

lien of this Mortgage other than the lien of current taxes and, if so subject, there shall be stated and given the amount of indebtedness secured by such prior lien and a description of the mortgage or lien evidencing such prior lien and there shall accompany a copy thereof.

(b) In case of any such sale of any such property the price or proceeds of sale (which <sup>Disposition of Proceeds of Sale</sup> may consist of cash and/or obligations secured by a purchase money mortgage on the property released if the Bankers consent) not less than the value of such property aforesaid (less the actual and necessary expenses of such sale) shall, on or before the delivery of such release be deposited with the Trustee as part of the trust property until paid over and applied as hereinafter provided or if the property be sold subject to mortgage or other instrument constituting a lien thereon prior to this Mortgage such proceeds may be disposed of in such manner as may be required by the terms of such prior mortgage or other instrument, the Company agreeing that upon final satisfaction or release of such prior mortgage or other instrument such proceeds then held thereunder shall be forthwith deposited with the Trustee and be held, used and disposed of the same as other proceeds of released property.

(c) In case of any exchange the property received in exchange shall be subject to the <sup>Property Received in Exchange</sup> lien and operation of this Mortgage and shall be forthwith transferred to the Trustee and Co-Trustee for that purpose and the Trustee shall concurrently be furnished with an opinion of counsel satisfactory to the Trustee, who may be counsel of the Company, that the Company has good title to such property subject to no lien or encumbrance prior to the lien of this Mortgage except taxes for the current year and that this Mortgage is a valid first lien thereon subject only to such taxes.

The net proceeds realized by the Company from any property taken or damaged in eminent domain proceedings and all sums of money which may become due to the Company as compensation for any property which may be taken or acquired by virtue of any option granted to any city or other granting authority under any franchise now or hereafter granted to or acquired by the Company shall be for the purpose of this article treated as though realized from a voluntary sale thereof made in conformity to the provisions of this <sup>Section</sup>.

The moneys received by the Trustee upon any such sale or condemnation or from any purchase money obligation received as part of the consideration of the released property <sup>Application of Proceeds of Released Property</sup> or from any city or granting authority exercising its option to purchase any property of the Company under any valid ordinances, shall be used by the Trustee ninety days after receipt of said moneys, unless sooner directed by the Company and/or the Bankers or either of them, to purchase bonds issued hereunder on the open market at the lowest price obtainable if the same is lower than that provided for redemption of bonds in Article V hereof, otherwise all said moneys shall be used by the Trustee as aforesaid in the redemption of bonds issued hereunder and the Company hereby empowers the Trustee to act for and on its behalf and to do all things necessary and proper in making redemption of the bonds and using such proceeds therefor, provided, however, that upon the written consent of the Bankers, which shall be discretionary with them, any moneys so received shall be applied by the Trustee if directed by the Company within ninety days after the receipt of such moneys in a resolution adopted by its Board of Directors, a certified copy of which shall be filed with the Trustee and the Bankers and each of them in any one or more of the various ways as may be specified in such direction or directions, namely:

(1) The Trustee shall pay over to the Company out of such proceeds from time to time sums equal to the actual cash cost or reasonable value, whichever is the lower, of permanent extensions, enlargements and additions of and to the physical property owned at the execution and recording of this Mortgage or thereafter acquired by the Company, including any additional public utility property acquired as an entirety or substantially as an entirety but not including any improvements and additions necessary for the proper maintenance of the property