenses now or hereafter to it granted or upon it conferred and will at all times maintain and preserve the Mortgaged Property and each and every part and parcel thereof in good repair, working order, and condition and will from time to time make all needful and proper repairs, renewals, and replacements and useful and proper alterations, additions, betterments, and improvements.

Section 5.- The Mortgagor will comply with all valid laws, ordinances, regulations, and requirements applicable to it or its property, and will use all reasonable diligence to furnish the customers served by it through the Mortgaged Property with an adequate supply of electric energy, and will (subject to contingencies beyond its reasonable control) at all times keep its plants and properties in continuous operation.

Section 6.- The Mortgagor will not at any time create or suffer to be created any lien or charge upon the Mortgaged Property, or any part thereof, or upon the income therefrom, except the lien created in and by this Mortgage and any mortgage or supplemental document or instrument executed, acknowledged, and delivered pursuant to this Mortgage, and the Mortgagor will promptly pay or discharge any and all obligations for or on account of which any such lien or charge might exist or could be created and any and all lawful taxes, rates, levies, assessments, liens, claims, or other charges imposed upon or accruing upon the Mortgaged Property, or any part thereof (whether taxed to the Mortgagor or to any note-holder), or the franchise, earnings, or business thereof, as and when the same shall become due and payable, and whenever called upon so to do the Mortgagor will furnish to the Mortgagee adequate proof of such payments or discharges.

Section 7.- The Mortgagor will purchase all materials, equipment, and replacements to be incorporated in or used in connection with the Mortgaged Property outright, and not subject to any conditional sales agreement, chattel mortgage, bailment lease, or other agreement reserving to the seller any right, title, or lien.

Section 8.- The Mortgagor will take out and maintain adequate workmen's compensation insurance for all employees at any time employed by it, and public liability insurance in an amount not less than \$25,000 for injuries, including wrongful death, to any one person, and, subject to the same limit for each person, in an amount not less than \$50,000 for injuries, including wrongful death, to two or more persons on account of one accident, and property damage insurance in an amount not less than \$10,000.

Section 9.- In the event of the failure of the Mortgagor in any respect to comply with the covenants and conditions herein contained with respect to the procuring of insurance, the payment of taxes, assessments, and other charges, the keeping of the Mortgaged Property in repair and free of liens and other claims or to comply with any other covenant contained in this Mortgage; any noteholder or noteholders shall have the right (without prejudice to any other rights arising by reason of such default) to advance or expend moneys for the purpose of procuring such insurance, or for the payment of insurance premiums, taxes, assessments, or other charges, or to save the Mortgaged Property from sale or forfeiture for any unpaid tax or assessment; or to redeem the same from any tax sale, or to purchase any tax title thereon, or to remove or purchase any mechanics' liens or other encumbrance thereon, or to make repairs thereon or to comply with any other covenant contained in this Mortgage, or to prosecute or defend any suit in relation to the Mortgaged Property or in any manner to protect the Mortgaged Property and the title thereto and all sums so advanced for any of the aforesaid purposes with interest thereon at the rate of six per cent (6%) per annum shall be deemed a charge upon the Mortgaged Property secured by this Mortgage in the same manner as the notes then outstanding are secured and shall be forthwith paid to the noteholder or holders making such advance or advances upon demand. It shall not be obligatory for any noteholder in making any such advances or expenditures to inquire into the validity of any such tax title, or of any of such taxes or assessments or sales therefor, or of any such mechanics' liens or other encumbrance.

Section 10.-The Mortgagor will not take or suffer to be taken any steps for reorganization or to consolidate with or merge into any other corporation, or to sell, lease, transfer, mortgage, or pledge (or make any agreement therefor) the Mortgaged Property, or any part thereof, without the written consent of the holder or holders of a majority in principal amount of the notes at the time outstanding.

Section 11.-The Mortgagor will not, without the approval in writing of the holder or holders of a majority in principal amount of the notes at the time outstanding: Construct, make, lease, purchase, or otherwise acquire any extensions or additions to its system; construct any customer service at its expense in excess of one pole and one span of wire in addition to a service drop not more than one hundred fifty (150) feet in length; enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the purchase of electric energy, to construct, make, lease, purchase, or otherwise acquire any extensions or additions to its system, or for the use by others of any of its property; or incur any expenses for legal, engineering, supervisory, accounting, construction, or other similar services except such reasonable expenses as are incurred in the routine course of business.

Section 12.-The Mortgagor will not pay its directors or trustees, as such, any salaries for their services except such as shall have been approved by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, provided that nothing herein contained shall preclude any director or trustee from serving the Mortgagor in any other capacity and receiving compensation therefor.