

MORTGAGE RECORD 85

- (b) Twenty-seven and one-half per cent. (27½%) of the amount stated under clause (a);
- (c) To the extent that the Corporation desires to take such credits, the credits provided for under Paragraphs (a), (b), (c) and (d) of Section 1 of this Article IV separately stated;
- (d) The credit balance, if any, provided for in Section 7 of this Article IV; and
- (e) The amount of the balance, if any, remaining after deducting from the amount set forth under clause (b) of this Section 2 the credits set forth under clauses (c) and (d).

The Corporation shall at the time of the delivery of such Treasurer's Certificate pay to the Trustee as additional security for the bonds issued and to be issued hereunder the amount of the deficiency, if any, shown under (e) of such certificate.

If the Corporation includes in any such Treasurer's Certificate the Cost of any Capital Additions as a credit pursuant to Paragraph (b) of Section 1 of this Article IV, it shall also file with the Trustee the following:

- (1) An Engineer's Certificate dated on or prior to the first day of May of the current year,

(a) Describing the Capital Additions included in the accompanying Treasurer's Certificate as a credit pursuant to Paragraph (b) of Section 1 of this Article IV in such manner and detail as to show conformity thereof with the definition of Capital Additions as set forth in Section 11 of Article XVI of this Indenture, and

(b) Stating that the signers either personally or through one or more competent assistants, have examined the Capital Additions so described; that the Capital Additions so described are (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, were) Capital Additions as defined in Section 11 of Article XVI hereof, and were purchased, constructed or otherwise acquired during the calendar year preceding the date of the Certificate and do not consist in whole or in part of Capital Additions excluded from the definition of Available Capital Additions under the provisions of Paragraphs (a), (b), (c) or (d) of Section 11 of Article XVI hereof; and that they are (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, were) desirable for use in the conduct of the business of the Corporation as a telephone company, and that the Cost thereof does not exceed their Fair Value, and

- (c) Stating the Cost of such Capital Additions; and

(2) An Opinion of Counsel, stating in the opinion of the signers:

(a) that the Corporation has (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, had) title to the Capital Additions described in the accompanying Engineer's Certificate;

(b) that all of the Capital Additions so described are (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, were) subject to the lien of this Indenture and that none of such Capital Additions is (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, was) subject to any lien for the payment of money or its equivalent prior to or on a parity with the lien of this Indenture except Permitted Liens;

(c) that the Corporation has (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, had) corporate authority and all necessary permission from governmental authorities to own and to operate the Capital Additions so described.

Such Opinion may also state that the title to such Capital Additions or any specified part thereof in addition to Permitted Liens referred to above is (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, was) subject to easements, restrictions or minor defects of title and the general nature thereof; and such easements, restrictions and minor defects of title shall not prevent the taking of a credit if such Opinion shall also state that in the opinion of the signer they do not (or, in the case of Capital Additions no longer a part of the fixed capital account of the Corporation, did not) affect the security afforded by this Indenture for the bonds issued hereunder or the right of the Corporation to use such property in the conduct of its business as a telephone company.

If the Corporation includes in such Treasurer's Certificate as a credit pursuant to the provisions of Paragraph (c) of Section 1 of this Article IV a principal amount of bonds previously issued and outstanding under this Indenture, it shall also file with the Trustee a Treasurer's Certificate with relation to such bonds complying with the applicable requirements of subdivision (A) of Section 5 of Article II of this Indenture.

If the Corporation includes in such Treasurer's Certificate an Amount of Available Capital Additions as a credit to the Maintenance Fund pursuant to the provisions of Paragraph (d) of Section 1 of this Article IV, it shall also file with the Trustee such certificates, opinions, instruments and other papers with respect to such Amount of Available Capital Additions as would be necessary under the provisions of Section 4 of Article II hereof to entitle the Corporation to the authentication and delivery of bonds upon the basis thereof; provided, however, that for the purpose of taking a credit to the Maintenance Fund pursuant to the provisions of Paragraph (d) of Section 1 of this Article IV, it shall in no case be necessary for the Corporation to deliver to the Trustee the Net Earnings Certificate or Independent Accountant's Certificate provided for in Paragraph (4) of subdivision (B) of Section 4 of Article II hereof, or any of the documents provided for in Section 3 of Article II hereof, and the documents to be delivered to the Trustee for such purpose shall conform to the applicable requirements of subdivision (B) of Section 4 of Article II hereof, but with such omissions or variations therefrom, or insertions therein, as may be appropriate in the light of the purpose for which they are used, omitting in particular from the Engineer's Certificate required by Paragraph (2) of said subdivision (B) the description of other property required by clause (iv) of subparagraph (e) of said Paragraph (2), and from the Independent Engineer's Certificate required by Paragraph (3) of said subdivision (B) the fair Value of such other property.

Section 3. Application of Money in Maintenance Fund to Retirement of Bonds.

Any moneys deposited by the Corporation with the Trustee in the Maintenance Fund, at the option and upon the request of the Corporation, expressed by a Resolution, shall be applied at any time within three (3) years after the deposit of such moneys in the Maintenance Fund to the purchase or redemption of bonds hereby secured in the manner and on the conditions provided in Sections 3 and 4 of Article VIII of this Indenture; and the Corporation covenants that if bonds are so purchased it will pay to the Trustee the additional payment required by the last paragraph of said Section 3 of Article VIII and if bonds are so redeemed it will deposit with the Trustee the additional cash required by the last paragraph of said Section 4 of Article VIII. At the option of the Corporation, any moneys constituting any part of the Maintenance Fund may be withdrawn by the Corporation upon the delivery to the Trustee of bonds issued hereunder which shall previously have been sold by the Corporation at a sale thereof in good faith or pledged by the Corporation to secure indebtedness incurred in good faith equal to at least seventy-five (75%) of the aggregate principal amount of the bonds pledged as security for such indebtedness, accompanied by all unmatured coupons appurtenant thereto, if such bonds, and to proper instruments of transfer, if such bonds be registered bonds without coupons, in an amount, in the case of bonds which have been sold, equal to the lesser of (i) the cost thereof to the Corporation or (ii) the principal amount of such bonds, exclusive of accrued interest in either case, and, in the case of bonds which have been pledged, equal to the principal amount thereof, and provided that there shall also be delivered to the Trustee a Treasurer's Certificate stating either (a) that such bonds previous to the delivery thereof to the Trustee were sold by the Corporation at a sale thereof in good faith and the cost thereof to the Corporation, or (b) that such bonds previous to the delivery thereof to the Trustee had been pledged by the Corporation to secure indebtedness incurred in good faith which was equal to at least seventy-five per cent. (75%) of the aggregate principal amount of the bonds pledged as security for such indebtedness.