

MORTGAGE OF REAL ESTATE

SECTION 68. Upon the occurrence of one or more Defaults, the Company, upon demand of the Trustees, shall forthwith surrender to the Trustees the actual possession of, and it shall be lawful for the Trustees, by such officer or agent as they may appoint, to take possession of, all the Mortgaged and Pledged Property (with the books, papers and accounts of the Company) and to hold, operate and manage the same, and from time to time to make all needful repairs and such extensions, additions and improvements as to the Trustees shall seem wise; and to receive the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and out of the same to pay all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustees, their agents and counsel, and any charges of the Trustees hereunder, and any taxes and assessments and other charges prior to the Lien of this Indenture which the Trustees may deem it wise to pay, and all expenses of such repairs, extensions, additions and improvements, and to apply the remainder of the moneys so received by the Trustees, subject to the provisions of Section 76 hereof with respect to extended, transferred or pledged coupons or claims for interest, first to the payment of the instalments of interest which are due and unpaid, in the order of their maturity, and next, if the principal of any of said bonds is due, to the payment of the principal and accrued interest thereon pro rata without any preference or priority whatever, except as aforesaid. Whenever all that is due upon such bonds and instalments of interest and under any of the terms of this Indenture shall have been paid and all defaults made good, the Trustees shall surrender possession to the Company, its successors or assigns; the same right of entry, however to exist upon any subsequent default.

SECTION 69. Upon the occurrence of one or more Defaults, the Trustees, by such officer or agent as they may appoint, with or without entry, may, if at the time such action shall be lawful sell all the Mortgaged and Pledged Property as an entirety, or in such parcels as the holders of a majority in principal amount of the bonds Outstanding hereunder shall in writing request, or in the absence of such request, as the Trustees may determine, at public auction, at some convenient place in the City of Raleigh, North Carolina, or such other place or places as may be required by law, having first given notice of such sale by publication in at least one Daily Newspaper or general circulation in the City of Raleigh, North Carolina (if there be such a Daily Newspaper), at least four (4) times preceding such sale, the first publication to be made not less than twenty (20) days prior to the date of such sale, and by like publication in at least one Daily Newspaper printed in the English language and of general circulation in the Borough of Manhattan, The City of New York, and any other notice which may be required by law, and from time to time may adjourn such sale in their discretion by announcement at the time and place fixed for such sale without further notice and upon such sale may make and deliver to the purchaser or purchasers a good and sufficient deed or deeds for the same, which sale shall, to the extent then permitted by law, be a perpetual bar, both at law and in equity, against the Company and all persons, firms and corporations lawfully claiming or who may claim by, through or under it.

SECTION 70. In case of the breach of any of the covenants or conditions of this Indenture, the Trustees shall have the right and power to take appropriate judicial proceedings for the enforcement of their rights and the rights of the bondholders hereunder. In case of a Default hereunder, the Trustees may either after entry, or without entry, proceed by suit or suits at law or in equity to enforce payment of the bonds then Outstanding hereunder and to foreclose this Indenture and to sell the Mortgaged and Pledged Property under the judgment or decree of a court or courts of competent jurisdiction.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustees or either of them (or to the bondholders), is intended to be exclusive or any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default hereunder, whether by the Trustees or by the bondholders, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

SECTION 71. The holders of not less than a majority in principal amount of the bonds at the time Outstanding hereunder may direct the time, method, and place of conducting any proceeding for any remedy available to the Trustees, or either of them, or exercising any trust or power conferred upon the Trustees, or either of them.

For the purposes of this Section and of Sections 65, 67, 69, 89, 101, 102 and 122 hereof, in determining whether the holders of the required percentage of the principal amount of bonds have concurred or participated in any direction, request, consent or other action, bonds owned by the Company, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be disregarded, except that for the purpose of determining whether the Trustees, or either of them, shall be protected in relying on any such direction, request, consent or other action, only bonds which the Trustees, or either of them,