

## MORTGAGE RECORD 83

sation therefor. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Mortgagor.

Section 13.-The Mortgagor will at all times keep proper books, records, and accounts in which full and true entries will be made of all dealings, business, and affairs of the Mortgagor, in accordance with good accounting practice. Any noteholder through its agents, representatives, accountants, or attorneys shall at all times during reasonable business hours have access to and the right to inspect and make copies of all such books, records, and accounts, and all invoices, contracts, leases, pay rolls, canceled checks, statements, and other documents and papers of every kind belonging to or in the possession of the Mortgagor or in anywise pertaining to its property or business.

Section 14.-The Mortgagor will furnish to each noteholder not later than the fifteenth day of each month a monthly statement of operations for the preceding month, including without limitation an analysis of the Mortgagor's revenues, expenses, and customer accounts for the preceding month, and, if directed by the holder or holders of not less than twenty-five per centum (25%) in principal amount of the notes at the time outstanding, the Mortgagor will furnish such statement in such form and include therein such information as may be specified in such direction.

Section 15.-The Mortgagor will furnish to each noteholder within thirty (30) days after the close of each fiscal year full and complete reports (certified by its treasurer) of its financial condition at the end of such fiscal year and of its operations for such period, and if requested by the holder or holders of not less than twenty-five per centum (25%) in principal amount of the notes, such reports shall be audited and certified by independent public accountants satisfactory to such noteholder or noteholders.

Section 16.-The Mortgagor from time to time, upon written demand of the holder or holders of a majority in principal amount of the notes at the time outstanding, will make, execute, acknowledge, and deliver or cause to be made, executed, acknowledged, and delivered all such further and supplemental instruments, mortgages, and conveyances and will take or cause to be taken all such further action as may be reasonably requested by such noteholder or noteholders to effectuate the intention of these presents and to provide for the security and payment of the principal of and interest on the notes and to better secure, convey, and confirm unto the Mortgagee the Mortgaged Property hereby conveyed and transferred or intended so to be, whether now owned by the Mortgagor or hereafter acquired by it, for such purposes. The electric transmission and distribution lines or systems to be constructed by the Mortgagor and all appurtenances thereof or thereto, shall immediately upon the construction or acquisition thereof, without any further conveyance or assignment, become and be subject to the lien of this Mortgage as fully and completely as though now erected and owned by the Mortgagor.

Section 17.-The Mortgagor will cause this Mortgage and any and all supplemental mortgages, and every additional instrument, which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and rerecorded and refiled as conveyances and mortgages of real and/or personal property in such manner and in such places as may be required by law in order fully to preserve the security of the notes, and to perfect and maintain the superior lien of this Mortgage and all supplemental mortgages, and the rights and remedies of the Mortgagees and the noteholders.

Section 18.-Any noteholder may at any time or times in succession without notice to, or the written consent of, the Mortgagor and upon such terms as the noteholder may prescribe, grant an extension of the time for the payment of the principal of and interest on any note held by or indebtedness owed to such noteholder hereby secured to any subsequent grantee or assignee or transferee of the Mortgaged Property, or to any person, firm, or corporation that shall have become obligated to pay the same or any part thereof or that may be affected by the lien hereby or hereunder created, and after any such extension of time the Mortgagor will be and remain liable for the payment of said indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

Section 19.-The Mortgagor, subject to applicable laws and the rules and orders of regulatory bodies, will charge for its services and electric energy such rates as shall be sufficient to meet all expenses necessary to operate its system, including taxes, all principal of and interest on the notes and all other payments and obligations under this Mortgage; maintenance, cost of electric energy, and other operating expenses; and a reasonable reserve for working capital.

Section 20.-The Mortgagor will not declare or pay any dividends or make any distributions to its members or stockholders or to customers except in the event and to the extent that there shall be surplus earnings of the Mortgagor remaining after payment of or provision for the expenses enumerated in section 19 of this article, and interest and installments of principal accruing or falling due on the notes and after there shall have been established and maintained a reserve or reserves in an aggregate amount equal to the annual interest and principal payments required to be made in respect of all notes which shall then be outstanding.

Section 21.-In the event that the Mortgaged Property, or any part thereof, shall be taken under the power of eminent domain or by condemnation, all proceeds and avails therefrom, to the extent of the indebtedness then secured hereby, except to the extent that all noteholders shall consent to other use and application thereof by the Mortgagor, shall forthwith be applied by the Mortgagor; First, to the ratable payment of indebtedness hereby secured other than principal of or interest on the notes; second, to the ratable payment of interest on the notes which shall have become due and be unpaid; and, third, to the ratable payment or reduction of the unpaid principal of the notes.

Section 22.-The Mortgagor will not make any payment on account of the principal of any note in excess of the periodic payment required to be made by the terms thereof without at the same time making payments or provision therefor on account of the principal of all other notes which shall be then outstanding in the proportion which the unpaid principal amount of such other notes shall then bear to the aggregate unpaid principal amount of all notes then outstanding. In the event that payments of principal of or interest on two or more notes shall become due and payable on the same date, the Mortgagor shall in all events pay to the holders of such respective notes an amount which shall be in the proportion which the principal or interest, as the case may be, due and payable in respect of the respective notes on such date shall bear to the aggregate of the principal or interest due and payable on all notes on such date.

Section 23.-It is hereby declared to be the intention of the Mortgagor, and this Mortgage is executed and delivered upon the understanding between the Mortgagor and the Mortgagee, that the transmission and distribution lines or system for the transmission or distribution of electric energy embraced in the descriptions set forth in subdivision IV of the granting clauses of this Mortgage, including, without limitation, all rights-of-way and easements granted or given to the Mortgagor or obtained by it to use real property, in connection with the construction, operation or maintenance of such lines or system and all service and connecting lines, poles, posts, crossarms, wires, cables, conduits, mains, pipes, tubes, transformers, insulations, meters, electrical connections, lamps, fuses, junction boxes and fixtures forming part of, or used in connection with, such lines or system and all other property physically attached to any of the foregoing described property, shall be deemed to be real property and subject to the statutes and laws of the State in which the Mortgaged Property is located.

Section 24.-The Mortgagor shall not at any time employ any manager or superintendent of the electric transmission and distribution system embraced in the Mortgaged Property unless such manager or superintendent shall first have been approved by the holder or holders of not less than a majority in principal amount of the outstanding notes, and the Mortgagor shall not enter into any contract for the employment of any such manager or superintendent unless such contract shall first have been approved in writing by the holder or holders of not less than a majority in principal amount of the outstanding notes. If the holder or holders of not less than a majority in principal amount of the outstanding notes shall at any time give notice to the Mortgagor that in its or their opinion such transmission and distribution system is not being efficiently operated and shall request the termination of the employment of the manager or superintendent thereof, or, in case such transmission and distribution system is being operated under an operating contract, such holder or holders shall request the termination of the operating con-