

The Company warrants that it has all right, power and authority to grant to the County security interests in the Collateral for the uses and purposes herein set forth and that the Collateral is unencumbered and the Company has good title to the same; and the Company will warrant and defend title to the Collateral against all claims and demands of all persons claiming by, through, under or against the Company. The Company also agrees that it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary duly to discharge any liens, encumbrances or taxes on the Collateral which are or will be claimed by any party through or against the Company and which are not related to this Mortgage and Security Agreement or the transactions described in the Loan Agreement.

SECTION 4. POSSESSION OF COLLATERAL.

The Company will deposit with C&S for the account of and as agent for the County any and all obligations purchased in whole or in part with the proceeds of the Bond and the Company Note during the Construction Period. This deposit shall occur contemporaneously with the purchase of such obligations. All cash dividends, interest or other income received on such obligations shall be deposited in and shall become a part of, and subject to the restrictions applicable to the Construction Fund. As and when C&S, as custodian of the Construction Fund, shall need to sell, assign or otherwise dispose of such obligations in order to defray costs of the Project for which a requisition and certification has