

to be paid out of the proceeds of such insurance all costs and expenses in connection therewith so that such replacements or restoration shall be so completed that the portion of the Trust Estate so replaced or restored shall be free and clear of all mechanics' liens and other claims.

SECTION 8. In the event of the failure of the Corporation in any respect to comply with the covenants and conditions herein contained with respect to the procuring of insurance, the payment of taxes, assessments, and other charges, or the keeping of the Trust Estate in repair and free of liens and other claims, the Trustee or any noteholder or noteholders shall have the right (without prejudice to any other rights arising by reason of such default) to advance or expend moneys for the purpose of procuring such insurance, or for the payment of insurance premiums, taxes, assessments, or other charges, or to save the Trust Estate from sale or forfeiture for any unpaid tax or assessment, or otherwise, or to redeem the same from any tax or other sale, or to purchase any tax title thereon, or to remove or purchase any mechanics' liens or other encumbrance thereon, or to make repairs thereon, or to prosecute or defend any suit in relation to the Trust Estate, or in any manner to protect the Trust Estate and the title thereto, and all sums so advanced for any of the aforesaid purposes with interest thereon at the rate of five per centum (5%) per annum shall be deemed a charge upon the Trust Estate in the same manner as the notes at the time outstanding are secured and shall be forthwith paid to the Trustee or noteholder or noteholders making such advance or advances upon demand. It shall not be obligatory for the Trustee or any noteholder in making any such advances or expenditures to inquire into the validity of any such tax title, or of any such taxes or assessments or sales therefor, or of any such mechanics' liens or other encumbrance.

SECTION 9. The Corporation will not, without the approval in writing of the majority noteholders: (a) enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the use by others of any of the Trust Estate, or for toll traffic, operator assistance, extended scope or switching services to be furnished by or for connecting or other companies; provided, however, that such approval shall not be required for any toll traffic or operator assistance contracts which in form and substance conform with contracts in general use in the telephone industry; or (b) deposit any of its funds, regardless of the source thereof, in any bank which is not insured by the Federal Deposit Insurance Corporation, or the successor thereof.

SECTION 10. Salaries, wages and other compensation paid by the Corporation for services, and directors' fees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Corporation.

SECTION 11. The Corporation will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Corporation, in accordance with methods of accounting prescribed by the state regulatory body having jurisdiction over the Corporation, or in the absence of such regulatory body or such prescription, by the Federal Communications Commission. The Corporation will furnish each noteholder: (a) not later than the thirtieth day of January, April, July and October in each year, a statement of operations for the three calendar months preceding said months, including, without limitation, an analysis of the Corporation's revenues, expenses and subscriber accounts for such preceding three months and if requested by the majority noteholders, such statement shall be in such form and include therein such other information as may be specified in such request; and (b) within ninety (90) days after the close of each fiscal year, full and complete reports, certified by its Treasurer, of its financial condition as of the end of such fiscal year and of its operations for such period, and, if requested by the majority noteholders, such reports shall be audited and certified by independent public accountants satisfactory to such noteholder or noteholders. Any noteholder, through its