

TO BID AND TO PAY FOR THEIR BIDS AND THE APPLICATION OF THE PROCEEDS OF SUCH SALE SHALL APPLY TO THE SALE, OR SALES, HELD IN THE STATE OF CALIFORNIA HEREUNDER, OR ELSEWHERE.

THE TRUSTEES ARE ESPECIALLY EMPOWERED TO BRING A SUIT OR SUITS EITHER JOINTLY OR SEPARATELY FOR THE FORECLOSURE OF THIS INSTRUMENT IN SUCH COURT OR COURTS AS THE TRUSTEE ACTING SHALL BE ADVISED MAY HAVE JURISDICTION TO FORECLOSE THIS INSTRUMENT. UPON THE INSTITUTION OF ANY FORECLOSURE SUIT THE COMPANY EXPRESSLY AGREES TO APPEAR BY ATTORNEY AND TO STIPULATE THAT A RECEIVER MAY BE APPOINTED WHO SHALL BE ENTITLED TO TAKE POSSESSION OF ALL PROPERTY EMBRACED IN THIS INSTRUMENT, TO COLLECT THE RENTS AND PROFITS THEREOF AND TO HOLD THE SAME FOR APPLICATION ON THE EXPENSES OF SUCH FORECLOSURE SUIT AND THE PAYMENT OF THE BONDS AND COUPONS THEN OUTSTANDING.

IN THE ABSENCE OF THE APPOINTMENT OF A RECEIVER, THE TRUSTEES MAY AT THEIR ELECTION ANY TIME AFTER AN EVENT OF DEFAULT, AS HEREINBEFORE SPECIFIED, EITHER JOINTLY OR SEPARATELY, TAKE POSSESSION OF ALL OF THE PROPERTIES, REAL PERSONAL AND MIXED, TANGIBLE, AND INTANGIBLE, SITUATE IN THE STATE OF CALIFORNIA, AND COVERED BY THE LIEN OF THIS INDENTURE. THE TRUSTEES MAY COLLECT AND RECEIVE ALL RENTS, ISSUES, PROFITS AND EARNINGS THEREOF AND APPLY THE SAME TO THE EXPENSES OF HOLDING, MANAGING AND OPERATING THE SAID PROPERTIES, HOLDING ANY SURPLUS THEREOF FOR APPLICATION ON THE DEBT EVIDENCED BY THE SAID BONDS.

SECTION 4. IN THE EVENT OF ANY FORECLOSURE SALE OF THE PROPERTIES SUBJECT TO THE LIEN OF THIS INDENTURE, OR ANY THEREOF, THE TRUSTEES, OR EITHER OF THEM, OR ANY BONDHOLDER OR ANY COMBINATION OR ASSOCIATION OF BONDHOLDERS MAY BID AND PURCHASE THE PROPERTY SOLD. ANY PURCHASER AT FORECLOSURE SALE FOR THE PURPOSE OF MAKING SETTLEMENT OR PAYMENT FOR THE PROPERTY PURCHASED SHALL BE ENTITLED TO TURN IN OR APPLY TOWARD THE PAYMENT OF THE PURCHASE PRICE ANY BONDS ISSUED HEREUNDER AND ANY MATURED AND UNPAID COUPONS AND INTEREST TO BE CREDITED THEREFOR ON THE PURCHASE PRICE, TO THE EXTENT OF THE AMOUNT WHICH WOULD BE PAYABLE UPON SUCH BONDS, COUPONS AND INTEREST UPON A DISTRIBUTION AMONG THE BONDHOLDERS OF THE NET PROCEEDS OF SUCH SALE.

SECTION 5. ANY BONDS AND COUPONS OUTSTANDING AT THE TIME WHEN ANY SALE OF THE PROPERTIES SUBJECT TO THE LIEN OF THIS INSTRUMENT, OR ANY PART THEREOF, SHALL BE SOLD SHALL BE DEEMED TO BE PAID ONLY TO THE EXTENT THAT THE PROCEEDS OF SAID SALE SHALL BE APPLIED TO THE PAYMENT OF THE SAID BONDS, AND THE COMPANY COVENANTS AND AGREES THAT IT WILL PAY ANY DEFICIENCY REMAINING AFTER THE APPLICATION OF SUCH PROCEEDS. ANY SUCH SALE, WHETHER UNDER FORECLOSURE OR UNDER THE POWER OF SALE HEREBY GRANTED, SHALL DIVEST ALL RIGHT, TITLE AND CLAIM OF THE COMPANY AND SHALL BE A PERPETUAL BAR BOTH AT LAW AND IN EQUITY AGAINST THE COMPANY AS TO ALL PROPERTY EMBRACED HEREIN. THE PURCHASER SHALL ACQUIRE AN INDEFEASIBLE TITLE TO THE PROPERTY PURCHASED AT ANY SUCH SALE, SUBJECT ONLY TO ANY STATUTORY RIGHT OF REDEMPTION WHICH MAY BE APPLICABLE THERETO IN CASE THE SALE SHALL BE MADE UNDER FORECLOSURE DECREE.

SECTION 6. THE PURCHASE MONEY AND PROCEEDS OF ANY SUCH SALE, WHETHER MADE UNDER FORECLOSURE DECREE OR OTHERWISE, SHALL BE APPLIED AS FOLLOWS:

FIRST, TO THE PAYMENT OF THE COSTS, EXPENSES, FEES AND OTHER CHARGES OF SUCH SALE, A REASONABLE COMPENSATION TO THE TRUSTEES, THEIR AGENTS AND ATTORNEYS, ALL EXPENSES AND LIABILITIES INCURRED AND ADVANCED MADE BY THE TRUSTEES IN MANAGING