

penses incident to the operation of the Project and shall include depreciation, all general administrative expenses of the Borrower and the payment into the "Building Maintenance and Equipment Reserve" hereinafter provided for.

Section 3. Bond and Interest Sinking Fund Account:

The Borrower shall establish with the Trustee, and maintain so long as any of the Bonds are outstanding, a separate account or accounts (herein collectively called the "Bond and Interest Sinking Fund Account") into which shall be deposited the proceeds interest received from the sale of the Bonds. Whereafter, as soon as any portion of the Project becomes revenue-producing, and after providing for the payment of current expenses, the Borrower shall transfer from the Revenue Fund Account, and from its general funds, if necessary, and deposit to the credit of the Bond and Interest Sinking Fund Account on or before each June 15 and December 15, the sum of at least \$70,000 until the funds and/or investments therein are sufficient to meet the interest on the outstanding bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months, plus a debt service reserve in the sum of \$210,000 and thereafter, on or before each June 15 and December 15, such sums from said sources as may be necessary to meet the interest on the bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months and maintain the debt service reserve in the sum of \$210,000.

Section 4. Building Maintenance and Equipment Reserve

Account: As soon as the required reserve is accumulated in