

accrue upon any of the bonds so redeemed; and anything in said bonds or in such coupons or in this First Mortgage to the contrary notwithstanding, all unmatured coupons for interest thereon shall be and become null and void, and said bonds and unmatured coupons shall cease to be entitled to any benefit of this First Mortgage, except that the holders of said bonds shall be entitled to receive payment of the redemption price upon presentation on and after that date of the bonds and unmatured coupons. All bonds and coupons redeemed and paid hereunder shall be delivered by the Company to the Trustee and shall be forthwith cancelled and a certificate of destruction shall be made by the Trustee and delivered to the Corporation.

In the case of redemption of a part only of said bonds, the particular bonds to be redeemed shall be selected by the Trustee by lot.

Should the corporation call for redemption any bonds junior in rank to the first mortgage bonds secured by this indenture, then and in such event it must at the same time call for redemption and redeem First Mortgage Bonds secured hereunder to an amount in dollars equal to four (4) times the amount in dollars of bonds junior in rank called for redemption.

Sec. 2. For the purpose of creating a Sinking Fund to aid in the payment at maturity of the principal and interest of the First Mortgage Bonds hereby secured as they respectively fall due, the Corporation does hereby agree to pay to the Trustee in monthly installments (reserving, however, to the Corporation the privilege of anticipating or paying in advance, one or more monthly installments, as may suit its convenience) on the first of each month, beginning January 1, 1926, a sum equal to one-twelfth part of the amount due annually for the principal, and a sum equal to one-twelfth part of the amount due annually for interest respectively, on each of said bonds and to continue such payments during each year thereafter until all of said bonds have been retired or until the maturity of the last installment of said bonds. It is expressly provided, however, that the monthly Sinking Fund payments on account of maturing principal, during the year preceding the date of their final maturity, shall be not one-twelfth of the total amount due at the end of that year, but one-twelfth of the preceding equal annual maturities.

Sec. 3. If the mortgaged property shall be sold under decree of Court for the foreclosure of this Indenture, then said Sinking Fund or Funds shall be added to and dealt with as if it were a part of the proceeds of such sale.

#### ARTICLE IV—PARTICULAR COVENANTS BY THE CORPORATION

Section 1. The Corporation covenants that it shall and will duly and punctually pay, or cause to be paid, to every holder of any bond issued hereunder and hereby secured, the principal of said bonds and the interest accruing thereon, all in gold coin of the United States of America, of, or equal to, the present standard of weight and fineness at the dates and places and in the manner mentioned in said bonds, or in the coupons thereto appertaining, according to the true intent, tenor and effect of said bonds and coupons and of this Indenture, without deduction for any tax or taxes which the Corporation may be required to pay thereon under or by reason of any present or future law, national, state or municipal or other taxing authority, the said Corporation hereby agreeing to pay all such taxes, assessments or charges; but this provision shall not apply to any inheritance or succession taxes, or to income taxes.

Sec. 2. The Corporation covenants that it will, from time to time, punctually and duly pay and discharge all taxes, assessments, and charges lawfully imposed upon the hereby mortgaged premises, or upon any part thereof, or upon the income therefrom, or its right to do business as, or be a Corporation, or upon the interest of the Trustee hereunder, and will duly observe and conform to all valid requirements of any governmental authority relative to any of the rights or property at any time covered or affected hereby, and it will not create, or suffer to be created, any mechanics, laborers' or other liens or charges whatsoever upon the premises mortgaged hereby, or upon any part thereof prior to the lien of these presents, or do or suffer to be done, any matter or thing whereby the lien or security of these presents will be impaired, and that within thirty (30) days after the same shall accrue it will pay or cause to be discharged or will make adequate provisions to satisfy and discharge all lawful claims and demands which if unpaid might by law become a lien or charge upon said properties or any part thereof; provided, however, that it shall not be required to pay any such taxes, assessments, charges or liens so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, and provided that such reasonable security for the payment thereof shall be given as the Trustee shall require, and that it will duly and punctually perform and keep all the covenants and conditions contained and set forth herein, as well as those upon or under which any property rights covered or affected hereby are held.

Sec. 3. The Corporation covenants that it has good right, full power and lawful authority to grant and convey the premises and estate hereby conveyed by it, in the manner and for the purposes aforesaid; that it has done no act to encumber said property other than this Indenture, and that it will forever warrant the title to the property hereby conveyed, or intended so to be, against the claims and demands of all persons whatsoever and its freedom from incumbrance, except as specified in accordance herewith.

Sec. 4. The Corporation covenants that it will cause this Indenture to be duly and punctually recorded as a mortgage of real estate in such manner and in such place as may be required by law in order to fully preserve and protect the security of the bondholders, and all rights of the Trustee, and that it will, from time to time, on the request of the Trustee, execute, acknowledge and deliver such further instruments and assurances for the better conveying and assuring to the Trustee and its successors in the trust, all the property hereby mortgaged and conveyed, or intended so to be, as by the Trustee or its successors may be reasonably required.

Sec. 5. In order to prevent any accumulation after maturity of coupons, the Corporation agrees and covenants that it will not, directly or indirectly, extend or assent to the extension of the time for the payment of any coupon upon any bond secured hereby; and that it will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding said coupons, or in any other manner, and that in case the time of payment of any such coupons shall be extended, such coupons shall not be entitled, in case of default hereunder, to the benefit or security of this Indenture, except subject to the prior payment in full of the principal of all bonds issued hereunder, then outstanding, and of all matured coupons of such bonds, the payment of which has not been so extended. The foregoing provisions shall not apply to or affect any extension of the time of payment of any such coupons, by the holders thereof with the consent in writing thereto of the holders of at least seventy-five (75%) per cent. of the bonds then outstanding, provided such written consent shall be filed with the Trustee. And in case of any default in the payment of the interest or principal of any bonds secured by this indenture, or in the performance of any covenant or agreement herein expressed, the Trustee may, with the like consent of the holders of Seventy-five (75%) per cent. in amount then outstanding of said bonds, waive such default and make such agreements with the Corporation, or with any successor to, representative or receiver of the Corporation, as it may deem wise in regard to such default, and in regard to the remedies to be pursued by the Trustee or by the bond-holders on account of any such default. But no such agreement or action by the Trustee shall affect the time of maturity or the amount of principal or interest to be paid on any such bond or coupon without the assent of the holder thereof. The Trustee shall be protected and released from all liability, in treating as holders of any bonds those shown by affidavit or by other proof satisfactory to the Trustee, to be such holders.

Sec. 6. The Corporation covenants that it will at all times maintain, preserve and keep the mortgaged premises, and every part thereof, with the appurtenances and every part and parcel thereof, in thorough repair and condition; and from time to time make all needful and proper repairs, so that at all times the value of the security for the bonds issued hereunder and of the property hereby mortgaged shall be fully preserved and maintained.

Sec. 7. The Corporation covenants that until all the bonds hereby secured, together with the interest thereon, shall be fully paid and satisfied, the Corporation will make all reports and will comply with all laws, acts, rules, regulations and orders of any national, state, legislative, executive, administrative or judicial body, or officer, exercising any power of regulation or supervision over it, or any part of the trust estate; provided, however, that the Corporation may in good faith contest any such law, act, rule, regulation or order in any lawful and reasonable manner which will not endanger or subject to prior lien or to forfeiture, the title of the Trustee to any part of the trust estate.

Sec. 8. So long as any of the First Mortgage Bonds issued hereunder are outstanding the corporation will, at its own cost and expense, insure and keep insured against loss or damage by fire and under the usual standard form of policies in reliable insurance companies authorized to do business in the State of South Carolina, satisfactory to the Trustee, the buildings and improvements situated on the mortgaged premises, in an amount of at least Six Hundred Thousand (\$600,000.00) Dollars, being the total amount of bonds to be secured hereunder. The said policies shall be made payable to the Trustee under the New York Standard Mortgage Clause for the equal and proportionate benefit of the holders of the bonds herein authorized and then outstanding, and said policies shall be delivered to the Trustee. The Corporation will deliver all renewal policies to the Trustee, with premiums paid, at least three (3) days before the expiration of maturing policies under and subject to the foregoing conditions. The Corporation shall, if so requested by the Trustee, insure against tornado and such tornado policies shall be made payable to and delivered to the Trustee.

Sec. 9. In case of loss, the Trustee shall allow the insurance money received by it on any policy of insurance on the property above required to be insured, procured by said Corporation, to be applied by said Corporation towards the replacement of or additions to the property destroyed or injured, if the Corporation shall in writing signed by its President, or Vice President, so request. And thereafter, from time to time, the Trustee shall pay over to the Corporation for that purpose any or all such insurance received on policies procured by the Corporation; but no such insurance money shall be paid over until the Corporation shall present to the Trustee a statement verified by the affidavit of its President or Vice President, and an engineer or architect satisfactory to the Trustee showing that the Corporation has therefore made actual expenditures to an amount not less than the amount of the insurance money sought to be obtained from the Trustee in or about the replacement of the property destroyed or damaged. But if the Corporation shall not, within ninety (90) days from the time of the payment of any insurance money to the Trustee, in writing, request the Trustee to hold such money for the purpose of enabling the Corporation to pay the cost of replacements, as aforesaid, then such insurance money shall, by the Trustee, be paid over to and become a part of the Sinking Fund hereinbefore provided for. If, at any time, there shall remain in the hands of the Trustee any insurance money held upon the request of the Corporation as hereinabove provided for the use of the Corporation in making replacements, the Trustee shall pay said money into the Sinking Fund in the same manner and with like effect as if the Corporation within ninety days from the payment of any loss had failed to notify the Trustee that it desired to make use of such money.

Sec. 10. In case of any loss covered by any policy of insurance, any appraisal or adjustment of such loss and settlement and payment of indemnity therefor, which may be agreed upon between the Corporation and any insurance company may be consented to and accepted by the Trustee, and the said Trustee shall in no way be liable or responsible for the collection or adjustment of any insurance in case of any loss.

Sec. 11. The Trustee shall not be under duty to insure any of the mortgaged premises or property, but may, in its discretion, and, if furnished with funds or indemnified to its satisfaction by any of the bondholders, shall, insure any of said mortgaged property or premises against fire to the extent hereinbefore provided, in case the Corporation shall fail to so insure the same. Any premiums so paid for such insurance shall be a first lien on the property and premises mortgaged hereunder and shall be secured hereby, and shall take precedence of any amounts due on the bonds and coupons secured hereby, and shall be immediately repayable by the Corporation to the Trustee upon demand therefor, with interest at Seven (7%) per cent. from the date such payment may have been made by the Trustee. In case of the failure of the Corporation to repay same to the Trustee within sixty days after written demand therefor mailed to or served upon the Corporation, such failure to repay shall constitute a default hereunder, entitling the Trustee to enter and take possession, to sell and to bring proceedings to foreclose, and to exercise all the other rights given hereunder in case of default on the part of the Corporation.

#### ARTICLE V—EVENTS OF DEFAULT

Section 1. The following events shall be events of default under this Mortgage Deed of Trust or First Mortgage and the words "event of default" or "events of default" shall mean, whenever same are used in this Mortgage Deed of Trust or First Mortgage, one or more of the following events:

(a) If default shall be made in the payment of any installment of interest on any of the bonds issued hereunder when and as the same shall become payable as therein and herein expressed and such default shall continue for the period of sixty days;

(b) If default shall be made in the payment of the principal of any of said bonds when the same shall become due and payable either by the terms hereof by acceleration or otherwise, as herein provided.

(c) If default shall be made in payment to the Trustee of the sum or sums to be deposited for redemption of said bonds as provided in Section 2, of Article III.

(d) If default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Corporation, its successors or assigns, in the said bonds or in this Mortgage Deed of Trust or First Mortgage contained and such default shall continue for the period of sixty days after written notice to the Corporation from the Trustee or from the legal holder or holders of at least a majority in amount of the principal of said bonds then outstanding and unpaid, specifying such default and requiring the same to be remedied; and

(e) If an order shall be made for the appointment of a receiver or receivers of the Corporation or of the trust estate or of any part thereof, or for the sequestration of its assets, or the winding up or liquidation of its business and affairs, or if any action shall be taken by the Corporation for any of the purposes specified in this subdivision (e), or if the Corporation shall be adjudicated a bankrupt, or if there shall be filed a petition for voluntary or involuntary bankruptcy.