charge of which provisions satisfactory to the Corporate Trustee have been made; mechanics', laborers', materialmen's and similar liens not then delinquent; any of such liens irrespective of amount, whether or not delinquent, the validity of which is being contested at the time by the Company in good faith; and undetermined liens or charges incidental to construction.

(b) Liens securing indebtedness neither payable nor assumed nor guaranteed by the Company, nor on which it customarily pays interest, on property with respect to which the Company owns easements or rights of way.

(c) Rights reserved to or vested in any governmental authority or agency or in any municipality by the terms of any franchise, grant, license or permit or by any provision of law to terminate such franchise, grant, license or permit, or to purchase or appropriate or recapture, or to designate a purchaser of, any of the mortgaged property; or to demand and collect any tax or other compensation for the use of streets or other public places or to control or regulate the mortgaged property.

(d) Any obligation or duty affecting the mortgaged property, or the uses, removal, control or regulation thereof by any public authority, under any franchise, grant, license or permit or provision of law.

(e) Rights of lessees under leases from the Company, and interests of others than the Company in property owned jointly or in common.

(f) Easements, rights of way, exceptions, reservations, restrictions, conditions, limitations, covenants, adverse rights or interests and any other defects or irregularities in title affecting the mortgaged property which do not materially affect the use of the mortgaged property for the purposes for which it is held by the Company, and may be properly ignored as to their effect upon the security of the Mortgage. Any Opinion of Counsel required by the Mortgage may recite that, as to the matters covered by this clause (f), it is based upon a written statement of the chief engineer of the Company or his principal assistant.

"Prior Lien" shall mean any lien prior to the lien of the Mortgage, except Equipment Obligations and Permitted Encumbrances, existing or placed on any property at the time of the acquisition thereof by the Company.

"Prior Lien Bonds" shall mean any indebtedness or obligation secured by a Prior Lien.

"Purchased Property" shall mean lines of railroad, bridges or railroad terminals, excluding Equipment, if any, purchased or acquired by the Company from others, directly connected with the lines of railroad owned by the Company and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system.

"Railroad Subsidiary" shall mean any corporation owning one or more lines of railroad, bridges or railroad terminals directly connected with the Company's lines of railroad and deemed by the Board of Directors to be necessary or useful in connection with the operation of the Company's system, of which at least 50% of the total outstanding shares of capital stock having general voting rights is owned by the Company.

"Railroad Subsidiary Bonds" shall mean the bonds of a Railroad Subsidiary secured by a general lien on all or substantially all of its physical property, subject only to Equipment Obligations and liens in the nature of Permitted Encumbrances.

"Railroad Subsidiary Stocks" shall mean the shares of any class of capital stock of a Wholly Owned Railroad Subsidiary issued prior to and outstanding upon the date it shall become a Wholly Owned Railroad Subsidiary and the shares of any class of capital stock thereafter issued by such Wholly Owned Railroad Subsidiary.

"Road and Equipment Account" shall mean Account 701— Road and Equipment Property, or a similar account or ac-