

lation of a new No. 3 paper machine and building and related facilities for the production of tissue,—the cost of all of which New Facilities, including restoration of part of its working capital expended by the Mortgagor in carrying out its modernization and expansion program, is estimated to be between \$13,000,000 and \$15,000,000.

SECTION 1.05. "Permitted Liens" shall mean and include any of the following liens, charges and encumbrances, namely: (i) liens and encumbrances junior to the lien of this Indenture; (ii) taxes for the then current year or which are not then delinquent; (iii) taxes or liens created by assessments of governmental bodies, payment of which is due in installments over a period of years and no payment of which is overdue; (iv) taxes and assessments, payment of which is being contested in good faith by the Mortgagor; (v) undetermined liens and charges incidental to construction; (vi) any liens neither assumed by the Mortgagor nor on which it customarily pays interest existing upon real estate of others in which the Mortgagor has easements, rights of way, licenses, permits or leases; (vii) easements or reservations in any property of the Mortgagor for the purpose of roads, highways, streets, forest protection roads and trails, pipe lines, power lines, telegraph, telephone and electric power and water distribution lines, and railroad rights-of-way; (viii) oil, gas, coal and mineral rights and water rights reserved in United States Patents or other grantors in conveyances by previous owners; and (ix) zoning ordinances, servitudes, conditions and restrictions which do not impair or materially interfere with the use of such property in the operation of the business of the Mortgagor, and possible adverse rights or interest which, in the opinion of counsel for the Mortgagor, are unimportant and may be disregarded.

SECTION 1.06. Certain other terms are defined elsewhere in this Indenture.

ARTICLE TWO

THE LOAN, NOTES AND PREPAYMENTS

SECTION 2.01. *Limitation as to Amount of Loan.* Subject to the terms and conditions herein set forth, and upon the Written Request of the Mortgagor, the Mortgagee agrees to lend to the Mortgagor, from time to time, on or before December 31, 1955, such portion, or all, of