

SECTION 6. Except as specifically authorized in writing in advance by the majority noteholders, the Corporation will purchase all materials, equipment, supplies and replacements to be incorporated in or used in connection with the Trust Estate 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 7(a). The Corporation will take out, as the respective risks are incurred, and maintain the following classes and amounts of insurance: (1) Fidelity bonds covering all officers, employees and collection agents of the Corporation, in a minimum amount of \$10,000 for each such officer, employee or collection agent if annual gross revenues received from the Trust Estate are less than \$100,000, with an increase in such minimum coverage of \$5,000 for each multiple of \$50,000 by which the annual gross revenues received from the Trust Estate exceed \$100,000; provided, however, that no more than \$50,000 coverage shall be required; (2) Fire, and either windstorm or extended coverage insurance, in amounts not less than 80% of the actual current cash value of the property insured, on the Trust Estate, including all buildings, equipment, supplies, and materials, exclusive of telephone lines and materials stored in the open and not within 100 feet of any building, but including fire insurance on poles wherever stored; (3) Fire, theft, and windstorm insurance, in amounts not less than the actual cash value of the property insured, on all motor vehicles, trailers and semi-trailers owned by the Corporation and used in the conduct of the Corporation's business, whether or not such property is part of the Trust Estate; (4) Public liability and property damage liability insurance, covering ownership liability, and all operations of the Corporation with limits for bodily injury or death of not less than \$50,000 for one person and \$100,000 for each accident, and with limits for property damage of not less than \$25,000 for each accident and \$50,000 aggregate for the policy period; (5) Liability insurance on all motor vehicles, trailers and semi-trailers used in the conduct of the Corporation's business, whether owned, non-owned or hired by the Corporation, with public liability limits of not less than \$50,000 for one person and \$100,000 for each accident, and with property damage limits of \$25,000 for each accident; and (6) Workmen's compensation insurance covering all employees of the Corporation, in such amounts as may be required by law, or if the Corporation or any of its employees are not subject to the workmen's compensation laws of the State or States in which the Corporation conducts its operations, then its workmen's compensation policy shall provide voluntary compensation coverage to the same extent as though the Corporation and such employees were subject to such laws; and including "extra legal" medical aid coverage, and, in all cases where occupational disease liability may exist, occupational disease liability coverage, in limits of not less than \$10,000 for any one employee and \$25,000 aggregate for the policy period.

The Corporation will also, from time to time, increase or supplement the classes and amounts of insurance specified above to the extent required to conform to the accepted practice of the telephone industry for companies of the size and character of the Corporation. The Corporation 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 Corporation shall at any time fail or refuse to take out or maintain insurance or to make changes in respect thereof upon appropriate request by such noteholder or noteholders, such noteholder or noteholders may take out such insurance on behalf and in the name of the Corporation, and the Corporation will pay the cost thereof.

(b) In the event of damage to or the destruction or loss of any portion of the Trust Estate which shall be covered by insurance, unless the majority noteholders shall otherwise agree, the Corporation shall replace or restore such damaged, destroyed or lost portion so that the Trust Estate shall be in substantially the same condition as it was in prior to such damage, destruction or loss, and shall apply the proceeds of the insurance for that purpose. The Corporation shall replace the loss or shall commence such restoration promptly after such damage, destruction or loss shall have occurred and shall complete such replacement or restoration as expeditiously as practicable, and shall pay or cause