

**MORTGAGE RECORD U**  
**SKAMANIA COUNTY, WASHINGTON**

Company the Corporate Trustee shall forthwith make and deliver to the Company, or to its nominee or nominees, suitable powers of attorney or proxies to vote the shares of said Subsidiary which shall have been transferred to the Corporate Trustee, or its nominee, or to give consents in respect thereof.

Section 4. The Company covenants and agrees that the properties of said Subsidiary now owned by said Subsidiary are properties used in the telephone and telegraph business in its service area in Del Norte and Humboldt Counties, California, and that such properties are not subject to any lien or encumbrance, except the lien for taxes or other governmental charges not delinquent. The Company further covenants and agrees that said Subsidiary will not mortgage, pledge or otherwise subject to/<sup>lien</sup> or encumbrance its properties now owned or hereafter acquired for use in said service area, provided, however, that nothing herein contained shall be deemed to prevent the Company from acquiring other properties outside of such service area or from mortgaging, pledging, hypothecating or otherwise encumbering any such other properties so acquired, nor from acquiring properties within said service area subject to purchase money obligations, conditional sales contracts, or under lease.

Section 5. In the event of any default on the part of the Company as defined in Section 1 of Article VI hereof, the Corporate Trustee, without demand upon or notice to the Company, may, and upon written request of the holders of twenty-five per cent (25%) in principal amount of the bonds issued hereunder then outstanding and upon being reasonably indemnified, shall revoke any proxy or power of attorney theretofore given to the Company and then in effect in respect of any of the shares pledged hereunder, and shall thereafter vote such shares in its discretion or as it may be requested in writing by the holders of a majority in principal amount of the bonds secured hereby then outstanding.

Section 6. Any cash received by the Corporate Trustee in partial or complete liquidation of said Subsidiary shall be paid out to or upon the order of the Company in the same manner and upon the same conditions and subject to the same restrictions as are provided for the withdrawal of cash in Section 6 of Article VII.

Any property, other than cash, distributed in partial or complete liquidation of said Subsidiary shall be delivered by the Corporate Trustee to the Company and shall be held by the Company subject to the provisions and lien of this Indenture, except that any property so received shall not be the basis for the issuance of bonds or the withdrawal of cash or as a credit under any of the provisions of this Indenture.

Section 7. The Company covenants and agrees

(a) That said Subsidiary will pay all taxes and assessments lawfully levied or assessed upon the property of said Subsidiary or any part thereof within said service area, or upon any income therefrom, when the same shall become due and will duly observe and conform to all valid requirements of any governmental authority relative to any of its property; provided, however, that nothing herein contained shall require said Subsidiary to observe or conform to any requirement or governmental authority or to pay any such tax or assessment so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings; provided, further, that nothing herein contained shall prohibit said Subsidiary from acquiring or holding property subject to easements, conditions or restrictions not materially impairing its usefulness and said Subsidiary's business.

(b) That said Subsidiary will keep or cause to be kept insured all of its plants, buildings, stations, machinery, equipment, apparatus and appliances in good and responsible insurance companies against loss, destruction or damage by fire, or