

priority of the lien hereof on the mortgaged property and reciting the details thereof, or stating that no such action is required for such purpose; (2) a certificate signed by the President or a Vice-President of the Company fully describing all insurance policies then in force on the mortgaged property, or any part thereof, and stating that the Company has complied with the requirements of Section 8.11 with respect to the maintenance of insurance and stating (a) that all taxes which became due on the mortgaged property during such calendar year have been duly paid unless the Company shall in good faith, by appropriate action, contest any of said taxes, in which event such contest shall be set forth; (b) that all insurance premiums which became due during such calendar year upon the insurance policies to which reference is hereinbefore made have been paid; and (c) that no additional fixed property has been acquired by the Company during such calendar year, or, if any fixed property has been so acquired, briefly describing the same and stating the cost thereof.

SECTION 8.11. It will keep such of the mortgaged property as is of an insurable nature and of the character usually insured by companies engaged in the same business in similar geographical locations insured against loss or damage by fire and from other hazards customarily insured against by such companies and will carry such insurance with insurance companies of good standing in amounts not less than the fair insurable value of the properties insured; provided, however, that policies may be written with a co-insurance clause of not less than 90% if the insurance be for not less than 90% of the actual cash value of the property insured.

All policies required by the provisions of this Section to be carried by the Company shall provide that all losses, except any one loss the insurance proceeds payable with respect to which are not in excess of Ten Thousand Dollars (\$10,000), shall be payable to the Trustees, as their interest may appear. In case of any default by the Company in fulfilling the covenants contained in this Section with respect to the carrying of insurance, the Trustee may, at its option, effect such insurance in the name of the Company or in the name of the Trustees and all premiums paid by the Trustee for such insurance shall be repaid by the Company on demand and if not so repaid shall be secured by the lien of this Indenture in priority to the indebtedness evidenced by bonds issued hereunder. Upon the happening of every such loss, the insurance proceeds payable with respect to which are in excess of Ten Thousand Dollars (\$10,000), the Company shall make due proof of loss containing a power of attorney in favor of the Trustee to endorse all drafts drawn for the payment thereof to the order of the Trustee and to sign receipts therefor and shall do all things necessary or desirable to cause the insurer or insurers to make payment in full directly to the Trustee. In case of any loss covered by any policy of insurance, any appraisal or adjustment of such loss and settlement and payment of indemnity therefor which shall be agreed upon between the insured and the insurer shall be accepted by the Trustees and the Trustees shall in no way be liable for the adjustment of such loss. The Company shall, upon the execution hereof, furnish to the Trustee a statement in writing signed by an officer of the Company fully describing all policies of insurance then in force covering the mortgaged property or any part thereof. The Trustee at its option may, at any time, require the Company to deposit with it any or all of such insurance policies and shall require such deposit upon the occurrence of an event of default.

SECTION 8.12. In case of any loss, the insurance proceeds payable in respect of which are less than Ten Thousand Dollars (\$10,000), it will apply the insurance proceeds thus received by it to the repair or replacement of the pertinent property damaged or destroyed or to the construction or acquisition of property additions, upon the completion