

said property, or any part thereof, as well as just and reasonable compensation for its own services and for the services of counsel, agents and employees by it properly engaged and employed, it shall apply the moneys arising as aforesaid as follows:

(1) In case the principal of the bonds hereby secured shall not have become due, to the payment of the interest in default in the order of the maturity of the installments of such interest, with interest thereon at the rate of five per cent. (5%) per annum, such payments to be made ratably to the persons entitled thereto, without any discrimination or preference.

(2) In case the principal of the bonds hereby secured shall have become due by declaration or otherwise, first to the payment of the accrued interest, (with interest on the overdue installments thereof at the rate of five per cent. (5%) per annum), in the order of the maturity of the installments; and next, if any surplus remains, toward the payment of the principal of all bonds hereby secured, such payments in every instance to be made ratably to the persons entitled thereto, without any discrimination or preference.

Upon the payment in full of whatever may be due for principal or interest, or both, as the case may be, and of whatever may be payable for other purposes, the property shall be returned to the ELECTRIC COMPANY.

In case, at any time, while the mortgaged property is in the possession of the TRUSTEE the income and profits received from the mortgaged property, after deducting all expenses properly chargeable against the same, shall be insufficient to pay all the interest upon bonds secured hereby which was due when the TRUSTEE took possession of the mortgaged property, and all of such which may fall due while the TRUSTEE is in possession thereof, the continuance of the default happening before the TRUSTEE took possession of the property, or the failure to pay interest maturing while the TRUSTEE is in possession of the property, shall entitle the TRUSTEE and the bondholders to the same rights and redress as are herein or by law provided upon the continuance of such default, or the failure to pay such interest, as the case may be, in all respects as if the ELECTRIC COMPANY had continued in possession of the said property.

Section 2. In case default shall be made in the payment of any semi-annual installment of interest or any bond hereby secured, when the same shall become payable, and any such installment shall remain unpaid for the period of six (6) months, the TRUSTEE may, and upon written request of the holders of a majority in amount of the bonds then outstanding, shall, by notice in writing delivered to the ELECTRIC COMPANY, declare the principal of all bonds hereby secured and then outstanding to be due and payable immediately; and, upon any such declaration the same shall become and be immediately due and payable, anything in this indenture or in said bonds contained to the contrary notwithstanding. This provision is, however, subject to the condition that if at any time after the principal of said bonds shall have been so declared due and payable, and before any sale of the mortgaged property or any part thereof shall have been had, all arrears of interest upon all bonds hereby secured and then outstanding, with interest on overdue installments of interest at the rate of five per cent. (5%) per annum, and all expenses properly incurred by the TRUSTEE and its compensation, shall be paid by the ELECTRIC COMPANY to the TRUSTEE; or, in case such amount shall have been collected out of the income of the mortgaged property before any sale of the mortgaged property, or any part thereof, shall have been had, then and in every such case such declaration and its consequences shall, ipso facto, be rescinded and annulled; but no such rescission and annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 3. In case default shall be made in the payment of any interest on any bond