

ARTICLE I

FORM, REGISTRY AND EXCHANGE OF BONDS

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Section 1. Amount, Date and Price. The original issue of bonds secured by this Indenture consists of a series of Mortgage bonds as defined in Exhibit "A", Section 1.

Section 2. Maturity, Interest Rate and Payment of Interest. The several bonds issued hereunder shall mature serially in accordance with the schedule attached hereto, marked Exhibit "C", which is referred to and made a part hereof for all purposes. Simple interest bonds in the issue shall yield simple interest payable by check semi-annually while interest on the compound interest bonds will be compounded semi-annually and will be paid along with principal at the maturity date printed on the face of the several bonds.

Section 3. Denominations. Bonds may be issued in any multiple of \$250.00 not to exceed the amount maturing on any maturity date. Said bonds will be assigned bond numbers by Registrar.

Section 4. Execution. Each of the bonds issued hereunder shall be validated by the Registrar named in Exhibit "A", Section 5.

Section 5. Specimen Forms. Specimen forms of bonds are attached hereto as Exhibit "D" and made a part hereof. Each and every term, covenant and condition thereof is hereby made a part of this Indenture as if the same appeared herein. In the event of conflict between the terms hereof and terms of the bond, the terms of the bond shall control.

Section 6. Registry and Transfer of Bonds. The Registrar shall maintain at its office a bond register which shows the bond numbers, the denominations and the names and addresses of the holders of all bonds issued hereunder. The bonds and interest thereon shall be payable to the registered owner. Ownership of the bond(s) may be transferred through the Registrar.

Section 7. Replacement of Bonds. In the event any bond shall become mutilated or defaced, the Registrar shall issue a new bond of like kind, maturity and date, in exchange and in substitution for said bond(s) so mutilated or defaced, upon cancellation of the original bond thereof and upon payment of usual and normal charges, if any. In the event any bond is destroyed, lost or stolen, the Registrar shall issue in lieu of and in substitution for any bond alleged to have been destroyed or lost, or in lieu of and in substitution for any bond(s) stolen more than six (6) months and not presented for payment within such period, a new bond of like kind, maturity and date upon satisfaction of the following requirements: The registered owner of such bond(s) or his agent shall file with Registrar an affidavit satisfactory to the Registrar that such bond(s) are in fact destroyed, lost and, with respect to stolen bond(s), that such theft occurred at least six (6) months prior to the date of such filing. Said Affidavit shall contain an agreement wherein the Affiant agrees to hold harmless and indemnify the Issuer and any and all parties who may be liable upon such bond(s) from and against all claims and demands, and from and against all damages, losses, costs, charges and expenses which the Registrar may sustain, incur, or be liable for, or in consequences of any such claims or demands, or as the result of having given to the undersigned a duplicate certificate(s). The registered owner may also be required to furnish an indemnity bond issued by a reputable surety company, indemnifying Registrar against loss for issuing the substitute bond(s).

Section 8. Registered Holder as Owner. The person in whose name each bond is registered shall be deemed and regarded as the owner thereof for all purposes of this Indenture, and payment of principal and interest under any such bond shall be made only to the registered holder thereof, but said registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bonds to the extent of the sum or sums so paid. The Issuer and the Registrar may deem and treat the registered holder of such bond as the absolute owner (whether or not it shall be overdue), and notwithstanding any notation of ownership or writing thereon which may have been made by anyone other than the Registrar, and neither the Registrar nor Issuer shall be affected by any notice to the contrary.

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