

Sec. 3. The Company covenants that it is lawfully seized and possessed of the property hereby granted and that said property is free and clear of all incumbrance except in favor of said Bank of Stevenson and that it has full power and authority to execute this conveyance and it warrants to forever defend the title thereto to the said Trustee, its successors and assigns against the lawful claims and demands of all persons whomsoever except as herein stated.

Sec. 4 The Company covenants that during the lifetime of this deed of trust and of any outstanding bonds secured hereby, all improvements to the Water system of the Company shall be made under the supervision of the Trustee or one of its officers appointed by it and the Company during said time and until said bonds are paid and cancelled, covenants that it will not incur any unusual expenses without the approval of the Trustee or of its Agent to be appointed as in this section provided, except in cases, if any, where this provision is expressly waived in writing by the Trustee.

ARTICLE III.

Rights of Company until Default.

It is hereby expressly covenanted and agreed that until some default shall be made in the due and punctual payment of the interest or of the principal of the bonds hereby secured, or until some default has been made in the performance of some one or more of the covenants or conditions hereof, obligatory upon the Company, the Company, its successors and assigns, shall be suffered and permitted, subject to the terms of this Indenture, to retain actual possession of the property hereby granted and to manage and operate the same except in so far as restricted by the terms and provisions relative to management, hereinbefore contained, and subject to the further provision that the net earnings of the Company shall be used only for improvements and extensions approved by Trustee and for creating a fund with which to pay off any indebtedness of the Company and especially for the purpose of taking up the bonds secured by this Indenture.

ARTICLE IV.

Rights and Remedies in the event of default.

Sec. 1. In case default shall be made in the payment of principal or interest on any bond or bonds secured by this Indenture and such default shall continue for a period of sixty days 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 Company, and such default shall continue for a period of sixty days after written notice thereof shall have been given to the Company, by the Trustee, the Trustee may declare the principal of all outstanding bonds to be due and payable immediately, and upon such declaration the same shall become immediately due and payable anything in this Indenture or in the said bonds to the contrary notwithstanding. And Trustee may proceed by suit to enforce the payment of said bonds and foreclose this Indenture and to sell the property and property rights granted by this deed of trust in the manner prescribed by law and shall be entitled to have included in the judgment that may be recovered, counsel fees and charges of attorneys employed in such foreclosure suit in such sum as the Court may deem reasonable which shall be taxed as a part of the costs in such suit and in such suit shall be entitled to have entered a judgment for any deficiency remaining due upon account of any of the indebtedness secured hereby, either on the bonds or coupons aforesaid or otherwise, after applying the proceeds of the sale of the property set forth herein and to the payment thereof, and to the costs in such foreclosure suit. And the Trustee may bid at any judicial sale made under a decree of the Court in such foreclosure suit and may become the purchaser of the property herein pledged and conveyed which may be sold at such sale, on its own behalf, or on behalf of the holder or holders of the bonds hereby secured.