

liens and governmental charges; and the amounts so paid, with interest thereon at the rate of five per cent. (5%) per annum until payment thereof by the ELECTRIC COMPANY, its successors or assigns, shall be and are hereby secured by these presents, and are declared to be a charge upon the premises hereby mortgaged, and entitled to be paid out of the proceeds of any sale hereunder.

Section 6. The ELECTRIC COMPANY covenants and agrees that it will not, directly or indirectly, extend or assent to the extension of the time of payment of any interest upon any of the bonds secured hereby; and that it will not, directly or indirectly, be a party to any arrangement therefor by purchasing or keeping alive any of said interest or of coupons therefor, or in any other manner. In case the time of payment of any such interest shall be extended with or without the consent of the ELECTRIC COMPANY, such interest shall not be entitled, in case of default hereunder, to the benefit or security of this indenture except subject to the prior payment in full of the principal of all bonds issued hereunder then outstanding and of all matured interest on such bonds, the time of payment of which has not been so extended; the intention of this agreement being to prevent any accumulation of coupons after maturity.

Section 7. The ELECTRIC COMPANY covenants and agrees that it will insure and at all times keep insured all its property of an insurable nature against loss or damage by fire, in the name of the said ELECTRIC COMPANY to the extent of sixty per cent. (60%) of its insurable value, in a company or companies of approved standing; and in default of so doing the TRUSTEE may at its option cause such insurance to be effected at the expense of the ELECTRIC COMPANY. All of such policies shall be assigned to the TRUSTEE as additional security.

Section 8. The ELECTRIC COMPANY further agrees and covenants that it will well and truly keep, observe and perform any and all obligations and regulations now or hereafter imposed upon it by contract, or prescribed by any law of the United States or of the States of Washington or Oregon, or any ordinance of any municipality or governmental body therein having jurisdiction or control thereof or in respect thereto as a lawful condition to the continued enjoyment of the rights and franchises now owned by the ELECTRIC COMPANY or hereafter acquired by it, to the end that such contracts, rights and franchises may be maintained and preserved and may not become abandoned, forfeited, or in any manner impaired.

ARTICLE III.

Section 1. In case default shall be made in the payment of any interest or any bond hereby secured, and such default shall have continued for six (6) months; or in case default shall be made in payment of the principal of any such bond; or in case default shall be made in the due observance or performance of any covenant or condition herein required to be kept or performed by the ELECTRIC COMPANY, and if such last mentioned default shall continue for a period of six (6) months after written notice thereof to the ELECTRIC COMPANY from the TRUSTEE, or from the holders of a majority in amount of the bonds hereby secured and at the time outstanding, then and in each and every such case, the TRUSTEE, by its agents or attorneys, may forthwith enter into or upon or on any part of the property hereby mortgaged, and take possession thereof, and may exclude the ELECTRIC COMPANY, its agents and servants, wholly therefrom; and the TRUSTEE in such case shall have the right to manage the mortgaged property and to carry on the business and exercise all the rights, franchises and powers of said ELECTRIC COMPANY, either in the name of said ELECTRIC COMPANY, or otherwise as the TRUSTEE may deem best; and the TRUSTEE shall be entitled to collect and receive all earnings, rents, incomes, issues and profits of the mortgaged property, and every part thereof; and, after deducting the expenses of conducting the business thereof and all payments which may have been made for taxes, assessments, insurance and prior or other proper charges upon the