ascertainment of facts to authorize use of proceeds

works or erections of a fixed or permanent nature suitable for the purposes of the mortgagor and so as to constitute permanent extensions or improvements of the property of the mortgagor, or in the purchase of other lands or real estate suitable to be held in connection with such other property, or in the purchase of machinery, chattels or effects necessary or convenient for the purposes of the mortgagor and so that all such permanent extensions, improvements, lands, real estate and other property so acquired shall be conveyed or assured in such manner as the trustee may require so as to become subject to all the trusts, powers and provisions herein contained. And the trustee shall use such proceeds from time to time to purchase the bonds as aforesaid upon the written request of the board of directors of the mortgagor, stating the market value of any bonds to be purchased or shall pay out the same according to the written orders of the treasurer of the mortgagor upon receiving the conveyances and assurances of such permanent extensions, improvements, lands real estate or other property so far as may be necessary, and certificates of a majority of the board of directors of the mortgagor that the cost of the same to the mortgagor has been at least equal to the sum so to be paid out.

In the event of any sales or other proceedings provided for in this section, the trustee at the expense of the mortgagor, may in its discretion, and in the case of a sale of any of the mortgagor's real estate, road bed or right of way, the trustee shall verify the facts set forth in such request and certificates whether relating to the fairness of the selling price, the market value of the bonds, the cost of the property so acquired, or otherwise, by the report of some