

- 13 -

pursuant to this Section 1.06 the amount of principal theretofore prepaid and the amount of principal payments theretofore made on the Note or Notes for which such new Note was exchanged, and the principal payments so noted shall be deemed to have been made on such new Note. The Note or Notes surrendered to the Trustee on such exchange shall be cancelled forthwith by the Trustee.

SECTION 1.07. Neither the Company nor the Trustee shall be required to make transfers or exchanges of Notes (a) for a period of five business days next preceding any Instalment Payment Date or (b) during the fifteen days next preceding any date fixed for prepayment.

ARTICLE II.

ISSUANCE OF NOTES.

SECTION 2.01. This Indenture creates a continuing lien to secure the full and final payment of the principal of, and any premium which may be due and payable on and the interest and other sums payable on, all Notes which may, from time to time, be executed, authenticated and delivered hereunder. The aggregate principal amount of Notes which may be executed by the Company hereunder is limited to One Million Four Hundred Fifty Thousand Dollars (\$1,450,000), exclusive of Notes executed pursuant to Section 1.05 hereof, Notes executed upon transfer of or in exchange or substitution for outstanding Notes pursuant to Section 1.03 or 1.06 hereof.

SECTION 2.02. Forthwith upon the execution and delivery of this Indenture the Company shall execute and deliver Notes in the aggregate principal amount of \$1,421,000 and thereafter no Mortgage Notes shall be executed or delivered except as provided in Section 1.03, 1.05 and 1.06 hereof.

ARTICLE III.

PARTICULAR COVENANTS OF THE COMPANY.

The Company hereby covenants and agrees that:

SECTION 3.01. The Company warrants that the Company owns and is lawfully seized and possessed of the properties now included in the Trust Estate, free and clear of all liens and encumbrances, except as hereinbefore in the granting clauses and