
TRUST INDENTURE

between

**THE EDUCATIONAL BUILDING AUTHORITY
OF THE TOWN OF INDIAN SPRINGS VILLAGE**

and

FIRST ALABAMA BANK

Dated as of August 1, 1992

Relating to

\$3,500,000

**THE EDUCATIONAL BUILDING AUTHORITY
OF THE TOWN OF INDIAN SPRINGS VILLAGE**

**School Revenue Bonds
(Indian Springs School Project)
Series 1992**

Inst # 1992-29847

**12/14/1992-29847
08:59 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
067 HJS 171.50**

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TRUST INDENTURE between **THE EDUCATIONAL BUILDING AUTHORITY OF THE TOWN OF INDIAN SPRINGS VILLAGE**, a public corporation and instrumentality under the laws of the State of Alabama, party of the first part, and **FIRST ALABAMA BANK**, a banking corporation having one of its principal corporate trust offices in the City of Birmingham, Alabama, party of the second part;

RECITALS

The party of the first part makes the following recitals of fact as the basis for the undertaking following: it is duly incorporated under the provisions of Code of Alabama 1975, Title 16, Chapter 17, by Certificate of Incorporation duly filed for record in the office of the Judge of Probate of Shelby County, Alabama; its Certificate of Incorporation has not been amended or revoked and is in full force and effect; it is not in default under any of the provisions contained in its Certificate of Incorporation, in its Bylaws or in the laws of the State of Alabama; by proper corporate action it has duly authorized the issuance of the Series 1992 Bonds hereinafter referred to; and to secure payment of the principal of and the interest and premium (if any) on all bonds that may be issued hereunder, it has by proper corporate action duly authorized the execution and delivery of this Indenture.

NOW, THEREFORE, THIS INDENTURE

WITNESSETH:

For the aforesaid purpose and in consideration of the respective agreements herein contained, it is hereby agreed between the parties signatory hereto and the holders of all bonds issued hereunder (the holders of said bonds evidencing their consent hereto by their acceptance of the said bonds and the parties signatory hereto evidencing their consent hereto by their execution hereof), each with each of the others, as follows (provided, that in the performance of any of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the sources of payment hereinafter specified):

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used herein, shall have the following respective meanings:

"Act" means the statutes codified as Code of Alabama 1975, Title 16, Chapter 17, as amended and supplemented and at the time in force and effect.

"Advance" means any advance of moneys to the Authority by the Bank, as shall be evidenced on Schedule A to the Series 1992 Bonds.

"Additional Bonds" means bonds of the Authority authorized in Article VIII hereof to be issued hereunder and secured hereby on a parity with the Series 1992 Bonds.

"Agreement of Sale" means that certain Agreement of Sale dated as of August 1, 1992, between the Authority, as seller, and the Corporation, as purchaser, as said Agreement of Sale now exists and as it may from time to time be modified, supplemented or amended in accordance with the provisions of Article XIV hereof.

"Agreement of Sale Default" means an "Event of Default" under the Agreement of Sale, as such term is defined in Section 10.1 of the Agreement of Sale.

"Applicable Percentage" means that percentage determined in accordance with the provisions of the Indenture which, when applied to the Base Rate, produces the applicable per annum rate of interest borne by the Series 1992 Bonds for so long as no Series 1992 Determination of Taxability shall have occurred.

"Authority" means the party of the first part hereto and, subject to the provisions of Section 11.4 hereof, includes its successors and assigns and any public corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Bank" means First Alabama Bank, Birmingham, Alabama, the original purchaser of the Series 1992 Bonds from the Authority, for so long as it shall be the Holder of any of the Series 1992 Bonds.

"Base Rate" means that rate of interest announced by First Alabama Bancshares, Inc. as the "Commercial Base Rate" (such rate being an index for establishing variable interest rates on loans of affiliates of First Alabama Bancshares, Inc.), or, if no such rate is then announced, such other comparable rate which serves as the basis upon which effective rates of interest are calculated for those making reference thereto, it being understood that loans are made at rates above, below or equal to the Commercial Base Rate, and that the Commercial Base Rate may change at any time.

"Basic Payments" means (i) the moneys payable by the Corporation pursuant to the provisions of Section 5.2 of the Agreement of Sale, (ii) any other moneys payable by the Corporation pursuant to the Agreement of Sale to provide for the payment of the principal of and the interest and premium (if any) on the Bonds (other than the aforesaid moneys payable pursuant to Section 5.2 of the Agreement of Sale), and (iii) any other moneys payable by the Corporation pursuant to the Agreement of Sale that are therein referred to as Basic Payments.

"Bond Counsel" means Counsel whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized.

"Bond Fund" means the Indian Springs School Bond Principal and Interest Fund created in Section 10.1 hereof.

"Bondholder" means the Holder of any Bond.

"Bond Preference Tax" means any tax or penalty hereafter imposed on the owners of Tax-Exempt Obligations under the laws of federal income taxation or Alabama law, including, without limitation, any preference tax, excess profits tax, minimum tax, tax resulting from the disallowance of a deduction or other tax measured in whole or in part by reference to (i) the interest on or the principal of Tax-Exempt Obligations or (ii) any amount of interest on indebtedness deemed attributable to the purchase or carrying of Tax-Exempt Obligations.

"Bonds" means all bonds of the Authority issued under the Indenture; i.e., the Series 1992 Bonds and all Additional Bonds which may from time to time be issued under the Indenture.

"Capital Improvements" means improvements, extensions and additions (including, without limitation, buildings, structures, land, interests in land and equipment and other personal property) to the facilities of the Corporation that are properly chargeable to fixed capital account by generally accepted accounting principles.

"Corporation" means Indian Springs School, a nonprofit corporation under the laws of the State of Alabama, and, subject to the provisions of Section 6.3 of the Agreement of Sale, includes its successors and assigns and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Construction Fund" means the Indian Springs School Construction Fund created in Section 9.2 hereof.

"Counsel" means any attorney duly admitted to practice before the highest court of any state of the United States of America or the District of Columbia (including any officer or full-time employee of the Authority, the Corporation or an Affiliate of either thereof who is so admitted to practice), it being understood that "Counsel" may also mean a firm of attorneys all of whose members are so admitted to practice.

"Directors" means the Board of Directors of the Authority.

"Eligible Investments" means (i) Federal Securities, (ii) repurchase agreements that are collateralized to the extent of not less than 100% of the principal amount thereof by Federal Securities, and (iii) shares or other investment units representing a beneficial interest in any money market funds provided that the investment portfolio of such money market funds consists of Federal Securities or repurchase agreements described in clause (ii) of this definition or both.

"Event of Default" means an "Event of Default" as specified in Section 12.1 hereof.

"Federal Securities" means (i) any debt securities that are direct obligations of the United States of America or any agency or instrumentality of the United States of America and (ii) any debt securities payment of the principal of and the interest on which is unconditionally guaranteed by the United States of America or any agency or instrumentality of the United States of America.

"fully paid", "payment in full", or any similar expression with respect to the Indenture Indebtedness, means that the entire Indenture Indebtedness has been paid in full or duly provided for pursuant to Section 15.1 hereof and that the lien of the Indenture has been cancelled, satisfied and discharged in accordance with the provisions of said Section 15.1.

"Holder", when used in conjunction with a Bond, means the Person in whose name such Bond is registered on the registry books of the Trustee pertaining to the Bonds.

"Home Office Payment Agreement" means a special payment agreement between the Trustee and any Bondholder complying with the provisions of Section 3.3 hereof.

"Improvements" means the buildings, structures and other improvements to be acquired and constructed by the Authority pursuant to the Agreement of Sale with the proceeds of the Series 1992 Bonds.

"Indenture" means this Trust Indenture, as supplemented and amended by any Supplemental Indenture executed by the Authority and the Trustee in accordance with the applicable provisions of Article XIV hereof.

"Indenture Indebtedness" means all indebtedness of the Authority at the time secured by the Indenture, including, without limitation, (i) all principal of and interest and premium (if any) on the Bonds and (ii) all reasonable and proper fees, charges and disbursements of the Trustee for services performed under the Indenture.

"Irregular Denomination Series 1992 Bond" means either (i) any Series 1992 Bond initially issued, pursuant to the applicable provisions hereof, in a principal amount not evenly divisible by \$1,000 or (ii) any Series 1992 Bond at the time outstanding in an amount not evenly divisible by \$1,000.

"Municipality" means the Town of Indian Springs Village, Alabama, and any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"outstanding", when used with reference to any of the Bonds, means, at any date as of which the amount of such Bonds outstanding is to be determined, all such Bonds which have been theretofore authenticated and delivered by the Trustee under the Indenture, except (i) those of such Bonds purchased for retirement which have been delivered to and cancelled by the Trustee, (ii) those of such Bonds cancelled by the Trustee because of payment at or after their respective maturities or redemption prior to their respective maturities, (iii) those of such Bonds for the payment or redemption of which provisions shall have been made with the Trustee as provided in Section 16.1 of the Indenture, and (iv) those of such Bonds in exchange for which, or in lieu of which, other Bonds have been authenti-

cated and delivered under the Indenture. In determining whether the holders of a requisite aggregate principal amount of outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are owned by the Corporation or any Affiliate thereof shall be disregarded and deemed not to be outstanding hereunder for the purpose of any such determination.

"Person" means any natural person, corporation, joint venture, partnership, trust, government or governmental body, political subdivision, or other legal entity as in the context may be possible or appropriate.

"premium", when used with reference to the redemption or purchase for retirement of any of the Bonds, means the amount (if any) by which the redemption or purchase price (in all cases exclusive of accrued interest) of such Bonds exceeds the principal of the Bonds so redeemed or purchased for retirement, as the case may be.

"Project" means the Site and the Improvements, as the same may at any time exist.

"Project Costs" means the following: (i) all costs and expenses incurred in connection with the planning, development and design of the Improvements, including the costs of preliminary investigations, surveys, estimates and plans and specifications; (ii) all costs of preparing and landscaping the land on which the Improvements will be located; (iii) all costs and expenses of constructing and installing the Improvements, including the cost to the Corporation of supervising construction, payments to contractors and materialmen and fees for professional or other specialized services; (iv) all costs and expenses of acquiring and installing personal property and fixtures in or around the Improvements; (v) all expenses incurred in connection with the issuance and sale of the Series 1992 Bonds, including (without limitation) all legal, accounting, financial, underwriting, printing, recording and filing fees and expenses and the initial charge of the Trustee; (vi) the charges of the Trustee for the disbursement of moneys from the Construction Fund; (vii) all other costs in connection with the acquisition and construction of the Improvements; (viii) interest on the Series 1992 Bonds to the extent that the cumulative amount thereof paid out of the proceeds of the Series 1992 Bonds, together with the accrued interest received by the Authority upon the sale of the Series 1992 Bonds, does not exceed the total interest that will accrue on the Series 1992 Bonds from their date until the completion of the Improvements; and (ix) the reimbursement to the Corporation of all amounts paid directly by the Corporation in respect of any of the aforesaid costs and expenses and of all amounts advanced by the Corporation to the Authority for the payment of such costs and expenses.

"Qualifying Project Costs" means Projects Costs except (i) costs and expenses for portions of the Project to be used for activities constituting unrelated trades or businesses determined by applying Section 513(a) of the Code and (ii) Series 1992 Issuance Expenses.

"Resolution" means a resolution duly adopted by the Directors.

"Series 1992 Bonds" means those of the Bonds bearing the designation School Revenue Bonds (Indian Springs School Project), Series 1992, authorized to be issued in Article VII hereof.

"Series 1992 Determination of Taxability" means a determination, made in accordance with the provisions of Section 5.6 of the Agreement of Sale, that the interest income on any of the Series 1992 Bonds is includable in gross income of the Holders thereof for purposes of federal income taxation because of the occurrence of a Series 1992 Event of Taxability.

"Series 1992 Event of Taxability" means the date on which the interest income on any of the Series 1992 Bonds becomes includable in gross income of the Holders thereof for purposes of federal income taxation as a result of any of the conditions or circumstances set forth in Section 5.6 of the Agreement of Sale.

"Series 1992 Investment Proceeds" means the net income derived from the investment and reinvestment of proceeds of the Series 1992 Bonds (including income derived from the investment and reinvestment of previously derived income), it being understood that such net income shall consist of the aggregate interest received from investments plus any profit actually realized from the purchase of investments at a discount, less any accrued interest and any premium paid as a part of the purchase price of any investments. As used herein the term "Series 1992 Investment Proceeds" includes the net income derived from the investment of moneys in the Construction Fund.

"Series 1992 Issuance Expenses" means the expenses of issuing the Series 1992 Bonds to the extent, and only to the extent, that, in determining the amounts of the "proceeds" of the Series 1992 Bonds for purposes of the test provided by Section 147(g) of the Code, such expenses are properly deductible from the aggregate amount (excluding accrued interest) received by the Board from the sale of the Series 1992 Bonds.

"Series 1992 Pledge Agreement" means that certain Pledge Agreement dated as of August 1, 1992, between the Corporation and the Trustee, as said Pledge Agreement may at any time exist.

"Series 1992 Principal Proceeds" means the aggregate amount (excluding accrued interest, if any) received by the Board from the sale of the Series 1992 Bonds, less the Series 1992 Issuance Expenses.

"Series 1992 Prior Taxability Period" means the period, ending not later than the date of the Series 1992 Determination of Taxability, during which interest on the Series 1992 Bonds is includable in gross income of the Holders thereof for purposes of federal income taxation as a result of any of the conditions or circumstances set forth in Section 5.6 of the Agreement of Sale which result in the occurrence of a Series 1992 Event of Taxability, as more particularly specified in Section 5.7 of the Agreement of Sale.

"Supplemental Indenture" means an agreement supplemental hereto.

"Tax-Exempt Obligations" means (i) for purposes of a Bond Preference Tax imposed by federal law, any obligations or debt securities the interest on which is, in the opinion of Bond Counsel, excluded from gross income of the Holders thereof for purposes of federal income taxation under Section 103 and related sections of the Code, and (ii) for purposes of

a Bond Preference Tax imposed by Alabama law, any obligation or debt securities the interest on which is exempt from Alabama income taxation.

"Trustee" means the party of the second part hereto and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Woodward Trust" means the trust created under the Last Will and Testament of Harvey G. Woodward, deceased, as said trust may at any time exist.

Section 1.2 Definitions Contained in the Agreement of Sale. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in the Indenture as defined terms without being herein defined and that are defined in the Agreement of Sale shall have the meanings respectively given them in the Agreement of Sale.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to the Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage of Bonds, specified herein for any purpose, is to be figured on the principal amount thereof then outstanding.

ARTICLE II

GRANTING CLAUSES

Section 2.1 Granting Clauses. In order to secure to the Holders thereof payment of the principal of and the interest and premium (if any) on the Bonds and the performance and observance of the covenants and conditions herein and therein contained, and in consideration of their purchase and acceptance of the Bonds and of the acceptance by the Trustee of the trusts herein provided, the Authority does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the following described properties of the Authority, whether the same are now owned by it or may be hereafter acquired:

I

All right, title and interest of the Authority in and to the Agreement of Sale [except (i) the right to require the Corporation to pay certain expenses incurred by the Authority as provided in Sections 5.4 and 8.4 of the Agreement of Sale, (ii) the release and indemnification rights of the Authority contained in Section 6.1 of the Agreement of Sale and (iii) any other rights personal to the Authority which are expressly provided in the Agreement of Sale to be

exercised by the Authority], but not including, however, any of the obligations of the Authority thereunder;

II

The Basic Payments and all other revenues and receipts derived by the Authority from the sale of the Project, all other moneys required by the Agreement of Sale or the Indenture to be deposited from time to time in the Bond Fund, and all other moneys from time to time held by the Trustee for the benefit of the Bondholders pursuant to the Indenture (including, without limitation, all moneys received pursuant to, or as a result of the enforcement of, the Series 1992 Pledge Agreement, which moneys shall be applied by the Trustee solely for the payment of the principal of and the interest on the Series 1992 Bonds), together in each case with any investments and reinvestments of such moneys and the proceeds thereof;

III

The moneys required by the Agreement of Sale or the Indenture to be deposited in the Construction Fund, together with any investments and reinvestments of such moneys and the proceeds thereof, subject, however, to the disbursement and use thereof for the payment of Project Costs in accordance with the provisions of the Agreement of Sale and the Indenture; and

IV

Any and all moneys, rights and properties of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee by the Authority or anyone on its part as additional security for the payment of all or any specified series of the Bonds, or which pursuant to any of the provisions hereof or of the Agreement of Sale may come into the possession or control of the Trustee as such additional security; and the Trustee is hereby authorized to receive any and all such moneys, rights and properties as and for additional security for the payment of all or any specified series of the Bonds and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD the same unto the Trustee, its successor trustees and assigns forever, subject to Permitted Encumbrances; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and pro rata protection and benefit of the Holders, present and future, of the Bonds equally and ratably, without preference, priority or distinction of any over others by reason of priority in issuance or acquisition or otherwise, as if all the Bonds at any time outstanding had been executed, sold, authenticated, delivered and negotiated simultaneously with the execution and delivery hereof; subject, however, to the right and duty of the Trustee to apply solely for the benefit of the Holders of any particular series of the Bonds all moneys, rights and properties that are pledged or otherwise contractually obligated for the sole and exclusive benefit of the Holders of such particular series of the Bonds, including, without limitation, all moneys received pursuant to, or as a result of the enforcement of, the Series 1992 Pledge Agreement, which moneys shall be applied by the Trustee solely for the payment of the principal of and the interest on the Series 1992 Bonds;

PROVIDED that no foreclosure or sale of the Project (or any part thereof) shall be made under the provisions hereof;

PROVIDED FURTHER, that these presents are upon the condition that if the Authority shall pay or cause to be paid the principal of and the interest and premium (if any) on all Bonds secured hereby at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, or shall provide for such payment as specified in Section 15.1 hereof, and shall pay or cause to be paid all other Indenture Indebtedness, then the Indenture and the estate and rights granted hereby shall cease, determine and be void; otherwise the Indenture shall be and remain in full force and effect.

ARTICLE III

DESCRIPTION OF BONDS

Section 3.1 Issuance of Bonds in Series. The Bonds may be issued in different series, and each Bond shall have an appropriate series designation. All the Bonds shall be equally and ratably secured by the Indenture and by the pledge herein contained, it being expressly understood and agreed that no Bonds issued hereunder shall be prior to any other Bonds thereafter issued hereunder, but shall be on a parity therewith with respect to the security afforded by the Indenture.

Section 3.2 Dates and Places of Payment of Bonds. Subject to any applicable provisions pertaining to the dating of Bonds issued pursuant to the provisions of either Section 5.1 or 5.2 hereof, the Bonds of each series shall bear such date or dates as shall be specified in the Indenture or Supplemental Indenture under which such series is issued. Subject to compliance with the Act, the Bonds of each series shall mature on such dates and in such amounts, shall be subject to redemption at such times and on such terms and conditions, and shall bear interest for such periods, at such rate or rates and payable on such dates, all as shall be specified in the Indenture or Supplemental Indenture under which such series is issued. The principal of and the interest and premium (if any) on the Bonds of all series issued under the Indenture shall be payable in lawful money of the United States of America.

The principal of and the premium (if any) on the Bonds shall be payable at the principal office of the Trustee, upon presentation and surrender of the Bonds as the same become due. In case any Bond is called for partial redemption, the redemption price of the principal thereof so called for redemption shall be payable at the principal office of the Trustee (a) upon presentation and surrender of such Bond in exchange for a new Bond or Bonds of the same series and tenor and in authorized denominations having an aggregate principal amount equal to the unredeemed portion of the principal of the Bond so surrendered, or (b) upon presentation of such Bond for an appropriate endorsement by the Trustee of such partial redemption on such Bond or on any record of partial redemptions appertaining thereto and constituting a part thereof. The preceding two sentences of this paragraph notwithstanding, (i) the redemption price of any partial redemption of the principal of any of the Series 1992

Bonds may be paid to the Holders thereof pursuant to a Home Office Payment Agreement and (ii) if the Supplemental Indenture under which any series of Additional Bonds is issued so provides, the redemption price of any partial redemption of the principal of any of such Additional Bonds may be paid to the Holders of such Additional Bonds pursuant to a Home Office Payment Agreement. Subject also to the right of the respective Holders of the Series 1992 Bonds and any Additional Bonds (if, in the case of Additional Bonds, the Supplemental Indenture under which they are issued so permits) to have the interest thereon paid pursuant to a Home Office Payment Agreement, the interest on the Bonds shall be paid by check or draft mailed or otherwise delivered by the Trustee to the respective Holders thereof at their addresses as they appear on the registry books of the Trustee pertaining to the registration of the Bonds. Payment is deemed to be timely made if such check or draft is mailed on or before the due date.

Section 3.3 Home Office Payment Agreements. Any provision hereof to the contrary notwithstanding, the Trustee will, at the request of the Holder of any Bond or Bonds enter into a Home Office Payment Agreement with such Holder providing for the payment of the interest on such Bond or Bonds and the redemption price of any partial redemption of the principal thereof at a place and in a manner other than as provided in Section 3.2 hereof or in such Bond or Bonds, but any such agreement shall be subject to the following conditions:

(a) The terms and conditions of such agreement shall be satisfactory to the Trustee;

(b) The final payment of the principal of such Bond or Bonds shall be made only upon the surrender thereof to the Trustee;

(c) If such agreement provides for the partial redemption of the principal of such Bond or Bonds without the surrender thereof in exchange for one or more new Bonds in an aggregate principal amount equal to the unredeemed portion of such Bond or Bonds, then such agreement

(i) shall provide that the Holder of such Bond or Bonds will not sell, pledge, transfer or otherwise dispose of the same unless prior to the delivery thereof it shall (A) surrender the same to the Trustee in exchange for a new Bond or Bonds in an aggregate principal amount equal to the aggregate unpaid principal of such Bond or Bonds or (B) notify the Trustee in writing of such sale, pledge, transfer or other disposition and deliver to the Trustee a certificate certifying to the Trustee that endorsement has been made on such Bond or Bonds, or on a record of partial redemption appertaining to each such Bond and constituting a part thereof, of all portions of the principal of each such Bond or Bonds which have been redeemed, and

(ii) shall provide (A) that, to the extent of the payment to the Holder of such Bond or Bonds of the redemption price of any portion thereof called for redemption, the Authority and the Trustee

shall be released from liability with respect to such Bond or Bonds and the Corporation shall be released from liability for any Basic Payments referable thereto, and (B) that such Holder will indemnify and hold harmless the Authority and the Trustee against any liability arising from the failure of such Holder to make any endorsement on such Bond or Bonds (or record of partial redemption appertaining thereto) required by the preceding clause (i) or from an error or omission in such endorsement; and

(d) Such agreement shall provide that if moneys are on deposit in the Bond Fund, on or before any interest payment date or any redemption date, sufficient to pay the interest on the Bonds due on such interest payment date or the redemption price of any Bonds called for redemption on such redemption date, as the case may be, then the failure of the Holder of such Bond or Bonds to receive in a timely manner any payment due such Holder on such interest payment date or redemption date, as the case may be, because of a mistake, delay or other failure in the implementation of the method of payment prescribed by such Holder in such agreement shall not constitute an Event of Default, provided such mistake, delay or other failure is not due to the negligence of the Authority or the Corporation.

The Supplemental Indenture under which any Additional Bonds are issued may provide that the provisions of this section shall not apply to such Additional Bonds.

Section 3.4 Form of Bonds, Etc. The Series 1992 Bonds and the various certificates applicable thereto shall be in substantially the forms respectively provided therefor in Section 7.7 hereof. The Bonds of each series of Additional Bonds and the various certificates and endorsements applicable thereto shall be in substantially the forms respectively provided therefor in the Supplemental Indenture under which each such series of Additional Bonds is issued.

ARTICLE IV

EXECUTION AND AUTHENTICATION OF THE BONDS

Section 4.1 Execution of Bonds. The Bonds shall be executed by the Chairman or the Vice Chairman of the Directors, and the seal of the Authority shall be affixed thereto and attested by the Secretary or any Assistant Secretary of the Authority; provided that either or both of the signature of the Chairman or the Vice Chairman of the Directors and the signature of the Secretary or an Assistant Secretary of the Authority on the Bonds may be a facsimile of the signature of such officer if the other of such signatures is manually subscribed thereon, and both the signature of the Chairman or Vice Chairman of the Directors and the signature of the Secretary or an Assistant Secretary of the Authority on the Bonds may be a facsimile of the signature of such officer if the signature of the officer of the Trustee authenticating the Bonds in accordance with the provisions of Section 4.2 hereof is

manually subscribed thereon; and provided further that a facsimile of the seal of the Authority may be imprinted thereon rather than manually affixed thereto. Signatures on the Bonds by persons who were officers of the Authority at the time such signatures were written or printed shall continue effective although such persons cease to be such officers prior to the authentication or delivery of the Bonds.

Section 4.2 Authentication Certificate of Trustee. A duly executed authentication certificate by the Trustee in substantially the applicable form hereinafter recited shall be endorsed on each of the Bonds and shall be essential to its validity. Such certificate shall be conclusive of the due issue of such Bond hereunder.

Section 4.3 Replacement of Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor as that mutilated, lost, stolen or destroyed; provided that (i) in the case of any such mutilated Bond, such Bond is first surrendered to the Authority and the Trustee, and (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished to the Authority, the Trustee and the Corporation evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to each of them. The Authority may charge the Holder with the expense of issuing any such new Bond. In lieu of issuing a new Bond to replace any mutilated, lost, stolen or destroyed Bond which shall have already matured, the Trustee may pay such Bond at or after the maturity thereof if the owner of such Bond satisfies the same terms and conditions as those provided in the preceding provisions of this section for the replacement thereof.

ARTICLE V

REGISTRATION, TRANSFERS AND EXCHANGES OF THE BONDS

Section 5.1 Registration and Transfer of Bonds. The Trustee shall be the registrar and transfer agent of the Authority and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Bonds as are presented for those purposes, all in the manner and to the extent hereinafter specified.

The transfer of any Bond may be registered only upon the books kept by the Trustee, as registrar and transfer agent for the Authority, for the registration and registration of transfer of Bonds upon surrender thereof at the office of the Trustee with written power to transfer signed by the Holder thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Trustee. Upon any such transfer the Authority shall execute, and the Trustee shall authenticate and deliver to the transferee, a new Bond registered in the name of such transferee and of like tenor as that presented for transfer.

Any Bond authenticated and delivered pursuant to the provisions of this section shall be dated as of the interest payment date next preceding the date of its authentication by the Trustee or, if the date of such authentication is an interest payment date, as of such date; provided that if any Bond is to be authenticated and delivered pursuant to this section prior to the first interest payment date with respect to the Bond or Bonds presented for transfer for which it is to be issued in lieu of, such Bond shall be dated the date of the Bond or Bonds for which it is to be so issued in lieu of; and provided further that if at the time of such authentication, the Authority is in default in payment of the interest on the Bonds, such Bond shall be dated as of the interest payment date to which interest has previously been paid or made available for payment on the Bonds. In any case, any Bond issued in lieu of other Bonds presented for transfer shall bear interest at the rate borne by the Bonds so presented for transfer and shall bear interest from such date as is necessary to assure that no gain or loss of interest shall result from the transfer of any Bonds.

The Trustee shall not be required to transfer any Bond during the period of ten (10) days next preceding any interest payment date with respect thereto; and if any Bond shall be duly called for redemption (in whole or in part), the Trustee shall not be required to transfer such Bond during the period of forty (40) days next preceding the date fixed for such redemption.

Section 5.2 Exchange of Bonds. The Bonds of each series shall be freely exchangeable within the limits provided in the Indenture or Supplemental Indenture under which such series is issued; provided however, that under no circumstances shall a Bond be issuable in exchange for other Bonds unless all the Bonds being so exchanged are of the same series, bear interest at the same rate and have the same stated maturity. Upon the request of the Holder of any Bond in a principal amount greater than the minimum authorized denomination applicable to the series to which such Bond belongs, the Authority shall execute, and the Trustee shall thereupon authenticate and deliver, upon surrender to the Trustee of such Bond and in exchange therefor, two or more Bonds of like tenor as the Bond so surrendered and in authorized denominations aggregating the same principal amount as the Bond so surrendered. Upon the request of the Holder of two or more Bonds the Authority shall execute, and the Trustee shall thereupon authenticate and deliver, upon surrender to the Trustee of such Bonds and in exchange therefor, a new Bond or Bonds of like tenor in different authorized denominations and aggregating the same principal amount as the then unpaid principal amount of the Bonds so surrendered. Any Bonds surrendered for exchange pursuant to the provisions of this section shall be accompanied by a written power to transfer signed by the Holder thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Trustee.

Any Bond authenticated and delivered pursuant to the provisions of this section shall be dated as of the interest payment date next preceding the date of its authentication by the Trustee or, if the date of such authentication is an interest payment date, as of such date; provided that if any Bond is to be authenticated and delivered pursuant to this section prior to the first interest payment date with respect to the Bond or Bonds for which it is to be issued in exchange, such Bond shall be dated the date of the Bond or Bonds for which it is to be so issued in exchange; and provided further that if at the time of such authentication, the Authority is in default in payment of the interest on the Bonds, such Bond shall be dated as

of the interest payment date to which interest on the Bonds has previously been paid. In any case, any Bond issued in exchange for other Bonds shall bear interest at the rate borne by the Bonds so surrendered for exchange and shall be dated so that no gain or loss of interest shall result from the exchange of any Bond for other Bonds.

The Trustee shall not be required to exchange any Bond pursuant to the provisions of this section during the period of ten (10) days next preceding any interest payment date with respect thereto or, if such Bond shall be duly called for redemption (in whole or in part), during the period of forty (40) days next preceding the date fixed for such redemption.

Section 5.3 Persons Deemed Owners of Bonds. The Person in whose name a Bond is registered on the books of the Trustee shall be the sole Person to whom or on whose order payments on account of the principal thereof and of the interest and premium (if any) thereon may be made. The Authority and the Trustee may deem and treat the Person in whose name a Bond is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by either of them to the Person in whose name a Bond is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 5.4 Expenses of Transfer and Exchange. The Authority and the Trustee may charge the Holder with their reasonable fees and expenses in connection with any transfer or exchange of any of the Bonds; provided, however, that no charge shall be made for the issuance of a new Bond issued, pursuant to the provisions of Section 6.2 hereof, as a result of a call for partial redemption of any Bond. In every case involving any transfer or exchange of any of the Bonds that is requested by the Holder thereof, such Holder shall pay all taxes and other governmental charges required to be paid in connection with such transfer or exchange.

ARTICLE VI

GENERAL PROVISIONS RESPECTING REDEMPTION OF BONDS

Section 6.1 Manner of Effecting Redemption of Bonds. Any redemption of any Bonds of any series shall be effected in the following manner:

(a) Call. The Directors shall adopt a Resolution containing a call for redemption, on a specified date when they are by their terms subject to redemption, of Bonds bearing a stated series designation or designations and stated numbers (and, in the case of the partial redemption of any Bonds, the respective principal amounts thereof to be redeemed); provided, however, that it shall not be necessary for the Directors to adopt any such Resolution (i) in the case of Series 1992 Bonds that are to be redeemed pursuant to the provisions of Section 7.3 hereof, provided that the Corporation shall have requested

such redemption by a written request furnished to the Authority and the Trustee and shall have specified in such request the principal amount of Series 1992 Bonds to be so redeemed and the date on which the redemption thereof is to be effected, (ii) in the case of Series 1992 Bonds that are to be redeemed pursuant to the provisions of Section 7.4 hereof, or (iii) in the case of any redemption of the Bonds of any series of Additional Bonds, if such redemption is required by the terms of the Supplemental Indenture under which such series of Additional Bonds is issued or if, in such Supplemental Indenture, the adoption of such Resolution is expressly stated to be unnecessary.

(b) Notice by Registered or Certified Mail. With respect to any Bonds called for redemption, in whole or in part, the Trustee (on behalf of the Authority) shall cause to be forwarded by United States registered or certified mail to the registered owner thereof, at the address of such registered owner as such address appears on the registry books of the Trustee pertaining to the registration of the Bonds, a notice stating the following: that Bonds bearing stated numbers and a stated series designation or designations (and, in the case of the partial redemption of any Bonds, the respective principal amounts thereof to be redeemed) have been called for redemption and will become due and payable at the applicable redemption price or prices on a specified redemption date, and that all interest thereon will cease after such redemption date if prior to such date, or not later than 10:00 o'clock, A.M. on such date, the total redemption price of the Bonds (or portions thereof) so called for redemption, together with the accrued interest thereon to such date, has been deposited with the Trustee. The notice provided for in this subsection (b) shall be mailed to all persons entitled to receive the same not more than forty (40) nor less than thirty (30) days prior to the date fixed for redemption. The Holders of any Bonds may waive the requirements of this subsection with respect to the Bonds held by them without affecting the validity of the call for redemption of any other Bonds.

(c) Deposit. Prior to the date fixed for redemption, or not later than 10:00 o'clock A.M. on such date, the Authority shall deposit or cause to be deposited with the Trustee the total redemption price of the Bonds (or portions thereof) so called for redemption and shall further furnish or cause to be furnished to the Trustee the following: (1) a certified copy of the Resolution required by subsection (a) of this section (if, under the circumstances, the adoption of any such Resolution is required); and (2) in the case of the redemption of any Bonds on a date when such Bonds may be redeemed only with funds from a specified source or when such redemption is made subject, by the terms of the Indenture or any Supplemental Indenture, to any other restriction or requirement, evidence satisfactory to the Trustee showing compliance with such restriction or requirement.

Section 6.2 Presentation of Bonds for Redemption. Bonds Called for Redemption to Cease to Bear Interest. Upon compliance by the Authority and the Trustee with the applicable requirements of Section 6.1 hereof [and, unless all the Bonds

then outstanding are to be redeemed (or unless a portion of such outstanding Bonds are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), if the Authority is not on the date fixed for redemption in default in payment of the principal of or the interest or premium (if any) on any of the Bonds], the Bonds so called for redemption (or, in the case of any Bonds called for redemption in part, the portions thereof called for redemption) shall become due and payable at the place or places at which the same shall be payable at the redemption price or prices and on the redemption date specified in such notice, anything herein or in such Bonds to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for redemption; provided however, that with respect to any Bond called for partial redemption, the Holder thereof shall surrender such Bond to the Trustee in exchange for one or more Bonds in authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, all as shall be requested by the Holder of such Bond so called for partial redemption. The preceding sentence to the contrary notwithstanding, the partial redemption of Bonds shall be subject to such Home Office Payment Agreements as may be in effect with respect thereto. All future interest on the Bonds so called for redemption (or, in the case of any Bonds called for redemption in part, the portions thereof called for redemption) shall cease to accrue after the date fixed for redemption. The Bonds so called (or, in the case of any Bonds called for redemption in part, the portions thereof called for redemption) shall, subject to such deposit having been made, be entitled to no security under the Indenture other than the moneys deposited with the Trustee under the provisions of this article; and out of the moneys so deposited with it, the Trustee shall pay on the redemption date the applicable redemption price or prices of the Bonds so called for redemption (or, in the case of any Bonds called for redemption in part, the portions thereof called for redemption).

Section 6.3 Concerning the Redemption of Bonds of Different Series. No Additional Bonds shall be redeemed or purchased for retirement prior to maturity so long as any of the Series 1992 Bonds are outstanding, except in the case of (i) the mandatory redemption of any Additional Bonds in accordance with a sinking fund or other principal retirement schedule agreed to by the Authority at the time of the issuance of such Additional Bonds and (ii) the simultaneous retirement of all outstanding Bonds in accordance with the provisions of the Indenture. Nothing contained in the Indenture shall be construed as requiring pro rata redemption of Bonds of different series, even though at the time that any redemption of Bonds is to be effected there are then outstanding Bonds of two or more series then subject to redemption.

Section 6.4 Termination of Agreement of Sale. In the event that the Agreement of Sale terminates pursuant to Section 9.1 thereof, then, in such event, the Trustee (i) shall segregate and set aside in the Bond Fund [out of moneys therein, moneys in the Construction Fund and any moneys payable by the Corporation pursuant to the provisions of Section 9.1, of the Agreement of Sale, in the order named] moneys sufficient to retire the Bonds and pay all other Indenture Indebtedness as provided in Section 9.1 of the Agreement of Sale and (ii) shall, in accordance with the applicable provisions of the Agreement of Sale, dispose of any balance of such moneys not needed for the retirement of the Bonds and the payment of all other Indenture Indebtedness.

ARTICLE VII

THE SERIES 1992 BONDS

Section 7.1 Issuance of Series 1992 Bonds; Interest Rate and Other Terms of the Series 1992 Bonds. There is hereby authorized to be issued under the Indenture an issue or series of Bonds designated School Revenue Bonds (Indian Springs School Project), Series 1992, in aggregate principal amount of up to \$3,500,000. The Series 1992 Bonds shall (except as otherwise provided in Sections 5.1 and 5.2 hereof) be dated the date of their authentication and delivery by the Trustee, shall mature and become payable on September 1, 2007, and shall be initially issued as one fully registered bond, numbered R1 and payable to the Bank or its nominee. Subject to and in accordance with the provisions of Article V hereof and Section 7.2 hereof, the Series 1992 Bond initially issued hereunder may be exchanged by the Holder thereof for other Series 1992 Bonds in the denomination of \$1,000 or any integral multiple thereof. The Series 1992 Bonds shall evidence the total of Advances made thereunder by the Bank from time to time. All Advances made with respect to the Series 1992 Bonds shall be noted on the form of schedule attached to the form of the Series 1992 Bond and any notation on said schedule under the heading "Outstanding Principal Balance Following Advance," when executed by a duly authorized officer of the Bank, shall be conclusive evidence of the outstanding principal amount of the Series 1992 Bonds as of such date.

The outstanding principal of the Series 1992 Bonds shall bear interest from the date thereof until paid (whether at the maturity thereof or prior to maturity as the result of acceleration, redemption or otherwise) at a per annum rate equal to the Applicable Percentage of the Base Rate, said per annum rate being subject to adjustment from time to time as specified herein; provided, however, that if a Series 1992 Determination of Taxability is determined to have occurred, the outstanding principal of the Series 1992 Bonds shall bear interest at a per annum rate equal to the Base Rate from and after the date on which such Series 1992 Determination of Taxability is deemed to have occurred in accordance with the provisions of Section 5.6 of the Agreement of Sale. The rate of interest on the Series 1992 Bonds shall be increased or decreased on the effective date of any change in the Base Rate. Notwithstanding the foregoing, for the purpose of determining the amount of interest payable on each Bond Payment Date occurring prior to the final maturity or the redemption of the Series 1992 Bonds as a whole, the Base Rate in effect fifteen (15) days prior to such Bond Payment Date shall be deemed to be the Base Rate in effect until the day prior to such Bond Payment Date. If the Base Rate changes during such period, the difference between the amount of interest that in fact accrues during such period and the amount of interest actually paid shall be added to or subtracted from, as the case may be, the interest otherwise payable for the next succeeding interest period. For the purpose of determining the amount of interest payable at the final maturity or upon redemption of the Series 1992 Bonds as a whole, all changes in the Base Rate occurring on or prior to the day before the final maturity of such redemption date shall be taken into account. As of the date of issuance of the Series 1992 Bonds, the Applicable Percentage is seventy-two percent (72%). If the maximum marginal federal income tax rate (the "Federal Marginal Rate") applicable to the Bank shall change at any time after the date of the original issuance of the Series 1992 Bonds, the

Applicable Percentage shall be adjusted, effective on the effective date of such change, to equal the product (rounded to the second decimal point; e.g., 72.00) of (i) the Applicable Percentage on the date of original issuance of the Series 1992 Bonds times (ii) a fraction the numerator of which is the number 1 minus the Federal Marginal Rate (expressed as a decimal) in effect following such increase or decrease and the denominator of which is the number 1 minus the Federal Marginal Rate (expressed as a decimal) in effect on the date of original issuance of the Series 1992 Bonds. If the maximum marginal Alabama income tax rate (the "Alabama Marginal Rate") applicable to the Bank (currently 5%) shall change at any time after the date of the original issuance of the Series 1992 Bonds, the Applicable Percentage shall be adjusted, effective on the effective date of such change, to equal the product (rounded to the second decimal point; e.g., 72.00) of (i) the Applicable Percentage on the date of the original issuance of the Series 1992 Bonds times (ii) a fraction the numerator of which is the number 1 minus the Alabama Marginal Rate (expressed as a decimal) in effect following such increase or decrease and the denominator of which is the number 1 minus the Alabama Marginal Rate (expressed as a decimal) in effect on the date of original issuance of the Series 1992 Bonds.

In addition to the interest to be paid on the Series 1992 Bonds as provided in the immediately preceding paragraph, if, as the result of any change after the date of original issuance of the Series 1992 Bonds in the federal income tax laws or Alabama laws pertaining to Tax-Exempt Obligations, the Bank shall be required to pay any Bond Preference Tax which is attributable, directly or indirectly, to the purchase or ownership of such Series 1992 Bonds, then the Authority shall also pay to the Bank, within ten (10) days after the sending of notice by the Bank of written demand therefor (accompanied by appropriate verification), an amount equal to the sum of (i) the amount of any Bond Preference Tax payable by the Bank with respect to the Series 1992 Bonds and (ii) all Federal, state and local income taxes payable by the Bank with respect to the payment of such Bond Preference Tax, it being understood that amounts may be payable pursuant to this paragraph on more than one occasion (it being understood that no such payment shall be in such amount as will result in the effective rate of interest on the Series 1992 Bonds being greater than the maximum interest rate on the Series 1992 Bonds at the time permitted pursuant to the provisions of this section); provided, however, that if, as a result of any change after the date of original issuance of the Series 1992 Bonds in the federal income tax laws or the laws of Alabama pertaining to Tax-Exempt Obligations, the Bank is relieved of any Bond Preference Tax, then the Bank shall pay to the Corporation the amount of the Bond Preference Tax of which it has been so relieved simultaneously with the filing by the Bank of the income tax return or returns (whether state, federal or both) reflecting the benefit of such relief from such Bond Preference Tax by the Bank.

Interest on the Series 1992 Bonds shall be computed on the basis of a 360-day year containing 12 consecutive 30-day months and shall be payable on October 1, 1992, and on the first day of each calendar month thereafter. Overdue payments of principal of and interest and premium (if any) on Series 1992 Bonds (including all such payments becoming due as a result of acceleration, mandatory redemption or otherwise) shall bear interest from their respective due dates until paid at a per annum rate equal to the Base Rate from time to time in effect plus two percent (2%).

The principal of and the interest and premium (if any) on the Series 1992 Bonds shall be payable in accordance with the provisions of Section 3.2 hereof, except that the interest on the Series 1992 Bonds and the redemption price of any partial redemptions of the principal of the Series 1992 Bonds may be payable in accordance with Home Office Payment Agreements made in accordance with the provisions of Section 3.3 hereof.

Section 7.2 Irregular Denomination Series 1992 Bonds. In the event of any transfer of the Series 1992 Bonds pursuant to the provisions of Section 5.1 hereof, or in the event of any exchange of Series 1992 Bonds for other Series 1992 Bonds pursuant to the provisions of Section 5.2 hereof, new Series 1992 Bonds shall be issued only in denominations of \$1,000 or any integral multiple thereof, except as may be otherwise provided by the succeeding provisions of this section. If one or more Series 1992 Bonds are transferred to any Person who, prior to such transfer, did not own any Series 1992 Bonds, then, if necessary to evidence the transfer of such Series 1992 Bond or Bonds, not more than one Irregular Denomination Series 1992 Bond may be issued to such Person, along with such other Series 1992 Bonds (if any) in denominations of \$1,000 or any integral multiple thereof as shall be requested by such Person and as shall, together with such Irregular Denomination Series 1992 Bond, have an aggregate principal amount equal to that of the Series 1992 Bond or Bonds so transferred. If one or more Series 1992 Bonds are transferred to any Holder who, prior to such transfer, already owned one or more Series 1992 Bonds, or if any principal amount of Series 1992 Bonds is to be exchanged by any Holder for a like principal amount of Series 1992 Bonds in different denominations, then, if necessary to evidence such transfer or accomplish such exchange, as the case may be, not more than one Irregular Denomination Series 1992 Bond may be issued to any such Holder, along with such other Series 1992 Bonds (if any) in denominations of \$1,000 or any integral multiple thereof as shall be requested by such Holder and as shall, together with such Irregular Denomination Series 1992 Bond, have an aggregate principal amount equal to that of the Series 1992 Bond or Bonds so transferred or exchanged; provided, however, that if the Holder to whom such transfer is to be made or the Holder requesting such exchange, as the case may be, already owns one or more Irregular Denomination Series 1992 Bonds, no new Irregular Denomination Series 1992 Bond shall be authenticated and delivered by the Trustee in connection with such transfer or exchange unless the Holder to whom such transfer is to be made or the Holder requesting such exchange, as the case may be, surrenders to the Trustee all outstanding Irregular Denomination Series 1992 Bonds then owned by such Holder and requests the issuance of new Series 1992 Bonds in an aggregate principal amount equal to the principal amount of the Series 1992 Bond or Bonds to be so transferred or exchanged, as the case may be, plus the principal amount of the outstanding Irregular Denomination Series 1992 Bonds so surrendered, which such aggregate principal amount of new Series 1992 Bonds shall consist of Series 1992 Bonds in the denomination of \$1,000 or any integral multiple thereof and not more than one Irregular Denomination Series 1992 Bond in such combination as may be requested by such Holder. The preceding provisions of this paragraph shall be construed to the end that no Holder of any Series 1992 Bonds shall, as a result of any transfer or exchange of Series 1992 Bonds initiated or requested by such Holder, become the Holder of more than one Irregular Denomination Series 1992 Bond.

Section 7.3 Optional Redemption of Series 1992 Bonds. At the option of the Authority (which option shall be exercisable only upon request by the Corporation if at the time no Agreement of Sale Default shall have occurred and be continuing), the Series 1992 Bonds shall be subject to redemption and payment, as a whole or in part, at any time, and on any date thereafter, such redemption, whether in whole or in part, to be at and for a redemption price equal to the principal amount of each such Series 1992 Bond or portion thereof to be redeemed plus accrued interest to the date fixed for redemption.

The redemption of Series 1992 Bonds pursuant to this section shall comply with the applicable provisions of Article VI hereof, including the giving of such notice to the Holders of Series 1992 Bonds called for redemption as may be required by Section 6.1(b) hereof. Any redemption of less than all the outstanding Series 1992 Bonds pursuant to this section shall comply with the provisions of Section 7.5 hereof.

Section 7.4 Mandatory Redemption of Series 1992 Bonds. A portion of the principal of the Series 1992 Bonds shall be subject to mandatory redemption and payment on September 1, 1994, and on each September 1 thereafter until and including September 1, 2006, at and for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the date fixed for redemption, it being understood that the principal amount of Series 1992 Bonds to be redeemed on each such date shall be an amount equal to the principal component (rounded to the closest \$1,000) of a level annual debt service payment sufficient to amortize the principal of the Series 1992 Bonds in fifteen (15) annual payments and to pay annual interest on the unamortized balance thereof at an assumed interest rate of six percent (6%) per annum. Since the Series 1992 Bonds will mature on September 1, 2007, and since only thirteen mandatory redemptions of principal will intervene before said maturity date, the schedule of mandatory redemptions based on the amortization schedule of 15 annual principal payments will leave an unamortized principal balance to be paid at maturity on September 1, 2007.

The Series 1992 Bonds shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each Series 1992 Bond (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI and Section 7.5 hereof. The Trustee will take such actions as are necessary under the provisions hereof to redeem the principal amount of Series 1992 Bonds required to be redeemed on each such mandatory redemption date.

If less than all the outstanding Series 1992 Bonds are redeemed pursuant to the provisions of Section 7.3 hereof, or if less than all the outstanding Series 1992 Bonds are purchased by the Corporation and surrendered to the Trustee for cancellation pursuant to the provisions of Section 7.6 hereof, the principal amount of Series 1992 Bonds so redeemed or surrendered for cancellation, as the case may be, shall be credited first against the principal amount of Series 1992 Bonds scheduled to be retired at their final maturity (assuming that all mandatory redemptions required by this section shall be made as scheduled) and then in inverse chronological order against the mandatory redemptions of Series 1992 Bonds required by this section, and unless and until all the Series 1992 Bonds shall have been paid in full,

no such redemption or surrender of less than all the Series 1992 Bonds shall have the effect of extending or postponing the redemption date of any redemption of Series 1992 Bonds required by this section or of reducing the principal amount of Series 1992 Bonds required by this section to be redeemed on such date.

Section 7.5 Special Provisions Respecting Partial Redemption of Series 1992 Bonds. Except as otherwise provided in Section 7.4 hereof, the principal of any Series 1992 Bonds shall be redeemed only in the amount of one dollar (\$1.00) or integral multiples thereof. When less than all the outstanding Series 1992 Bonds are to be redeemed prior to maturity at any one time, the Trustee shall allocate the principal amount to be redeemed at such time among all the Holders of the Series 1992 Bonds then outstanding in the following manner: there shall be allocated to each such Holder, as nearly as practicable, the same proportion of the principal amount of Series 1992 Bonds to be redeemed as the outstanding principal amount of all Series 1992 Bonds held by such Holder bears to the aggregate principal amount of all Series 1992 Bonds then outstanding. To the extent possible, except in the case of the mandatory partial redemption of the Series 1992 Bonds pursuant to Section 7.4 hereof, the individual amounts allocated to the Holders of the Series 1992 Bonds in accordance with the preceding sentence shall be rounded up or down to the nearest integral multiple of one dollar (\$1.00), but if the rounding of each such individual amount to the nearest integral multiple of one dollar (\$1.00) should result in the sum of such individual amounts being less than or greater than the amount on deposit in the Bond Fund, that is available to redeem Series 1992 Bonds, then in such case the Trustee shall adjust such individual amounts to such extent as will cause the aggregate principal amount of Series 1992 Bonds redeemed to equal as nearly as practicable the amount available to effect such redemption. The adjustment of such individual amounts shall be made by the Trustee in an equitable manner, taking into account similar adjustments made in connection with prior redemptions, but in no event shall such adjustment result in the amount allocable to any Holder of the Series 1992 Bonds being increased or decreased by more than one dollar (\$1.00) above or below the amount that would have been allocable to such Holder if such amount had been rounded to the nearest integral multiple of one dollar (\$1.00).

In the event that any Series 1992 Bond is called for partial redemption and the unredeemed principal of such bond is not evenly divisible by \$1,000, an Irregular Denomination Series 1992 Bond shall, pursuant to the provisions of Sections 6.2 and 7.2 hereof, be issued by the Trustee to the Holder of the Series 1992 Bond so called for partial redemption in exchange for the surrender thereof.

Section 7.6 Delivery of Series 1992 Bonds by the Corporation for Cancellation. The Trustee shall cancel any Series 1992 Bonds from time to time purchased by the Corporation and surrendered to the Trustee for cancellation.

Section 7.7 Bond Form of Series 1992 Bonds. The Series 1992 Bonds, the Trustee's authentication certificate applicable thereto and the form of assignment applicable thereto, as well as any record of partial redemptions provided therefor, shall be in

substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1992 Bonds]

No. R _____

\$3,500,000

UNITED STATES OF AMERICA

STATE OF ALABAMA

**THE EDUCATIONAL BUILDING AUTHORITY
OF THE TOWN OF INDIAN SPRINGS VILLAGE**

**SCHOOL REVENUE BOND
(Indian Springs School Project)
Series 1992**

On the 1st day of September, 2007 (unless the principal of this bond shall have been duly called for previous redemption and payment duly provided for), for value received, THE EDUCATIONAL AUTHORITY OF THE TOWN OF INDIAN SPRINGS VILLAGE, a public corporation and instrumentality under the laws of the State of Alabama (herein called the "Authority"), will pay to _____, or registered assigns, solely out of the sources of payment hereinafter referred to, the sum of

THREE MILLION FIVE HUNDRED THOUSAND DOLLARS

(or so much thereof as may have been advanced to the Authority from time to time and is then unpaid). The unpaid principal balance of this bond shall bear interest from the date hereof until paid, subject to adjustment as hereinafter described, equal to the Applicable Percentage (as hereinafter defined) of the announced base lending rate (herein called the "Base Rate") of First Alabama Bank, Birmingham, Alabama; provided, however, that if a Series 1992 Determination of Taxability is determined to have occurred, the outstanding principal of this bond shall bear interest at a per annum rate equal to the Base Rate from and after the date on which such Series 1992 Determination of Taxability is deemed to have occurred in accordance with the applicable provisions of the Agreement of Sale. The interest on this bond is payable on October 1, 1992, and on the first day of each calendar month thereafter until and at the maturity hereof. The rate of interest hereon shall be increased or decreased on the effective date of any change in the Base Rate. Notwithstanding the foregoing, for the purpose of determining the amount of interest payable on each bond payment date occurring prior to the final maturity or the redemption hereof, the Base Rate in effect fifteen (15) days prior to such bond payment date shall be deemed to be the Base Rate in effect until the day prior to such bond payment date. If the Base Rate changes during such period, the difference between the amount of interest that in fact accrues during such period and the amount of

interest actually paid shall be added to or subtracted from, as the case may be, the interest otherwise payable for the next succeeding interest period. For the purpose of determining the amount of interest payable at the final maturity or upon redemption hereof, all changes in the Base Rate occurring on or prior to the day before the final maturity or such redemption date shall be taken into account. As of the date of issuance hereof, the aforesaid percentage of the Base Rate (herein called the "Applicable Percentage") is seventy-two percent (72%). If the maximum marginal federal income tax rate (herein called the "Federal Marginal Rate") applicable to domestic corporations shall change at any time after the date of the original issuance hereof, the Applicable Percentage shall be adjusted, effective on the effective date of such change, or equal the product (rounded to the second decimal point; e.g., 72.00) of (i) the Applicable Percentage on the date of original issuance hereof times (ii) a fraction the numerator of which is the number 1 minus the Federal Marginal Rate (expressed as a decimal) in effect following such increase or decrease and the denominator of which is the number 1 minus the Federal Marginal Rate (expressed as a decimal) in effect on the date of original issuance hereof. If the maximum marginal Alabama income tax rate (the "Alabama Marginal Rate") applicable to the Bank (currently 5%) shall change at any time after the date of the original issuance of the Series 1992 Bonds, the Applicable Percentage shall be adjusted, effective on the effective date of such change, to equal the product (rounded to the second decimal point; e.g., 72.00) of (i) the Applicable Percentage on the date of the original issuance of the Series 1992 Bonds times (ii) a fraction the numerator of which is the number 1 minus the Alabama Marginal Rate (expressed as a decimal) in effect following such increase or decrease and the denominator of which is the number 1 minus the Alabama Marginal Rate (expressed as a decimal) in effect on the date of original issuance of the Series 1992 Bonds. Any change in the Applicable Percentage as a result of a change in the Federal Marginal Rate or the Alabama Marginal Rate shall be effective beginning on the effective date of such change in the applicable Marginal Rate.

In addition to the interest to be paid on this bond as provided in the preceding paragraph, if, as the result of any change after the date of original issuance of the Series 1992 Bonds hereinafter referred to in the federal income tax laws or Alabama laws pertaining to obligations the interest on which is exempt from federal or Alabama income taxation, the original holder hereof shall be required to pay any preference tax or penalty which is attributable, directly or indirectly, to the purchase or ownership of this bond, then the Authority shall also pay to the original holder hereof, within ten (10) days after the sending of notice by the Bank of written demand therefor (accompanied by appropriate verification), an amount equal to the sum of (i) the amount of any preference tax or penalty payable by the original holder hereof with respect to this bond and (ii) all Federal, state and local income taxes payable by the original holder with respect to the payment of such preference tax or penalty, it being understood that amounts may be payable pursuant to this paragraph on more than one occasion (it being understood that no such payment shall be in such amount as will result in the effective rate of interest on this bond being greater than the maximum interest rate on the Series 1992 Bonds at the time permitted pursuant to the provisions of the Indenture hereinafter referred to); provided, however, that if, as a result of any change after the date of original issuance of the Series 1992 Bonds in the federal income tax laws or the laws of Alabama pertaining to Tax-Exempt Obligations (defined in the Indenture hereinafter referred to), the Bank is relieved of any Bond Preference Tax (defined in the Indenture hereinafter referred to), then the Bank shall pay to the Corporation the amount of the Bond Preference Tax of which it has been so relieved simultaneously with the filing by the Bank

of the income tax return or returns (whether state, federal or both) reflecting the benefit of such relief from such Bond Preference Tax by the Bank.

Overdue payments of principal of and interest and premium (if any) on this bond (including all such payments becoming due as a result of acceleration, mandatory redemption or otherwise) shall bear interest from their respective due dates until paid at a per annum rate equal to the Base Rate from time to time in effect plus two percent (2%). All interest on this bond (including, without limitation, interest on overdue installments of principal and interest, and daily interest computed in connection with any prepayment of principal) shall be computed on the basis of a 360-day year containing 12 consecutive 30-day months.

The principal of and the interest on this bond shall be payable in lawful money of the United States of America. The principal of this bond shall be payable at the principal corporate trust office of First Alabama Bank, Birmingham, Alabama, or its successor as Trustee under the Indenture hereinafter referred to, and the interest on this bond shall (except for the final payment of such interest which shall be made only upon the surrender of this bond) be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the then registered holder hereof at the address shown on the registry books of the said Trustee; provided, however, that the said Trustee will, at the request of the holder hereof, enter into a special payment agreement with such holder providing for the payment of the interest hereon and the redemption price of any partial redemption of the principal hereof at a place and in a manner other than as described above, but such special payment agreement shall be subject to the terms and conditions specified in the said Indenture.

This bond is one of a duly authorized issue or series of bonds authorized to be issued in the aggregate principal amount of up to \$3,500,000 and designated School Revenue Bonds (Indian Springs School Project), Series 1992 (herein called the "Series 1992 Bonds"). The Series 1992 Bonds have been issued under a Trust Indenture dated as of August 1, 1992 (herein called the "Indenture"), between the Authority and First Alabama Bank, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), for the purpose of financing the costs of acquiring, constructing and equipping certain capital improvements to be located on the campus of Indian Springs School in the vicinity of the Town of Indian Springs Village, Alabama (said improvements and all land and other property acquired by the Authority in connection therewith, as they may at any time exist, being herein together called the "Project"). In connection with the issuance of the Series 1992 Bonds, the Authority has sold the Project to Indian Springs School, an Alabama nonprofit corporation (herein, together with its successors and assigns, called the "Corporation"), under an Agreement of Sale dated as of August 1, 1992 (herein called the "Agreement of Sale"), which obligates the Corporation to make installment payments directly to the Trustee, for the account of the Authority, on such dates and in such amounts as will provide moneys sufficient to pay, when due, the principal of and the interest on the Series 1992 Bonds. The Series 1992 Bonds are further secured by a Pledge Agreement dated as of August 1, 1992 (herein called the "Series 1992 Pledge Agreement"), between the Corporation and the Trustee, pursuant to which the Corporation has pledged certain securities to the Trustee, for the benefit of the holders at any time of the Series 1992 Bonds.

The Series 1992 Bonds are subject to redemption prior to their maturity as follows:

(1) At the option of the Authority, the Series 1992 Bonds are subject to redemption on any date, as a whole or in part, at and for a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption.

(2) A portion of the principal of the Series 1992 Bonds shall be subject to mandatory redemption and payment on September 1, 1994, and on each September 1 thereafter until and including September 1, 2006, at and for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the date fixed for redemption, it being understood that the principal amount of Series 1992 Bonds to be redeemed on each such date shall be an amount equal to the principal component (rounded to the closest \$1,000) of a level annual debt service payment sufficient to amortize the principal of the Series 1992 Bonds in fifteen (15) annual payments and to pay annual interest on the unamortized balance thereof at an assumed interest rate of six percent (6%) per annum. Since the Series 1992 Bonds will mature on September 1, 2007, and since only thirteen mandatory redemptions of principal will intervene before said maturity date, the schedule of mandatory redemptions based on the amortization schedule of 15 annual principal payments will leave an unamortized principal balance to be paid at maturity on September 1, 2007.

If less than all the Series 1992 Bonds shall be called for redemption at any one time, the principal amount of Series 1992 Bonds to be redeemed shall be allocated among all the holders of Series 1992 Bonds in proportion to the aggregate principal amount of outstanding Series 1992 Bonds owned by each such holder, and the principal amount so allocated to each such holder shall be called for redemption from among the Series 1992 Bonds owned by such holder.

The Indenture requires written notice of the redemption of this bond (or portion of the principal hereof) to be forwarded by United States registered or certified mail to the registered holder hereof not less than forty (40) nor more than thirty (30) days prior to the date fixed for redemption; provided, however, that such notice shall not be given in connection with any partial redemption of the principal of this bond described in subparagraph (2) of the next preceding paragraph. In the event that less than all the principal of this bond is to be redeemed, (i) the registered holder hereof shall surrender this bond to the Trustee in exchange for a new bond of like tenor herewith except in a principal amount equal to the unredeemed portion of this bond or (ii) such holder shall, in lieu of surrendering this bond in exchange for a new bond, present the same to the Trustee for endorsement hereon, or on a record of partial redemptions appertaining hereto, of the payment of the portion of the principal hereof so redeemed. Further, the Indenture provides that the holder of this bond may enter into a special payment agreement with the Trustee which will permit the redemption price of any partial redemption of the principal hereof to be paid to the holder without the surrender or presentation of this bond to the Trustee, but such special payment agreement shall require in such case that the holder endorse hereon, or on a record of partial redemption appertaining hereto, the payment of the portion of the principal hereof so redeemed, all as more particularly specified in the Indenture.

The Authority, with the consent of the Corporation, is authorized by the Indenture to issue thereunder, upon the terms and conditions therein specified, additional bonds that are secured on a parity with the Series 1992 Bonds as respects the security afforded by the Indenture. Such additional parity bonds may be issued, at any time and from time to time, for the purposes of (i) obtaining funds, if additional funds are needed, to pay the costs of completing the acquisition, construction and equipping of the Project, (ii) obtaining funds to pay the costs of acquiring and constructing capital improvements to the facilities of the Corporation, or to refund or retire any indebtedness or securities issued by or on behalf of the Corporation to acquire or construct such capital improvements, (iii) refunding and retiring all or any portion of any one or more series of bonds then outstanding under the Indenture and (iv) any combination of the foregoing purposes (the Series 1992 Bonds and all such additional parity bonds being herein together called the "Bonds").

The principal of and the interest and premium (if any) on the Bonds are payable solely from the revenues and receipts to be derived from the sale of the Project and certain other moneys pledged under the Indenture. The payment of the principal of and the interest and premium (if any) on the Bonds is secured, pro rata and without preference or priority of one Bond over another or of the Bonds of any one series over the Bonds of any other, by a valid pledge of the aforesaid revenues, receipts and moneys out of which the Bonds are solely payable (including specifically the "Basic Payments" payable to the Authority by the Corporation under the Agreement of Sale), by the Indenture and by an assignment to the Trustee of all right, title and interest of the Authority in and to the Agreement of Sale (except certain expense reimbursement and indemnification rights of the Authority and certain other rights which are expressly reserved to the Authority); provided, however, that the Series 1992 Pledge Agreement shall be for the exclusive benefit of the holders of the Series 1992 Bonds and all moneys received by the Trustee under the Series 1992 Pledge Agreement shall be applied solely for the payment of the principal of and the interest and premium (if any) on the Series 1992 Bonds. Reference is hereby made to the Agreement of Sale, the Indenture, the Series 1992 Pledge Agreement for complete information respecting the nature and extent of the security afforded by each of such instruments, the rights and duties of the Authority and the Trustee with respect thereto, the rights of the holders of the Series 1992 Bonds and the terms and conditions on which additional series of Bonds may be issued.

The Indenture provides, inter alia, (a) that upon the occurrence and continuation of certain events of default as therein provided, the Trustee may declare the principal of and the interest accrued on this bond immediately due and payable, whereupon the same shall thereupon become immediately due and payable and the Trustee shall be entitled to pursue the remedies provided in the Indenture, (b) that the holder of this bond shall have no right to enforce the provisions of the Indenture except as provided therein and then only for the equal and pro rata benefit of the holders of all the Bonds, and (c) that if this bond shall not be presented for payment when due (whether by maturity or otherwise) and if funds sufficient for such payment shall have been made available to the Trustee therefor, all liability of the Authority to the holder of such bond and all rights of such holder against the Authority under such bond or under the Indenture shall cease and terminate and that the sole right of such holder shall thereafter be against the said funds so made available, which the Trustee is required to set aside and hold, subject to any applicable escheat or other similar law, for the benefit of such holder. The Indenture also provides that the Authority

and the Trustee, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding under the Indenture, may at any time and from time to time amend the Indenture subject to the restrictions therein provided.

It is hereby expressly declared, and the holder hereof by acceptance of this bond hereby consents, that the Series 1992 Bonds shall not have or be entitled to any priority of payment or security over the Bonds of any other series hereafter issued under the Indenture, and that any series of Bonds hereafter issued under the Indenture shall be on a parity with the Bonds of all series theretofore issued under the Indenture; provided, however, that the Series 1992 Pledge Agreement shall be for the exclusive benefit of the holders of the Series 1992 Bonds and all moneys received by the Trustee under the Series 1992 Pledge Agreement shall be applied solely for the payment of the principal of and the interest on the Series 1992 Bonds.

The Authority is a public corporation organized under the provisions of Code of Alabama 1975, Title 16, Chapter 17, and the Series 1992 Bonds are authorized to be issued for the purposes for which bonds are authorized to be issued under the specified provisions of said code. The Series 1992 Bonds and the covenants and representations contained in the Indenture do not and shall never constitute a general liability or charge against the general credit of the Authority. Neither the State of Alabama nor the Town of Indian Springs Village nor any other political subdivision of said state shall in any manner be liable for payment of the principal of or the interest or premium (if any) on the Series 1992 Bonds or for the performance of the undertakings of the Authority contained herein or in the Indenture.

It is hereby certified that all conditions, actions and things required by the Constitution and laws of the State of Alabama to exist, be performed and happen precedent to or in the issuance of this bond do exist, have been performed and have happened in due and legal form.

The Series 1992 Bonds are issuable as fully registered bonds without coupons in the denomination of \$1,000 each or any integral multiple thereof, except to the extent that the issuance of a bond in a principal amount not evenly divisible by \$1,000 may be required (i) to effect the issuance, transfer or exchange of Series 1992 Bonds in a principal amount not evenly divisible by \$1,000 or (ii) to provide the holder of a Series 1992 Bond called for partial redemption a new Series 1992 Bond in a principal amount equal to the unredeemed portion of the bond so called for partial redemption. Provision is made in the Indenture for the exchange of Series 1992 Bonds for a like aggregate principal amount of Series 1992 Bonds in authorized denominations, all as may be requested by the holder surrendering the Series 1992 Bond or Bonds to be so exchanged and upon the terms and conditions specified in the Indenture.

This bond is transferable by the registered holder hereof in person, or by duly authorized attorney, only on the books of the Trustee and only upon surrender of this bond to the Trustee for cancellation, and upon any such transfer a new fully registered bond of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly provided in the Indenture. ANY ASSIGNEE OR TRANSFEREE OF THIS BOND TAKES IT SUBJECT TO ALL PAYMENTS OF PRINCIPAL, INTEREST AND PREMIUM IN FACT MADE WITH RESPECT HERETO, WHETHER OR NOT SUCH PAYMENTS ARE

REFLECTED BY ENDORSEMENT ON THIS BOND OR ANY PAYMENT RECORD PERTAINING HERETO.

The Trustee shall not be required to transfer or exchange this bond during the period of ten (10) days next preceding any interest payment date with respect thereto; and in the event this bond (or any portion of the principal hereof) is duly called for redemption, the Trustee shall not be required to transfer or exchange it during the period of forty (40) days next preceding the date fixed for such redemption.

Execution by the Trustee of its authentication certificate hereon is essential to the validity hereof and is conclusive of the due issue hereof under the Indenture.

IN WITNESS WHEREOF, the Authority has caused this bond to be executed in its name and behalf by the Chairman of its Authority of Directors, has caused its corporate seal to be hereunto affixed, has caused this bond to be attested by its Secretary, and has caused this bond to be dated _____.

THE EDUCATIONAL BUILDING AUTHORITY
OF THE TOWN OF
INDIAN SPRINGS VILLAGE

By _____
Chairman of the Board of Directors

ATTEST:

Secretary

[S E A L]

[Form of Trustee's Authentication Certificate]

The within bond is one of those described in the within-mentioned Mortgage and Trust Indenture.

FIRST ALABAMA BANK, Trustee

By _____
Its Authorized Officer

[Form of Assignment]

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, with full power of substitution in the premises, to transfer such bond on the books of the within-mentioned Trustee.

DATED this _____ day of _____.

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within bond in every particular, without alteration, enlargement or change whatsoever.

[Form of Signature Guaranty]

Signature Guaranteed:

(Bank, Trust Company or Firm)

Its _____
Authorized Officer

[Form of Record of Advances to be
Attached to Bond]

SCHEDULE A

<u>Date of Advance</u>	<u>Amount of Advance</u>	<u>Outstanding Principal Balance Following Advances</u>	<u>Signature of Authorized Bank Officer</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Section 7.8 Execution and Delivery of the Series 1992 Bonds. The Series 1992 Bonds shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the Authority by the Chairman or the Vice Chairman of the Directors, requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 7.9 Application of Proceeds from Sale of Series 1992 Bonds. The entire proceeds derived by the Authority from the sale of the Series 1992 Bonds, as received pursuant to one or more Advances from time to time, shall be paid to the Trustee and promptly thereafter deposited in the Construction Fund, but if and only if, simultaneously with the making of each Advance, the Trustee shall have received evidence satisfactory to it that sufficient additional Series 1992 Collateral (as defined in the Series 1992 Pledge Agreement) has been pledged to the Trustee pursuant to provisions of Section 3.1 of the Series 1992 Pledge Agreement.

ARTICLE VIII

ADDITIONAL BONDS

Section 8.1 Additional Bonds - In General. If no Event of Default shall have occurred and be continuing, the Authority may at any time and from time to time, if requested by the Corporation, issue Additional Bonds, within the limitations of and upon compliance with the provisions of this Article VIII, for any one or more of the following purposes:

(a) in the event the available proceeds from the sale of the Series 1992 Bonds are insufficient to pay all the Project Costs, for the purpose of obtaining funds with which to pay such costs,

(b) for the purpose of acquiring and/or constructing Capital Improvements or for the purpose of refunding or retiring any indebtedness or securities issued by or on behalf of the Corporation for the acquisition and/or construction of Capital Improvements,

(c) for the purpose of refunding or otherwise retiring all or any portion of any one or more series of Bonds then outstanding under the Indenture, and

(d) for any combination of the foregoing purposes.

The Additional Bonds may be in such denomination or denominations, shall bear interest at such rate or rates, shall bear such dates not inconsistent with the provisions hereof, shall mature in such amounts and at such times as are not in conflict with the provisions hereof, shall be in such form and may contain such provisions for redemption prior to maturity, all as may be provided in the Supplemental Indenture under which they are issued; provided that all such Additional Bonds shall be subject to redemption at any time, at such redemption price or prices as shall be fixed prior to their issuance, if (i) the Corporation shall exercise the option to purchase the Improvements granted in Section 11.2 of the Agreement of Sale or (ii) all or substantially all of the Improvements shall be taken under the exercise of the power of Eminent Domain (as defined in the Agreement of Sale). Any redemption of Additional Bonds prior to maturity shall be effected in the manner set forth in and shall be subject to the provisions of Article VI hereof. All Additional Bonds so issued shall contain an appropriate series designation.

Section 8.2 Conditions Precedent to Issuance of Additional Bonds. Prior to the issuance of any Additional Bonds, the Authority shall deliver to the Trustee those of the Additional Bonds proposed to be issued, duly executed and sealed, accompanied by the following:

(a) Consents. The written consent to the issuance of such Additional Bonds by the Holders of all the Bonds outstanding prior to such issuance;

provided that such consents shall not be required for any Additional Bonds issued for the purpose of refunding or otherwise retiring all the Bonds outstanding prior to the issuance thereof;

(b) Supplemental Indenture. A Supplemental Indenture duly executed, sealed and acknowledged on behalf of the Authority and containing the following [to the extent applicable in the case of clause (ii) below]: (i) a description of such Additional Bonds, including the aggregate principal amount, the numbers and series designation, the denomination or denominations, the date, the interest rate or rates and the maturity or maturities thereof, the provisions for redemption thereof prior to maturity and the forms of such Additional Bonds and the various certificates applicable thereto and (ii) any other provisions that do not conflict with the provisions hereof;

(c) Supplemental Agreement of Sale. A fully executed and acknowledged copy of an agreement between the Authority and the Corporation supplemental to the Agreement of Sale containing the following: (i) an agreement by the Corporation to pay additional, supplemental or changed Basic Payments in amounts that will result in there being on deposit in the Bond Fund sums at least sufficient to pay, on or prior to the respective due dates thereof, the principal of and the interest and premium (if any) on all Bonds that will be outstanding hereunder immediately following the issuance of such Additional Bonds, and (ii) any other provisions not in conflict with the Indenture or the Agreement of Sale;

(d) Proceedings. A certified copy of the proceedings taken by the Directors authorizing the issuance of such Additional Bonds and the execution and delivery of the Supplemental Indenture providing therefor, which said proceedings shall include a Resolution requesting the Trustee to authenticate and deliver such Additional Bonds and reciting the following: (i) that no Event of Default has occurred and is continuing and that no event which, with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred and is continuing, (ii) the Person or Persons to whom such Additional Bonds have been sold and awarded and shall be delivered, (iii) the purchase price of such Additional Bonds, and (iv) a list of all Additional Bonds previously issued by the Authority hereunder and at the time outstanding and of the Supplemental Indentures under which they were issued;

(e) Opinion of Bond Counsel. An opinion, dated as of the date of the issuance of such Additional Bonds, of Bond Counsel approving the validity of such Additional Bonds.

Upon receipt of the documents required by the provisions of this section to be furnished to it, the Trustee shall, unless it has cause to believe any of the statements set out in said documents to be incorrect, thereupon execute the Supplemental Indenture so presented and cause the same to be filed for record at the expense of the Authority in the public office or offices in the State of Alabama in which such document is then required by law to be filed in order to constitute constructive notice thereof, and it shall further

authenticate the Additional Bonds with respect to which the said documents shall have been provided and shall, upon receipt of evidence satisfactory to it that the Authority has received the purchase price or other consideration therefor, deliver such Additional Bonds to the Person or Persons to whom the Resolution provided for in this section directed that they be delivered.

ARTICLE IX

CONCERNING THE PROJECT AND PAYMENT OF PROJECT COSTS

Section 9.1 Agreement Respecting the Improvements. The Authority will undertake and complete the acquisition and construction of the Project or will cause the same to be undertaken and completed, all as and to the extent provided in Article IV of the Agreement of Sale. The Authority will promptly pay or cause to be paid, as and when due, all Project Costs, but the Authority's obligation to pay such costs shall be limited to moneys on deposit in the Construction Fund and such other funds for the payment of such costs as may be made available by the Corporation under the provisions of the Agreement of Sale.

Section 9.2 Construction Fund. There is hereby created a special trust fund, the name of which shall be the "Indian Springs School Construction Fund", for the purpose of providing funds for the payment of Project Costs. The Trustee shall be and remain the depository, custodian and disbursing agent for the Construction Fund. As provided in Section 7.9 hereof, there shall be deposited in the Construction Fund all proceeds (exclusive of accrued interest and any premium) derived from the sale of the Series 1992 Bonds. All net income at any time derived from the investment and reinvestment of moneys at any time held in the Construction Fund (including income derived from the investment and reinvestment of previously derived income) shall be paid or credited into the Construction Fund.

The moneys in the Construction Fund shall be disbursed by the Trustee from time to time for the purpose of paying Project Costs upon receipt of a requisition signed by an authorized representative of the Corporation and approved by the Bank.

The Trustee will keep and maintain adequate records pertaining to the Construction Fund and all moneys received therein and disbursed therefrom, and when all moneys in the Construction Fund have been exhausted, the Trustee will deliver to the Corporation an accounting of all moneys received into and disbursed from the Construction Fund.

Section 9.3 Trustee Protected in Construction Fund Payments; Additional Evidence May Be Required. The Trustee shall be fully protected in making payments from the Construction Fund upon presentation to it of requisitions complying with the requirements of Section 9.2 hereof. The Trustee may rely as to the completeness and accuracy of all statements and certifications contained in such requisitions, and the Trustee

shall incur no liability in acting or proceeding in good faith upon such requisitions and shall be under no duty to make any investigation or inquiry as to any statements or certifications contained in any of such requisitions, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements and certifications. Notwithstanding the foregoing provisions of this section, the Trustee shall, when requested in writing so to do by the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding, require, as a condition precedent to any payment from the Construction Fund (other than a payment into the Bond Fund pursuant to Section 9.2 hereof), such additional evidence as it may reasonably deem appropriate respecting the application of any moneys previously disbursed from the Construction Fund or as to the correctness of any estimate or bill presented to it for payment pursuant to the provisions of said Section 9.2.

Section 9.4 Investment of Construction Fund Moneys. Following the issuance of the Series 1992 Bonds, the Corporation may thereafter at any time and from time to time request the Trustee to invest the moneys held in the Construction Fund pursuant to instructions from an authorized representative of the Corporation. Promptly after receipt of such instructions the Trustee will cause such moneys to be invested in Eligible Investments to the extent practicable. Such instructions may contain either specific or general instructions as to the kind of Eligible Investments in which the moneys in the Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof. The Trustee shall convert investments forming a part of the Construction Fund into cash at their respective maturities, may sell or otherwise convert any of such investments into cash if such sale or conversion is necessary to provide for payment of a requisition presented to it pursuant to the provisions of Section 9.2 hereof, and shall, upon the request of an authorized representative of the Corporation, sell or otherwise convert any of such investments into cash. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the Construction Fund, all Eligible Investments in which any portion of such fund is at the time so invested shall be included therein at their then market value.

ARTICLE X

CREATION OF BOND FUND

Section 10.1 Bond Fund. There is hereby created a special trust fund, the name of which shall be the "Indian Springs School Bond Principal and Interest Fund", for the purpose of providing for payment of the principal of and the interest and premium (if any) on the Bonds and which shall be maintained until such principal, interest and premium (if any) have been paid in full. The Trustee shall be and remain the depository, custodian and disbursing agent for the Bond Fund.

So long as any part of the principal of or the interest or premium (if any) on any of the Bonds remains outstanding and unpaid, the Authority will pay into the Bond Fund, the Basic Payments, all other moneys that are required by the provisions of the Agreement of Sale to

be paid therein, and all moneys that are specifically required by the provisions hereof to be paid therein. Out of the moneys on deposit in the Bond Fund, the Trustee shall make provision for payment of the principal of and the interest on the Bonds as said principal and interest respectively become due, as well as for the redemption of any Bonds required by the provisions hereof or of any Supplemental Indenture to be redeemed prior to their respective maturities. Moneys on deposit in the Bond Fund shall be used only for the payment of the principal of and the interest on the Bonds upon or after their respective maturities, for the redemption of Bonds prior to their respective maturities, and for the purchase of Bonds for retirement.

Section 10.2 Retirement of Bonds Under Certain Conditions. General Provisions Respecting Bond Fund. In the event that at any time the total sum of moneys held in the Bond Fund is sufficient to provide for retirement of all the Bonds (including premium, if any, and the interest that will mature thereon until and on the date or dates they are retired), either by redemption prior to their respective maturities in accordance with the applicable provisions of the Indenture or by payment of a portion thereof at their respective maturities and redemption of the remainder prior to their respective maturities, the Trustee will so notify the Authority in writing, and the Authority and the Trustee will thereupon take such action as may be necessary under the provisions of Article VI hereof to call for redemption, on the earliest practicable redemption date thereafter on which under the terms of the Indenture such redemption may be effected, all the Bonds subject to redemption that will come due after such redemption date. Any redemption of Bonds effected pursuant to the requirements of this section shall be subject to the provisions of, and shall be effected in the manner provided by, Article VI hereof and (to the extent applicable) Section 7.5 hereof.

In the event that at any time the moneys held in the Bond Fund are sufficient so to effect retirement of all the Bonds or in the event that at any time the total of the moneys held in the Bond Fund equals or exceeds the aggregate principal of the Bonds then outstanding plus the aggregate interest thereon then due and to become due until the maturity thereof, then and in either of such events no further payments need thereafter be made into the Bond Fund unless (i) further payments are needed to make good moneys paid therein that may have been lost for any reason whatsoever, or (ii) any of the Bonds thereafter become subject to mandatory redemption under any of the provisions of the Indenture and further payments into the Bond Fund are needed to effect such redemption.

Section 10.3 Investment of Moneys in Bond Fund. The Trustee shall, to the extent practicable, cause all the moneys held in the Bond Fund (exclusive of any amount held therein for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest) that will not be needed, during the then next ensuing ten (10) days, for payment of any maturing installment of principal of or interest on the Bonds or for payment of the redemption price of any Bond called for redemption, to be kept continuously invested in Eligible Investments having such stated maturities as will assure the availability of cash moneys necessary to provide for payment and redemption of the principal of and the interest on the Bonds, as such principal and interest respectively become due and payable (whether at maturity, upon earlier call for redemption or otherwise).

In order to comply with the requirements of the Indenture, the Trustee may, at any time and from time to time, cause any Eligible Investments forming a part of the Bond Fund to be sold or otherwise converted into cash, shall upon written request of an authorized representative of the Corporation cause any such investments to be sold or otherwise converted into cash (but only if such sale or other conversion into cash will not jeopardize the payment, when due, of the principal of and the interest on any of the Bonds or of the redemption price of any Bond required, by the provisions hereof or of any Supplemental Indenture, to be redeemed prior to its maturity), and shall cause any such investments to be sold or otherwise converted into cash if and to the extent that such sale or conversion is necessary to obtain moneys to prevent a default in the payment, when due, of the principal of or the interest on the Bonds or of the redemption price of any Bond required, by the provisions hereof or of any Supplemental Indenture, to be redeemed prior to its maturity. The net proceeds from the sale or other conversion into cash of any Eligible Investments forming a part of the Bond Fund shall be paid into and become a part of the Bond Fund. In making any investment of moneys forming a part of the Bond Fund, the Trustee will follow such written instructions as shall be given to it by an authorized representative of the Corporation, but if and only to the extent that such instructions are not inconsistent with any applicable provisions of the Indenture. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the Bond Fund, all Eligible Investments in which any portion of such fund is at the time so invested shall be included therein at their then market value.

Section 10.4 Commingling of Moneys in Separate Trust Funds. Any provision hereof to the contrary notwithstanding, moneys on deposit in the Construction Fund or the Bond Fund may be commingled and combined for the purpose of making investments, subject to the following conditions:

(a) all interest, income or profit realized from any such commingled investment shall be credited, and all losses resulting therefrom shall be charged, to each such fund in the same respective proportions as the amount invested from each such fund bears to the total amount so invested; and

(b) no moneys forming a part of either such fund shall be invested in any investments other than such as are expressly authorized herein.

ARTICLE XI

PARTICULAR COVENANTS OF THE AUTHORITY

Section 11.1 Payment of the Bonds. The Authority will pay or will cause to be paid, out of the revenues and receipts derived from the sale of the Project and any other moneys deposited in the Bond Fund, the principal of and the interest and premium (if any) on the Bonds as specified therein, and it will otherwise perform all obligations that, either expressly

or by reasonable implication, are imposed on it in the Indenture, and it will not default hereunder.

Section 11.2 Priority of Pledge. The pledge herein made of the revenues and receipts from the sale of the Project shall be prior and superior to any pledge thereof hereafter made for the benefit of any other securities hereafter issued (other than Additional Bonds) or any contract hereafter made by the Authority. In the event the Authority should hereafter issue any other securities (other than Additional Bonds) payable, in whole or in part, out of the revenues or receipts to be derived from the sale of the Project or for which any part of said revenues or receipts may be pledged or any part of the Project may be mortgaged, or in the event the Authority should hereafter make any contract payable, in whole or in part, out of said revenues and receipts or for which any part of said revenues and receipts may be pledged or any part of the Project may be mortgaged, the Authority will, in the proceedings under which any such securities or contract are hereafter authorized, recognize the priority of the pledge of said revenues and receipts made herein for the benefit of the Bonds. The Authority recognizes that in the Agreement of Sale it has agreed

(a) not to issue any securities, other than the Series 1992 Bonds, that are payable out of or secured by a pledge of the revenues and receipts derived by the Authority from the sale of the Project or any part thereof, and

(b) not to place any mortgage or other encumbrance on the Project or any part thereof,

without, in either case, the prior written request or consent of the Corporation.

Section 11.3 Concerning the Agreement of Sale. The Indenture and the rights and privileges of the Trustee and the Bondholders are specifically made subject to the rights, options and privileges of the Corporation under the Agreement of Sale, and nothing herein contained shall be construed to impair the rights, options and privileges granted to the Corporation by the Agreement of Sale. The Authority will perform and observe, or cause to be performed and observed, all agreements, covenants, terms and conditions required to be observed and performed by it in the Agreement of Sale. Without relieving the Authority from the consequences hereunder of any default in connection therewith, the Trustee (on behalf of the Authority) may perform and observe, or cause to be performed and observed, any such agreement, covenant, term or condition, all to the end that the Authority's rights under the Agreement of Sale may be unimpaired and free from default.

The Authority will promptly notify the Trustee in writing of the occurrence of any Agreement of Sale Default, provided that the Authority has knowledge of such default. The Authority will also promptly notify the Trustee in writing if, to the knowledge of the Authority, the Corporation fails to perform or observe any of the agreements or covenants on its part contained in the Agreement of Sale. In the event of the occurrence of an Agreement of Sale Default or any such failure, whether notice thereof is given to the Trustee by the Authority, as aforesaid, or whether the Trustee independently has knowledge thereof, the Trustee will promptly give written notice thereof to the Corporation, with a copy to the

Authority, and shall in such notice expressly require the Corporation to perform or observe the agreement or covenant with respect to which the Corporation is delinquent, all to the end that if the Corporation does not perform or observe such agreement or covenant (or cause such agreement or covenant to be performed or observed) in the manner and within the time provided by the Agreement of Sale, an Agreement of Sale Default may be declared without delay.

So long as the Agreement of Sale shall remain in effect the Authority will cause the Basic Payments to be paid directly to the Trustee as provided in the Agreement of Sale. The Authority will not cancel, terminate or modify, or consent to the cancellation, termination or modification of, the Agreement of Sale (except as is specifically provided, authorized or contemplated herein) unless and until the entire Indenture Indebtedness shall have been paid in full. In the event of an Agreement of Sale Default, the Authority will exhaust or cause to be exhausted, as promptly as may be practicable, all legal remedies that it may have against the Corporation, to obtain compliance with the provisions of the Agreement of Sale, including payment of the amounts therein provided and performance and observance of all agreements and covenants on the part of the Corporation therein contained.

Section 11.4 Agreement of Authority to Maintain Corporate Existence and Not to Dispose of Improvements. Except to the extent specifically permitted otherwise by the provisions of the second paragraph of this section, the Authority will maintain its corporate existence, will not dissolve and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it. Further, the Authority will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act and any other applicable laws of the State of Alabama or the United States of America.

If the laws of the State of Alabama at the time shall permit such action to be taken, nothing contained in this section shall prevent the consolidation of the Authority with, or the merger of the Authority into, any public corporation which has corporate authority to undertake and perform the obligations and agreements of the Authority under the Agreement of Sale and the Indenture; provided that upon any such consolidation or merger or transfer the following conditions shall be satisfied: (i) the due and punctual payment of the principal of and the interest and premium (if any) on the Bonds according to their tenor and the due and punctual performance and observance of all the agreements and conditions contained in the Agreement of Sale and the Indenture to be kept and performed by the Authority shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger; (ii) such consolidation or merger shall not cause or result in any lien being imposed on the Project or the revenues therefrom that will be prior to the pledge of the revenues from the Project made in the Indenture for the benefit of the Bonds; and (iii) such consolidation or merger shall not cause or result in the Project or the revenues of the Authority therefrom becoming subject to any taxation to which the same was not theretofore subject, or in the interest income on any of the Bonds becoming subject to income taxation by the State of Alabama or any political subdivision thereof.

Section 11.5 Payment of Trustee's Charges; Lien Therefor. Subject to the provisions of Section 16.1 hereof, the Authority will discharge, pay or satisfactorily provide to the Trustee, or cause to be discharged, paid or provided, all liabilities, expenses, and advances reasonably incurred, disbursed or made by the Trustee in the execution of the trusts hereby created (including the reasonable compensation and expenses and disbursements of its Counsel and of all other persons not regularly in its employ), and it will from time to time pay to the Trustee, or cause to be paid, reasonable compensation for its services hereunder, including extra compensation for unusual or extraordinary services. As security for the payment of such liabilities, expenses, advances and compensation, the Trustee shall have a first lien on the revenues and receipts from the Agreement of Sale pledged hereunder and all funds held or collected by the Trustee as such (except funds held in trust for the benefit of the Holders of particular Bonds), with right of payment therefrom prior to the rights of the Holders of the Bonds. Subject to the provisions of Section 16.1 hereof, the Authority will also discharge, pay or satisfactorily provide to the Bank, or cause to be discharged, paid or provided, the reasonable compensation and expenses and disbursements of Counsel to the Bank in connection with the enforcement of its rights and remedies with respect to the Bonds. All such liabilities, expenses, advances and compensation of the Trustee and the Bank shall bear interest until paid, from and after the date of such advance, at a per annum rate equal to two percent (2%) above the Base Rate from time to time in effect during the period for which such interest shall be payable.

Section 11.6 Inspection by Trustee. Subject to the provisions of Section 6.2 of the Agreement of Sale, the Authority will permit the Trustee and its duly authorized agents to inspect the Improvements, at any reasonable time and will permit the Trustee and the Holder of any Bond to inspect, at any reasonable time, the books and records of the Authority pertaining to the Improvements. The Authority will assist in furnishing facilities for any such inspection.

ARTICLE XII

EVENT OF DEFAULT AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 12.1 Events of Default Defined. Any of the following shall be "Events of Default" under the Indenture, and the term "Event of Default" shall mean, whenever it is used in the Indenture, any one or more of the following conditions or events:

(a) failure by the Authority to pay the principal of or the interest or premium (if any) on any Bond as and when the same become due as therein and herein provided (whether such shall become due at maturity, upon redemption, by acceleration or otherwise) and the continuation of such failure for a period of ten (10) days;

(b) an Agreement of Sale Default;

(c) failure by the Authority to perform or observe any agreement, covenant or condition required by the Indenture to be performed or observed by it [other than (i) its agreement to pay the principal of and the interest and premium (if any) on the Bonds, and (ii) any other agreement, covenant or condition with respect to which its failure to perform or observe is the result of an Agreement of Sale Default] after thirty (30) days' written notice to it of such failure given by the Trustee or by the Holders of not less than twenty-five percent (25%) in principal amount of any series of the Bonds then outstanding hereunder; or

(d) appointment by a court having jurisdiction of a receiver for the Improvements or for a substantial part thereof, or approval by a court of competent jurisdiction of any petition for rearrangement or readjustment of the obligations of the Authority under any provisions of the bankruptcy laws of the United States of America.

Section 12.2 Remedies on Default. Upon the occurrence and continuation of any Event of Default, the Trustee shall have the following rights and remedies, subject to the provisions of Section 12.6 hereof:

(a) Acceleration. The Trustee may, by written notice to the Authority and the Corporation, declare the principal of and the interest accrued on all the Bonds forthwith due and payable, and thereupon they shall so be, anything herein or therein to the contrary notwithstanding; provided however, that the Trustee may not have or exercise the right or remedy granted by this subsection (a) unless the Event of Default that has occurred and is continuing is one of those specified in subsection (a) or (b) of Section 12.1 hereof.

(b) Other Remedies. The Trustee shall have the power to proceed with any other right or remedy independent of or in aid of the foregoing powers, as it may deem best, the right to enforce any obligation of the Authority or the Corporation contained in the Agreement of Sale or the Indenture. In the case of an Event of Default resulting from the failure of the Authority to pay the principal of or the interest on any of the Series 1992 Bonds, the Trustee shall have the right (without prejudice to the exercise of any of its rights under the Indenture) to enforce the performance of the Series 1992 Pledge Agreement and to institute any action, suit or proceeding for that purpose. The rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such.

If, upon the occurrence of an Event of Default, the Authority makes good the default which is the reason for such Event of Default and every other default hereunder (except any principal and interest declared payable that would, absent such declaration, not then be payable), with interest on all overdue payments of principal, interest and premium (if any), and makes reimbursement of all the reasonable expenses of the Trustee and the Bank, then the Trustee may in its discretion, and shall upon the written request of the Holders of a majority in principal amount of the then outstanding Bonds, waive such default and its

consequences, but no such waiver shall affect any subsequent default or right relative thereto. Further, upon the occurrence of any Event of Default, except a default in the payment of the principal of or the interest or premium (if any) on the Bonds, the Trustee may in its discretion, and shall upon the written request of the Holders of a majority in principal amount of the then outstanding Bonds, waive such default and its consequences without the Authority having theretofore made good such default, but no such waiver shall affect any subsequent default or right relative thereto. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the Authority, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 12.3 Application of Moneys Received From Enforcement of Rights Under the Indenture. Upon the occurrence and continuation of an Event of Default, any moneys derived by the Trustee from the sale of the Project or from the enforcement of the Authority's rights under the Agreement of Sale or from the exercise of any other right or remedy granted to the Trustee under the Indenture, as opposed to any right or remedy granted to the Trustee under the Series 1992 Pledge Agreement, together with all other funds then held by it hereunder, shall, after payment of all proper costs, expenses and liabilities incurred and disbursements made by the Trustee hereunder, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, with interest on overdue installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment plus said interest thereon, then to the payment ratably, according to the amounts due on such installments and with respect to said interest, to the Persons entitled thereto, without any discrimination or privilege;

SECOND - to the payment to the Persons entitled thereto of the unpaid principal of and premium (if any) on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of the maturity of such principal and premium, with interest on overdue installments of principal and premium (if any), and, if the amount available shall not be sufficient to pay in full all principal and premium (if any) due on any particular date, together with the aforesaid interest thereon, then to the payment of such principal and premium (if any) due on such date, together with such interest, ratably, without any discrimination or privilege; and

THIRD - the surplus, if any there be, into the Bond Fund, or in the event the Indenture Indebtedness has been fully paid, to the Authority or to whosoever may be entitled thereto.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied as follows:

FIRST - to the payment of the principal and interest then due and unpaid upon the Bonds (with interest on overdue principal and interest), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege; provided, however, that if the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded under the provisions of Section 12.2 hereof, then, subject to the provisions of this subsection (b) in the event that the principal of all the Bonds shall later become or be declared due and payable, such moneys shall be applied in accordance with the provisions of subsection (a) of this section; and

SECOND - the surplus, if any there be, into the Bond Fund, or in the event the Indenture Indebtedness has been fully paid, to the Authority or to whosoever may be entitled thereto.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such time or times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal and interest to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 12.4 Application of Moneys Received Pursuant to the Series 1992 Pledge Agreement. Any moneys received by the Trustee under, or as a result of its enforcement of, the Series 1992 Pledge Agreement shall, after payment of all proper costs, expenses and liabilities incurred and disbursements made by the Trustee, be applied as follows:

FIRST - to the payment to the Holders of the outstanding Series 1992 Bonds of all installments of interest then due on the Series 1992 Bonds, in the order of the maturity of the installments of such interest, with interest on

overdue installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment plus said interest thereon, then to the payment ratably, according to the amounts due on such installments and with respect to said interest, to the Persons entitled thereto, without any discrimination or privilege;

SECOND - to the payment to the Holders of the outstanding Series 1992 Bonds of the unpaid principal of any of the Series 1992 Bonds which shall have become due (other than Series 1992 Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of the maturity of such principal, with interest on overdue installments of principal, and, if the amount available shall not be sufficient to pay in full all principal due on any particular date, together with the aforesaid interest thereon, then to the payment of such principal due on such date, together with such interest, ratably, without any discrimination or privilege; and

THIRD - the surplus, if any there be, to such Persons as may be entitled thereto.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such time or times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for payment of the obligations required to be paid pursuant to the Series 1992 Pledge Agreement and the likelihood of additional moneys becoming available for such payment in the future. Whenever the Trustee shall apply such funds to the payment of obligations under the Series 1992 Pledge Agreement, it shall fix the date upon which such application is to be made, and upon such date interest on the amounts of principal of and interest on the Series 1992 Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 12.5 Remedies Vested in Trustee. All remedies hereunder are vested exclusively in the Trustee for the equal and pro rata benefit of all the Holders of the Bonds, unless the Trustee refuses or neglects to act within a reasonable time after written request so to act addressed to the Trustee by the Holders of twenty-five percent (25%) in principal amount of any series of the outstanding Bonds, accompanied by indemnity satisfactory to the Trustee, in which event the Holder of any of the Bonds may thereupon so act in the name and behalf of the Trustee or may so act in his own name in lieu of action by or in the name and behalf of the Trustee. Except as above provided, no Holder of any of the Bonds shall have the right to enforce any remedy hereunder, and then only for the equal and pro rata benefit of the Holders of all the Bonds.

Notwithstanding any other provision hereof, the right of the Holder of any Bond, which is absolute and unconditional, to payment of the principal of and the interest and premium (if any) on such Bond on or after the due date thereof, but solely from the revenues and receipts from the sale of the Project as therein and herein expressed (and, in the case of the Holder of any Series 1992 Bond, from moneys received under the Series 1992 Pledge

Agreement), or to institute suit for the enforcement of such payment on or after such due date, or the obligation of the Authority, which is also absolute and unconditional, to pay, but solely from said revenues and receipts, the principal of and the interest on the Bonds to the respective Holders thereof at the time and place in said Bonds expressed, shall not be impaired or affected without the consent of such Holder.

Section 12.6 Rights of the Corporation Upon Occurrence of an Event of Default. If an Event of Default should occur solely by reason of some action or failure to act on the part of the Authority, and if at the time there shall have not occurred and be continuing an Agreement of Sale Default, the Trustee shall notify the Corporation in writing of the occurrence of such Event of Default and the Corporation shall have the right to remedy such Event of Default hereunder within the period of time during which the Authority may remedy such Event of Default, and the Trustee shall accept performance of such actions by the Corporation as performance by the Authority in such event, provided that the Corporation shall pay all expenses of curing such Event of Default. The exercise of the remedies set forth in Section 12.2 hereof are subject to the right of the Corporation to cure such Event of Default as provided in this section.

Section 12.7 Delay No Waiver. No delay or omission by the Trustee or by any Bondholder to exercise any available right, power or remedy hereunder shall impair or be construed a waiver thereof or an acquiescence in the circumstances giving rise thereto; every right, power or remedy given herein to the Trustee or to the Bondholders may be exercised from time to time and as often as deemed expedient.

Section 12.8 Notice to Bondholders Upon Occurrence of Event of Default. If an Event of Default occurs that is known to the Trustee, or if any event or condition occurs that is known to the Trustee and that with the giving of notice or the passage of time or both would constitute an Event of Default, and if such Event of Default or such event or condition, as the case may be, continues for a period of at least five (5) days after the Trustee first learns thereof, then the Trustee will, at or before the end of such period of five (5) days, give written notice thereof by United States regular mail, postage prepaid, to all Holders of Bonds at their respective addresses appearing in the records of the Trustee pertaining to the registration of the Bonds. Nothing contained in this section shall be deemed to require the Trustee to undertake independent inquiries or investigations which would disclose to it the occurrence of an Event of Default or any event or condition that with the giving of notice or the passage of time or both would constitute an Event of Default, unless the Trustee shall have first received, without effort on its part, information which would warrant the undertaking of such independent inquiries or investigations.

ARTICLE XIII
CONCERNING THE TRUSTEE

Section 13.1 Acceptance of Trusts. The Trustee accepts the trusts hereby created and agrees to perform the duties herein required of it, either expressly or by reasonable implication, subject, however, to the following conditions:

(a) It shall not be liable hereunder except for its non-compliance with the provisions hereof, its willful misconduct or its gross negligence.

(b) It may execute any of the trusts and powers conferred on it hereunder or perform any duty hereunder either directly or through agents and attorneys in fact who are not regularly in its employ and who are selected by it with reasonable care, but it shall be responsible for the observance by such agents and attorneys in fact of the terms and conditions hereof.

(c) It may consult Counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the advice of Counsel, provided that its action or inaction is not contrary to any express provision hereof.

(d) It need not recognize a Holder of a Bond as such without the satisfactory establishment of his title to such Bond.

(e) It shall not be answerable for any action taken in good faith on any notice, request, consent, certificate or other paper or document which it believes to be genuine and signed or acknowledged by the proper party.

(f) Except for giving notice to Bondholders in accordance with the provisions of Section 12.8 hereof, it need not take any action with respect to any Event of Default or with respect to any event or condition which with the giving of notice or the passage of time or both would constitute an Event of Default, unless requested so to do by the Holders of twenty-five percent (25%) in aggregate principal amount of any series of the Bonds then outstanding.

(g) Upon the occurrence of an Event of Default, the Trustee need not exercise any of its rights or powers specified in Section 12.2 hereof or take any action under said Section 12.2 unless requested in writing so to do by the Holders of twenty-five percent (25%) in aggregate principal amount of any series of Bonds then outstanding; it may exercise any such rights or powers or take any such action, if it thinks advisable, without any such request; it shall do so when so requested, provided that the furnishing of indemnity, satisfactory to the Trustee, against its prospective liabilities and expenses by the Bondholders requesting any action by the Trustee under said Section 12.2 shall be a condition precedent to the duty of the Trustee to take or continue any action under said Section 12.2 which in the opinion of the Trustee would

involve it in any such liabilities or expenses. Whenever it has a choice of remedies under said Section 12.2 or a discretion as to details in the exercise of its powers thereunder, it must follow any specific directions given by the Holders of a majority in principal amount of the Bonds at the time outstanding, anything therein or herein to the contrary notwithstanding, unless the observance of such directions would, in the opinion of the Trustee, unjustly prejudice the non-assenting Bondholders.

(h) It shall be entitled to reasonable compensation for its services hereunder, including extra compensation for unusual or extraordinary services.

(i) Any action taken by the Trustee at the request of and with the consent of the Holder of a Bond will bind all subsequent Holders of the same Bond and any Bond issued hereunder in lieu thereof.

(j) It may be the Holder of Bonds as if not Trustee hereunder.

(k) It shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.

(l) It shall not unreasonably withhold or delay any consent or approval required of it under the provisions of the Agreement of Sale or the Indenture.

(m) All moneys received by the Trustee to be held by it hereunder shall be held as trust funds until disbursed in the manner herein provided therefor. The Trustee shall not be liable to pay or allow interest thereon or otherwise to invest any such moneys except as specifically required herein.

(n) It shall, upon reasonable request, advise the Authority or the Corporation of the amount at the time on deposit in any of the special funds herein created.

(o) It shall, upon reasonable request, issue to the Authority or the Corporation a certificate indicating whether, to the knowledge of the Trustee, the Authority or the Corporation is in default under the provisions of the Agreement of Sale or the Indenture, and, in the event there is such a default, briefly describing the nature thereof.

(p) The recitals of fact herein and in the Bonds are statements by the Authority and not by the Trustee, and the Trustee is in no way responsible for the validity or security of the Bonds, the validity or enforceability of the Agreement of Sale or the Indenture, the existence of any part of the Improvements, the value thereof, the title of the Authority thereto, the security afforded hereby, or the validity or priority of the lien hereof. The Trustee does, however, assume responsibility for its eligibility to accept and administer the trusts created hereby, and it warrants and represents that it is duly authorized to accept and administer such trusts and that the acceptance

and administration by it of such trusts do not violate or contravene, and are not void or voidable under, any applicable state or federal law now existing.

Section 13.2 Acceptance of Duties Under Agreement of Sale. Whenever the Agreement of Sale imposes any duties or obligations on the Trustee, the Trustee hereby accepts such duties and obligations and agrees to perform such duties and obligations in accordance with the terms of the Agreement of Sale.

Section 13.3 Trustee to Maintain Registration Book. The Trustee will keep on file at its principal corporate trust office a registration book, listing the names and addresses of the Bondholders. At reasonable times and under reasonable regulations established by the Trustee, said registration book may be inspected and copied by the Corporation, any Bondholder or the duly authorized agents and representatives of any thereof.

Section 13.4 Trustee May Institute Suit, etc. The Trustee may, in its own name and at any time, institute or intervene in any suit or proceeding for the enforcement of all rights of action (including the right to file proof of claims in connection with any reorganization, bankruptcy, receivership or like proceeding) under any of the Bonds or under the Agreement of Sale or the Indenture without the necessity of joining as parties to such suit or proceeding any Holders of the Bonds and without the necessity of possessing any of such Bonds or producing same in any trial or other proceedings related to such rights of action. The Holders of the Bonds do hereby appoint the Trustee as their irrevocable agent and attorney in fact for the purpose of enforcing all such rights of action, but such appointment shall not include the power to agree to accept new securities of any nature in lieu of the Bonds or to alter or amend the terms of the Agreement of Sale or the Indenture except as herein provided.

Section 13.5 Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts created hereunder by giving thirty (30) days' written notice to the Authority, the Corporation and each Bondholder. Such resignation shall take effect at the end of such period of thirty days, or upon the earlier appointment of a successor Trustee by the Bondholders or the Authority.

Section 13.6 Removal of the Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Authority and signed by the Holders of a majority in aggregate principal amount of the Bonds then outstanding.

Section 13.7 Appointment of Successor Trustee by Bondholders; Temporary Trustee. In case the Trustee shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by

a court, a successor may be appointed by the Holders of a majority in aggregate principal amount of Bonds then outstanding through an instrument or concurrent instruments in writing signed by such Holders. In case of any such resignation or event which causes the Trustee to be incapable of acting, the Authority by an instrument signed by the Chairman of the Directors and attested by the Secretary of the Authority under its seal, shall appoint a temporary Trustee to serve until a successor Trustee shall be appointed by the Bondholders in the manner provided above. Whenever necessary to avoid or fill a vacancy in the office of Trustee, the Authority will so appoint a temporary Trustee in order that there shall at all times be a Trustee hereunder. Any temporary Trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee appointed by the Bondholders. Every successor Trustee appointed pursuant to this section shall be a trust company or bank authorized to administer trusts and having, at the time of its acceptance of such appointment, capital, surplus and undivided profits of not less than \$100,000,000.

Section 13.8 Concerning any Successor Trustee. Every successor Trustee shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting its appointment as Trustee hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estate and title of its predecessor to the Improvements and with all the rights, powers, trusts, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of the Authority or such successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estate and title of such predecessor to the Improvements and all rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in it the properties, rights, powers and duties hereby vested or intended to be vested in the Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 13.9 Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 13.10 Trustee Required to Accept Directions and Action of Corporation. Whenever, after a reasonable request by the Corporation, the Authority shall fail, refuse or neglect to give any direction to the Trustee or to require the Trustee to take any action which the Authority is required to have the Trustee take pursuant to the provisions of the Agreement of Sale or the Indenture, the Corporation as agent of the Authority may give any

such direction to the Trustee or require the Trustee to take any such action, and the Trustee is hereby irrevocably empowered and directed to accept such direction from the Corporation as sufficient for all purposes of the Indenture. The Corporation shall have the right as agent of the Authority to cause the Trustee to comply with any of the Trustee's obligations under the Indenture to the same extent that the Authority is empowered so to do.

ARTICLE XIV

SUPPLEMENTAL INDENTURES AND AMENDMENTS TO THE AGREEMENT OF SALE

Section 14.1 Supplemental Indentures without Bondholder Consent. Without the consent of or notice to any Bondholders, the Authority and the Trustee may, at any time and from time to time, enter into such Supplemental Indentures (in addition to such Supplemental Indentures as are otherwise provided for herein or contemplated hereby, including, without limitation, Supplemental Indentures pursuant to which Additional Bonds may be issued) as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority herein contained other covenants and agreements thereafter to be observed and performed by the Authority, provided that such other covenants and agreements shall not either expressly or impliedly limit or restrict any of the obligations of the Authority contained in the Indenture;

(b) to provide for the surrender by the Authority of any right or power conferred in the Indenture on the Authority, or to grant to or confer upon the Bondholders or to the Trustee for the benefit of the Bondholders any right, power or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) to cure or correct any ambiguity, defect or inconsistent provision contained in the Indenture or in any Supplemental Indenture or to make any provisions with respect to matters arising under the Indenture or any Supplemental Indenture for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Indenture or any Supplemental Indenture and do not adversely affect the interests of the Bondholders; or

(d) to grant or pledge to the Trustee for the benefit of the Bondholders any additional security other than that granted or pledged under the Indenture;

provided, however, that as soon as practicable following the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Section 14.1, the Trustee shall forward a copy of the executed Supplemental Indenture to the Bank.

Section 14.2 Supplemental Indentures Requiring Bondholder Consent. In addition to those Supplemental Indentures permitted by Section 14.1 hereof, the Authority and the Trustee may, at any time and from time to time, with the written consent of the Holders of a majority in aggregate principal amount of the Bonds then outstanding, enter into such Supplemental Indentures as shall be deemed necessary or desirable by the Authority and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided that, without the written consent of the Holder of each Bond affected, no reduction in the principal amount of, the rate of interest on, or the premium payable upon the redemption of, any Bond shall be made; and provided further that, without the written consent of the Holders of all the Bonds then outstanding, none of the following shall be permitted:

- (a) an extension of the maturity of any installment of principal of or interest on any Bond;
- (b) a reduction in principal amount or a postponement in the redemption date of any Bonds required to be redeemed prior to the stated maturities thereof pursuant to any mandatory redemption provisions applicable to such Bonds;
- (c) the creation of a lien or charge on the revenues pledged under the Indenture ranking prior to or (except in connection with the issuance of Additional Bonds) on a parity with the lien and charge thereon contained in the Indenture;
- (d) the establishment of preferences or priorities as between the Bonds; or
- (e) a reduction in the aggregate principal amount of Bonds the Holders of which are required to consent to such Supplemental Indenture.

Section 14.3 Execution of Supplemental Indentures. The Authority and the Trustee recognize that under the terms of Section 7.2 of the Agreement of Sale, they may not make any amendment of the Indenture or any Supplemental Indenture without the prior written consent of the Corporation. Subject to such consent (if required by the terms of said Section 7.2), the Trustee is authorized to join with the Authority in the execution of any Supplemental Indenture authorized under the provisions of this article and to make the further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects its rights, duties or immunities under the Indenture. Upon the execution of any Supplemental Indenture under and pursuant to the provisions of this article, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Holders of the Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 14.4 Amendments to the Agreement of Sale. With the prior written consent of the Trustee but without the consent of or notice to any Bondholders, the Authority and the Corporation may

(a) amend, change or modify the Agreement of Sale to correct or amplify the description of any property at any time subject to the demise of the Agreement of Sale or subject to the demise of the Agreement of Sale additional property, and

(b) amend, change or modify the Agreement of Sale to cure or correct any ambiguity, defect or inconsistent provision contained in the Agreement of Sale or to make provision with respect to matters arising under the Agreement of Sale for any other purpose if such provisions are necessary or desirable, are not inconsistent with the provisions of the Agreement of Sale or the Indenture and do not, in the sole and uncontrolled judgment of the Trustee, adversely affect the interests of the Bondholders;

provided, however, that as soon as practicable following the execution and delivery of any amendment, change or modification of the Agreement of Sale pursuant to the provisions of this Section 14.4, the Trustee shall forward a copy of the executed amendment, change or modification of the Agreement of Sale to the Bank.

The Authority and the Corporation may, at any time and from time to time, with the written consent of the Trustee and the written consent of the Holders of a majority in principal amount of the Bonds then outstanding, amend, change or modify the Agreement of Sale to such extent as shall be deemed necessary or desirable by the Authority and the Corporation, provided that without the written consent of the Holders of all the Bonds then outstanding, no such amendment, change or modification shall permit (i) any abatement of, or reduction in the amount of, the Basic Payments prior to payment in full of the principal of and the interest and premium (if any) on the Bonds [other than a reduction resulting from, and directly proportional to, a reduction in the amounts required for payment of the principal of or the interest or premium (if any) on the Bonds], (ii) any change in the due dates of the Basic Payments prior to such full payment of the Bonds, or (iii) any other change that, in the sole and uncontrolled judgment of the Trustee, might adversely affect the interests of the Bondholders.

Section 14.5 Notices With Respect to Certain Changes in the Indenture or the Agreement of Sale. If at any time the Authority shall request the Trustee to enter into any Supplemental Indenture requiring the written consent of the Holders of any Bonds then outstanding, or to consent to any amendment, change or modification to the Agreement of Sale requiring the written consent of the Holders of any Bonds then outstanding, the Trustee shall, upon being satisfactorily indemnified with respect to its prospective expenses incident thereto, cause notice of the proposed Supplemental Indenture or the proposed amendment, change or modification to the Agreement of Sale, as the case may be, to be forwarded by United States registered or certified mail, postage prepaid, to every Bondholder then shown on the registry books of the Trustee. Such notice shall briefly set forth the nature of the pro-

posed Supplemental Indenture or the proposed amendment, change or modification to the Agreement of Sale, as the case may be.

If, within sixty (60) days (or such longer period as shall be prescribed by the Trustee) following the date on which the last of the notices to Bondholders were mailed as aforesaid, the Holders of the required amount of the Bonds outstanding at the time of the execution of any such Supplemental Indenture or at the time of the execution of such proposed amendment, change or modification to the Agreement of Sale, as the case may be, shall have consented to and approved the execution thereof as herein provided, and if such Supplemental Indenture or proposed amendment, change or modification to the Agreement of Sale, as the case may be, does not require the written consent of the Holders of all the Bonds then outstanding, and if all other conditions hereof prerequisite to the execution of such Supplemental Indenture or proposed amendment, change or modification to the Agreement of Sale, as the case may be (including, without limitation, such consent of the Corporation as may then be required by the provisions hereof), shall have been satisfied, then, and in such case, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

It shall not be necessary for any written consent of any Bondholder under this article to approve the particular form of any proposed Supplemental Indenture or any proposed amendment, change or modification to the Agreement of Sale, but it shall be sufficient if such consent shall approve the substance thereof.

Section 14.6 Discretion of the Trustee. In the case of (i) any Supplemental Indenture authorized by Section 14.1 or 14.2 hereof or (ii) any amendment, change or modification to the Agreement of Sale authorized by Section 14.4 hereof, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed Supplemental Indenture, or any proposed amendment, change or modification to the Agreement of Sale, or any term or provision contained in any thereof, is proper or desirable, having in view the purposes of such instrument, the needs of the Authority and the Corporation and the rights and interests of the Bondholders, and the Trustee shall not be under any responsibility or liability to the Authority or to any Bondholder or to anyone whomsoever for any act or thing which it may in good faith do or decline to do under the provisions of this article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Counsel as conclusive evidence that any such Supplemental Indenture, or any such amendment, change or modification to the Agreement of Sale, complies with the provisions of the Indenture and that it is proper for the Trustee acting under the provisions of this article to join in the execution of such Supplemental Indenture or to consent to such amendment, change or modification to the Agreement of Sale.

ARTICLE XV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 15.1 Satisfaction of Indenture. Whenever the Indenture Indebtedness shall have been fully paid and the Authority shall have performed and observed all the covenants and promises expressed in the Bonds and in the Indenture to be performed and observed by it or on its part, the Trustee shall, at the expense of the Authority, cancel, satisfy and discharge the lien of the Indenture and shall execute and deliver to the Authority such instruments as shall be requisite to satisfy the lien hereof. For purposes of the Indenture (except as may herein or in the Agreement of Sale be expressly provided otherwise), any of the Bonds shall be deemed to have been fully paid when there shall have been irrevocably deposited with the Trustee for payment thereof the entire amount (principal, interest and premium, if any) due or to become due thereon until and at maturity, and, further, any Bonds subject to redemption shall also be deemed to have been fully paid when the Authority shall have deposited with the Trustee the following:

(a) the applicable redemption price in cash of such Bonds, including the interest that will mature thereon to the earliest date on which they may, under the terms of the Indenture, be redeemed, and

(b) a certified copy of a Resolution calling such Bonds for redemption (if, under the terms of Section 6.1 hereof, the adoption of such a Resolution is required).

In addition, any of the Bonds shall, for all purposes of the Indenture (except as may herein be expressly provided otherwise), be considered as fully paid if the Trustee shall be provided with each of the following:

(1) a trust agreement between the Authority and the Trustee making provision for the retirement of such Bonds by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Bonds (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (i) Federal Securities which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Bonds, or (ii) both cash and such Federal Securities which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose; provided, however, that said trust agreement shall require all cash held on deposit in such trust fund to be kept continuously secured in the manner provided in Section 10.4 hereof, but

with the further condition that only Federal Securities shall qualify as collateral security for such cash so held on deposit;

(2) a certified copy of a Resolution calling for redemption those of such Bonds that, according to said trust agreement, are to be redeemed prior to their respective maturities (if, under the terms of Section 6.1 hereof, the adoption of such a Resolution is required); and

(3) a certificate of a firm of certified public accountants stating that, if the principal of and the interest on the Federal Securities (if any) forming part of the trust fund provided for in the preceding subparagraph (1) are paid on the respective due dates of such principal and interest, said trust fund will produce funds sufficient to provide for the full payment and retirement of such Bonds.

The Trustee is hereby irrevocably authorized to give notice, in accordance with the requirements of Article VI hereof, of the redemption of any Bonds to be effected in connection with arrangements made pursuant to the provisions of this section.

Section 15.2 Destruction of Surrendered Bonds. Upon the surrender to the Trustee of any mutilated Bonds, Bonds transferred or exchanged for other Bonds, Bonds redeemed or paid at maturity by the Authority or Bonds purchased for retirement, such Bonds shall forthwith be cancelled and destroyed by the Trustee, which shall deliver its certificate confirming such destruction to the Authority and the Corporation.

Section 15.3 Payment to Corporation of Remaining Trust Fund Moneys. At such time as the entire Indenture Indebtedness shall have been fully paid in accordance with the provisions of Section 15.1 hereof, the Trustee shall, if the Agreement of Sale has not theretofore been terminated as a result of an Agreement of Sale Default, pay to the Corporation any surplus moneys then remaining in any of the special trust funds created in the Indenture, but not including any amounts held by the Trustee for the payment of the principal of and the interest and premium (if any) on the Bonds.

ARTICLE XVI

MISCELLANEOUS PROVISIONS

Section 16.1 Disclaimer of General Liability. It is hereby expressly recognized and made a condition of this Indenture that

(a) the liability of the Authority for the payment of the principal of and the interest and premium (if any) on the Bonds and the performance and observance of all agreements and covenants, warranties and representations of the Authority contained in the Indenture or the Bonds shall be limited to the

proper application of the revenues and receipts derived from the sale of the Project,

(b) the agreements, covenants, warranties or representations contained in the Indenture or in any of the Bonds do not and shall never constitute or give rise to any pecuniary liability or charge against the general credit of the Authority and the revenues and receipts therefrom, and

(c) in the event of a breach of any such agreement, covenant, warranty or representation, no pecuniary liability or charge payable directly or indirectly from the general revenues of the Authority shall arise therefrom.

Neither the State of Alabama nor the Municipality or any other political subdivision of said state shall in any manner be liable for the payment of the principal of or the interest or premium (if any) on any of the Bonds or for the performance or observance of any of the agreements, covenants, warranties or representations of the Authority contained in the Indenture or in any of the Bonds. Further, none of the directors, officers, employees or agents (other than the Corporation when acting as agent of the Authority in accordance with the provisions of the Agreement of Sale and the Indenture) of the Authority shall have any personal liability whatever hereunder or any liability for the breach by the Authority of any of the agreements, covenants, warranties or representations on its part herein contained. Nothing contained in this section, however, shall relieve the Authority from the observance and performance of the several covenants and agreements on its part herein contained or relieve the directors, officers, employees or agents of the Authority from performing all duties of their respective offices that may be necessary to enable the Authority to perform the covenants and agreements on its part herein contained.

It is acknowledged (i) that the Directors serve without compensation, (ii) that the Authority has and will probably continue to have little specific knowledge about the Improvements and the affairs of the Corporation, (iii) that the Authority will not undertake, unless requested as hereinafter provided, to determine whether the Corporation, the Trustee, or any other party is complying with the terms of the Agreement of Sale, the Indenture or any other document or instrument relating to the Project, and (iv) that certain of the statements and agreements made by the Authority in the Indenture, the Agreement of Sale and other documents or instruments delivered by the Authority in connection with the issuance of the Series 1992 Bonds have been made in reliance upon information provided and statements and representations made to the Authority by the Corporation and other parties.

The Authority shall not be required to take any action or to exercise any of its powers under the Indenture or the Agreement of Sale unless it shall have received a written notice or request to do so from the Trustee or other appropriate party stating the desirability or necessity for such action or such exercise of its powers (although it may take any such action or exercise any of such powers without any such request). The Authority shall take such action or exercise such powers within a reasonable period of time after such written notice or request, provided that there shall first be furnished indemnity to the Authority, satisfactory to it, covering its prospective liabilities and expenses (including all anticipated out-of-pocket expenses of the Authority and the fees and disbursements of its Counsel), as well as reasonable compensation for necessary services of the directors, officers, employees and

agents of the Authority. Nothing contained in this section shall affect or restrict any right, power or duty of the Trustee to take any action or exercise any right, power or discretion under the Indenture or the Agreement of Sale in accordance with the respective terms thereof.

Section 16.2 Retention of Moneys for Payment of Bonds. Should any of the Bonds not be presented for payment when due, whether by maturity or otherwise, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, retain from any moneys transferred to it for the purpose of paying said Bonds so due, for the benefit of the Holders thereof, a sum of money sufficient to pay such Bonds when the same are presented by the Holders thereof for payment (upon which sum the Trustee shall not be required to pay interest); provided, however, that the payment of any Bonds shall be subject to the provisions of any Home Office Payment Agreement in effect with respect to such Bonds. All liability of the Authority to the Holders of such Bonds and all rights of such Holders against the Authority under the Bonds or under the Indenture shall thereupon cease and terminate, and the sole right of such Holders shall thereafter be against such deposit. If any Bond shall not be presented for payment within a period of five (5) years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, return to the Authority any moneys theretofore held by it for payment of such Bond, and such Bond shall (subject to the defense of any applicable statute of limitation) thereafter be an unsecured obligation of the Authority.

Section 16.3 Payment Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of the principal of or the interest or premium (if any) on the Bonds, or the redemption date of any Bonds, shall be, at the locale of payment, a Saturday, Sunday or legal holiday or a day on which banking institutions are authorized or obligated by law to close, then payment of such principal, interest and premium (if any) need not be made on such date, but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized or obligated by law to close, with the same force and effect as if made on such date of maturity or such redemption date, and no interest shall accrue for the period after such date of maturity or such redemption date, as the case may be.

Section 16.4 Form of Requests, etc. by Bondholders. Any request, direction or other instrument required to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, signed, or executed in person or by agent appointed in writing. Such signature or execution may be proved by the certificate of a notary public or other officer at the time authorized to take acknowledgments to deeds to be recorded in the State of Alabama, stating that the signer was known to him and acknowledged to him the execution thereof.

Section 16.5 Limitation of Rights. Nothing herein or in the Bonds shall confer any right on anyone other than the Authority, the Trustee, the Corporation and the Holders of

the Bonds; provided, however, that anything herein or in the Agreement of Sale to the contrary notwithstanding, the Corporation shall have no rights hereunder at any time during which an Agreement of Sale Default shall have occurred and be continuing.

Section 16.6 Manner of Proving Ownership of Bonds. The ownership at any given time of a Bond may be proved by a certificate of the Trustee stating that on the date stated the Bond described was registered on its books in the name of the stated party.

Section 16.7 Indenture Governed by Alabama Law. The Indenture shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

Section 16.8 Notices. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or received by certified or registered mail, postage prepaid with return receipt requested, at such addresses:

(a) If to the Authority:

The Educational Building Authority of
the Town of Indian Springs Village
Town Hall
Indian Springs Village, Alabama 35124
Attention: Chairman of the Board of Directors

(b) If to the Corporation:

Indian Springs School
6000 Cahaba Valley Road
Indian Springs Village, Alabama 35124
Attention: Chairman of the Board of Directors

(c) If to the Trustee:

First Alabama Bank
Post Office Box 10247
Birmingham, Alabama 35202
Attention: Corporate Trust Department

(d) If to the Bank:

First Alabama Bank
Post Office Box 10247
Birmingham, Alabama 35202
Attention: Commercial Loan Department

Any of the above-mentioned parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. The Trustee and the Authority will send a copy of each notice that either thereof gives to the other pursuant to the provisions hereof to the Corporation and the Bank; provided, however, that the failure of either the Authority or the Trustee to send a copy of any such notice to the Corporation or the Bank shall not invalidate such notice or render it ineffective unless notice to the Corporation or the Bank, as applicable, is otherwise expressly required herein. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

Section 16.9 Severability. In the event that any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 16.10 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

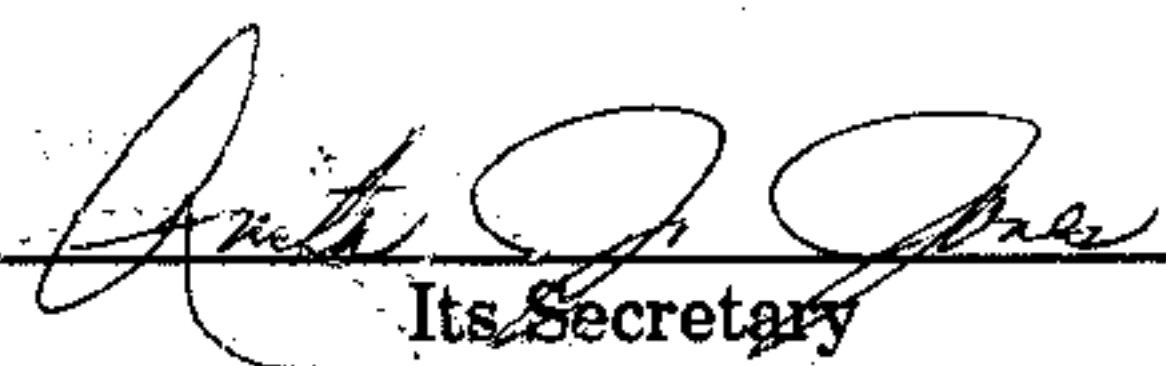
IN WITNESS WHEREOF, the Authority has caused this Indenture to be executed in its corporate name and behalf by the Chairman of the Directors, has caused its corporate seal to be hereunto affixed and has caused this Indenture to be attested by its Secretary, and the Trustee, to evidence its acceptance of the trusts hereby created, has caused this Indenture to be executed in its name and behalf, has caused its seal to be hereunto affixed and has

caused this Indenture to be attested, by its duly authorized officers, all in seven (7) counterparts, each of which shall be deemed an original, and the Authority and the Trustee have caused this Indenture to be dated as of August 1, 1992, although executed by the Authority on September 3, 1992, and by the Trustee on September 3, 1992, and delivered by said parties on September 3, 1992.

THE EDUCATIONAL BUILDING AUTHORITY
OF THE TOWN OF INDIAN SPRINGS VILLAGE

By 
Chairman of its Board of Directors

ATTEST:



Its Secretary

[SEAL]

FIRST ALABAMA BANK
Birmingham, Alabama

By 
SENIOR VICE PRESIDENT
Its CORPORATE TRUST MANAGER

ATTEST:


ASSISTANT SECRETARY
Its

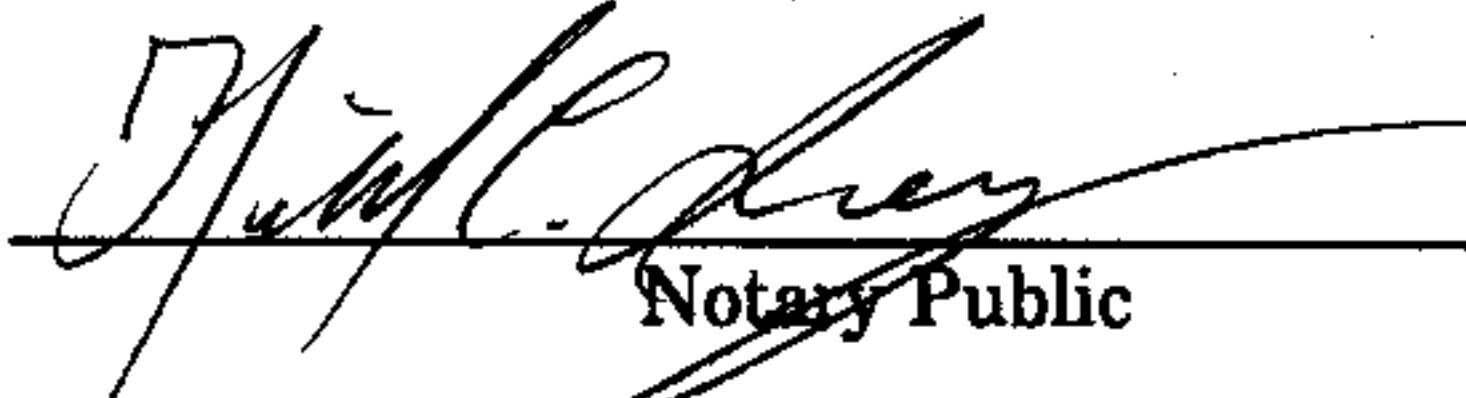
[SEAL]

STATE OF ALABAMA)
 :
SHELBY COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that ROBERT THOMAS, whose name as Chairman of the Board of Directors of THE EDUCATIONAL BUILDING AUTHORITY OF THE TOWN OF INDIAN SPRINGS VILLAGE, a public corporation and instrumentality under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

GIVEN under my hand and official seal of office, this 3rd day of September, 1992.

[NOTARIAL SEAL]



Notary Public
My Commission Expires: _____

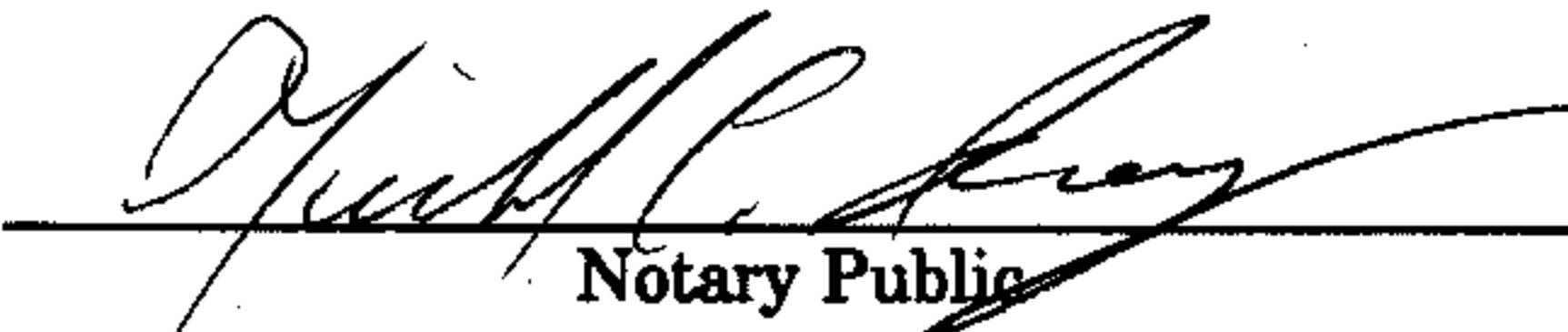
MY COMMISSION EXPIRES MARCH 28, 1995

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that SENIOR VICE PRESIDENT ROY D. BIRDWELL, whose name as CORPORATE TRUST MANAGER of FIRST ALABAMA BANK, an Alabama banking corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation.

GIVEN under my hand and official seal of office, this 3rd day of September, 1992.

[NOTARIAL SEAL]



Notary Public
My Commission Expires: _____

MY COMMISSION EXPIRES MARCH 28, 1995

This instrument was prepared by:

E. Alston Ray
Haskell Slaughter Young & Johnston,
Professional Association
800 AmSouth-Sonat Tower
1900 Fifth Avenue North
Birmingham, Alabama 35203

Inst # 1992-29847

70242.1

12/18/1992-29847
08:59 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
067 HJS 171.50