

SECTION 6.(a) The Mortgagor will at all times maintain and preserve the Mortgaged Property in good repair, working order and condition, and will from time to time make all needful and proper repairs, renewals and replacement (hereinafter in this section called "maintenance and replacements") and useful and proper alterations, additions, betterments and improvements (hereinafter in this section called "improvements"), and will, subject to contingencies beyond its reasonable control, at all times keep its plant and properties in continuous operation and use all reasonable diligence to furnish the subscribers served by it through the Mortgaged Property with adequate telephone service.

(b) In the event that the Mortgagor shall not expend for maintenance and replacement during any fiscal year at least twenty-five percentum (25%) of the gross revenues received from the Mortgaged Property during said fiscal year, the amount (hereinafter called the "maintenance and replacement balance") by which twenty-five per centum (25%) of such gross revenues exceeds actual expenditures for maintenance and replacement shall be available for use by the Mortgagor in subsequent years for maintenance and replacement and, in accordance with and to the extent required by the provisions of section 6(c) of this article II, for improvements or prepayments on account of the principal of one or more of the notes.

(c) If at the end of any fiscal year, the cumulative maintenance and replacement net balance (computed by adding to the maintenance and replacement balance for the fiscal year just ended, the maintenance and replacement balances of previous fiscal years, less such amounts as shall have been subtracted therefrom in accordance with the provisions hereinafter specified in this paragraph) exceeds fifty per centum (50%) of the gross revenues for such fiscal year, such excess will be expended by the Mortgagor, promptly after the determination of such excess pursuant to section 6(d) of this article II, for either improvements or prepayments on account of the principal of one or more of the notes. Any such excess thus expended or applied for improvements or prepayments shall be subtracted in determining the subsequent year's cumulative maintenance and replacement net balance. In the event that the Mortgagor shall expend for maintenance and replacement during any fiscal year an amount in excess of twenty-five per centum (25%) of the gross revenues received during said fiscal year, such excess shall be subtracted in determining the cumulative maintenance and replacement net balance for such fiscal year, to the extent that such excess does not exceed the amount then in the cumulative maintenance and replacement net balance.

(d) The Mortgagor will, within thirty(30) days after the end of such fiscal year, furnish each noteholder, as a part of the annual reports required to be furnished pursuant to section 13 of article II hereof, with a statement of the Mortgagor's maintenance and replacement balance, and cumulative maintenance and replacement net balance, as of the end of such fiscal year, and, if directed by the majority noteholders, such statement shall be in such form and include therein such further information regarding maintenance and replacement, improvements and prepayments as may be specified in such direction.

SECTION 7. Except as specifically authorized in writing in advance by the majority noteholders, the Mortgagor will purchase all materials, equipment, supplies and replacements to be incorporated in or used in connection with the Mortgaged Property outright, and not subject to any conditional sales agreement, chattel mortgage, bailment lease, or other agreement reserving to the seller any right, title or lien.

SECTION 8(a) The Mortgagor will take out, as the respective risks are incurred, and maintain insurance (including, without limitation, fidelity and other bonds) of such classes and in such amounts, and from time to time make such changes in respect thereof, as the majority noteholders shall have determined to be advisable to safeguard the interest of the noteholders. The Mortgagor will, upon request of the majority noteholders, submit to the noteholder designated in such request a schedule of its insurance in effect on the date specified in such request and also originals or duplicate originals of such insurance policies or bonds as may be requested. If the Mortgagor shall at any time fail or refuse to