

(c) All bonds and coupons issued under this Indenture shall be held and owned upon the express condition that the provisions of this paragraph are exclusive in respect to the replacement as well as payment of mutilated, defaced, lost, stolen or destroyed bonds and coupons and shall preclude any and all other rights and remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary, respecting such replacements or the payment of bonds, notes, coupons, negotiable instruments or other securities without their surrender.

ARTICLE II

ESCROW AND DISBURSEMENT OF PROCEEDS

Section 1. Escrow of Proceeds. The Issuer covenants and agrees to establish a Building Fund Account in a bank and the Treasurer, or a duly authorized officer of the Issuer, agrees to deposit or cause to be deposited into such account the net proceeds of all sales of the bonds to be secured hereby. For purposes hereof, "net proceeds" shall mean any proceeds derived from the sale of the bonds issued hereunder as the same are realized. The monies deposited in said account will not be commingled with any other funds of the Issuer and will not be used or expended except for the purposes authorized in the resolution and shall be disbursed for the purposes and in the amounts as shown in Exhibit "D" attached hereto and incorporated by the reference. Issuer agrees that if at any time the unpaid cost of the project shall exceed the undisbursed balance of the proceeds, Issuer shall provide the funds necessary to pay the total cost of the project free of all liens except the lien of this Indenture.

Issuer agrees and covenants that any withdrawals and/or disbursements shall be by check or draft of the Issuer by at least two officers of the Issuer. Issuer agrees that a copy of each and every check or draft will be provided to the Trustee along with an accounting of the deposits and withdrawals into and from the account on a monthly basis no later than fifteen (15) days from the last day of each month. The Issuer agrees that a final accounting of all deposits and withdrawals will be provided to the Trustee at the completion of the sale of the bonds of this issue and/or at the end of one year from the date of issue of the bonds secured by this Indenture and each year thereafter until the bonds of this issue are sold or the remaining unsold bonds of this issue are cancelled and no longer placed for sale. Issuer agrees that the funds of the account created in this paragraph shall not be commingled with and other funds and that such funds shall only be deposited in accounts insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or other similar depository insurance corporation.

Section 2. Disbursements.

(a) Not Assignable. The Proceeds shall not be assignable by Issuer nor subject to the process of any court upon legal action by or against the Issuer or by or against anyone claiming under or through it.

(b) Conditions precedent to first disbursement from Building Fund Account:

(i) Issuer shall deliver to Trustee an attorney's title policy or binder issued by a company acceptable to Trustee without exception as to mechanic's liens, guaranteeing to Trustee as mortgagee a first lien on the good and merchantable fee simple title to the property subject to no liens with no exceptions unsatisfactory to Trustee.

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