

MORTGAGE OF REAL ESTATE

repair and free of liens and other claims or to comply with any other covenants contained in this Mortgage, the Mortgagee shall have the right (without prejudice to the 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 incumbrances 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 six per centum (6%) per annum shall be deemed a charge upon the Mortgaged Property secured by this Mortgage in the same manner as the Bond is secured and may be forthwith sued for and recovered of the Mortgagor in an appropriate action for that purpose. In making any such advances or expenditures it shall not be obligatory upon the Mortgagee to inquire into the validity of any such tax title, or any of such taxes or assessments or sales therefor or of any such mechanics or other incumbrance.

Section 11. The Mortgagor shall not sell, lease transfer, mortgage, or pledge (or make any agreement therefor) the Mortgaged Property, or any part thereof without the written consent of the Mortgagee,

Section 12. The Mortgagor shall not, so long as the United States of America hold the Bond, without the approval in writing of the Administrator of the Rural Electrification Administration (herewith called the "Administrator"), make any extensions or additions to its system or any customer extensions at its expense beyond one hundred and fifty (150) feet of service; and shall not without such approval enter into any <sup>contract or</sup> contracts for the operation or maintenance of all or any part of its property; for the purchase of energy; for the making or construction of any extensions or additions to its distribution or transmission system; for the use by other of any of its property; or for legal, engineering, supervisory, accounting, construction or other similar services to be furnished by it or to it.

Section 13. The Mortgagor shall not pay any compensation to any member of its Board of Directors but such members may be reimbursed for all expenses incurred in connection with the exercise to their powers and duties as members of the Board. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of public corporations of the size and nature of the Mortgagor.

Section 14. The Mortgagor shall 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. The Mortgagee through its agents, representatives, accountants or attorneys shall at all time 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, payrolls, cancelled checks, statements, and other documents and papers of every kind beonging to or in the possession of the Mortgagor or in any wise pertaining to its property or business.

Section 15. The Mortgagor shall furnish to the Administrator, so long as the United States of America holds the Bond, not later than the fifteenth day of each month a monthly statement of operations for the preceding month in such form and containing such information as the Administrator may direct, including without limitation an analysis of the Mortgagor's revenues, expenses and customer accounts for the preceding month.

Section 16. The Mortgagor shall furnish to the Mortgagee (i) within thirty (30) days after the close of each semi-annual period of its fiscal year full and complete reports (certified by its treasurer) of its financial condition as of the end of such semi-annual peroid and of the results of its operations for such period, and (ii) if requested by the Mortgagee, the Mortgagor shall, within thirty (30) days after the close of each fiscal year, deliver to the Mortgagee an audit, certified by independent public accountants satisfactory to the Mortgagee, showing in detail the Mortgagor's financial condition and the results of its operations for the preceding fiscal year.

Section 17. The Mortgagor from time to time upon written demand of th Mortgagee shall make, execute, acknowledge and deliver all such further and supplemental instruments, mortgages and conveyances and will take all such further action as may be requested by the Mortgagee to effectuate the intention of these presents and to provide for the security and payment of said Bond and the interest thereon and to better secure, convey and confirm unto the Mortgagee the Mortgaged Property hereby conveyed and tranferred or intended so to be whether now owned by the Mortgagor or hereafter acquired by it.

Section 18. The Mortgagor covenants that it will cause this Mortgage and any and all supplemental mortgages at all times to be registered, recorded and filed and reregistered, rerecorded and refiled as mortgages of real and personal property in such manner and in such places as may br required by law in order fully to preserve the security of the Mortgagee and to perfect and manitain in the lien of this Mortgage, and all supplemental mortgages.