

MORTGAGE OF REAL ESTATE

37276 PROVENOR-BARRARD CO.-GREENVILLE

in the case of property acquired subsequent to July 1, 1936, accrued or created or imposed at the time of or subsequent to the acquisition thereof, and remaining undischarged, other than the lien hereof and current taxes and assessments;

(8) setting forth in reasonable detail (a) the gross earnings derived from the operation of the mortgaged property during a period of twelve (12) consecutive calendar months ending not more than ninety (90) days preceding the filing of such certificate, including in such gross earnings the earnings during such period from the operation of any property acquired as an entirety or substantially as an entirety and constituted a part of the mortgaged property during such period or to be so acquired and constituted simultaneously with the authentication of the bonds then applied for, notwithstanding such earnings or any part thereof accrued to prior owners of such property, (b) the gross nonoperating earnings of the Company for the same period, and (c) the aggregate of such operating earnings, together with such part of such nonoperation earnings as shall not exceed seven and one-half per cent (7½%) of such operating earnings, such aggregate being herein referred to as the "available gross earnings";

(9) setting forth in reasonable detail the gross operating expenses of the Company during the period covered by the aforesaid statement in respect of gross earnings, including all administration and overhead expenses, all taxes (other than income taxes levied under any present or future state or federal law), insurance, rentals, the actual expenditures and charges made for the maintenance and repair of properties, and depreciation charges responsive to the provisions hereof and of any indenture supplemental hereto, and including also proper operating expenses incident to any such property newly acquired or to be acquired simultaneously with the authentication of the bonds then applied for, for the full period aforesaid;

(10) setting forth the net amount remaining after deducting from the available gross earnings of the Company as stated in such certificate the aggregate of the gross operating expenses as so stated, such net amount being sometimes herein referred to as the "net earnings of the Company."

(11) setting forth in reasonable detail the annual aggregate interest charge on all bonds outstanding hereunder, on the bonds authentication whereof is then applied for, and on all underlying bonds, and the total of such interest charges, such total sum being sometimes herein referred to as the "annual bond interest charge";

(12) setting forth in reasonable detail the gross earnings derived during the twelve (12) months' period specified responsive to division (8) of this subparagraph (e) from the operation of any property included in such certificate acquired, subject to the lien of any underlying mortgage, as an entirety or substantially as an entirety, and constituted a part of the mortgaged property or to be so acquired and constituted simultaneously with the authentication of the bonds then applied for, notwithstanding such earnings or any part thereof accrued to prior owners of such property;

(13) setting forth in reasonable detail the gross operating expenses incident to the operation of such property acquired or to be simultaneously acquired, subject to the lien of any underlying mortgage, during the period covered by the aforesaid statement in respect of gross earnings of such property, including proper administrative and overhead expense, all taxes (other than income taxes levied under any present or future state or federal law), insurance, rentals, actual expenditures and charges made for the maintenance and repair of such property and reasonable and proper depreciation charges;

(14) setting forth the net amount remaining after deducting from the gross earnings set forth under division (12) above, the gross operating expenses set forth in division (13) above, such net amount being sometimes herein referred to as the "net underlying earnings";

(15) setting forth the annual aggregate interest charge on all underlying bonds secured by any underlying mortgage on the property from which the net underlying earnings set forth in division (14) above were derived, such amount being sometimes herein referred to as the "annual underlying bond interest charge";

(16) stating that no default exists in respect of any of the covenants, agreements or provisions of this indenture of any underlying mortgage.

(f) If in the pertinent certificate responsive to subparagraph (e) of this section there be set forth the acquisition of any property as an entirety or substantially as an entirety, a certificate of an engineer setting forth the fair value of such property in the opinion of such engineer after deduction of proper depreciation and elimination of any portion of such property not at the time useful in the business of providing telephone service, and stating that in the opinion of such engineer the acquisition of such property is desirable from the standpoint of the Company and of the holders of the bonds issued hereunder;

(g) An opinion of counsel to the effect that good and valid title to the physical property additions mentioned in the pertinent certificate responsive to subparagraph (e) of this section has been vested in the Company, and that this indenture has been constituted a first and valid lien thereon subject only to the liens and charges set forth in such certificate, and to any other lien or charge in such opinion described in reasonable detail and that in the opinion of such counsel such liens (excepting, however, underlying mortgages) do not, within the purview of the provisions of this indenture, materially impair the lien hereof on such property for the security of the bonds issued hereunder, including those authentication whereof is then applied for;