

and there the owner and holder in his own right and title, of shares of the common stock of the Lumber Company, in an amount for value equal to the whole amount of the bonds of the same date and tenor as the bonds hereby secured, then owned and held by him may, at any time before notice by the Lumber Company of its election to pay and cancel said bonds or any of them, upon giving notice in writing to the Lumber Company of his election so to do, surrender the same for cancellation and receive in lieu thereof and in exchange therefor shares of the capital stock of the Lumber Company at par to the amount of the par value of the bonds and payment in cash of the accrued interest to the date of surrender and cancellation and in case of such cancellation or payment or by exchange for stock, it shall be the duty of the Trustee to enter satisfaction of this mortgage to the extent of the amount of the bonds paid and cancelled or exchanged for stock and cancelled, allowing the mortgage to stand thereafter as security only to the extent of the unrepresented and unpaid bonds and interest thereon. And when all of said bonds shall have been paid or exchanged for stock said Trustee shall enter satisfaction of this mortgage in full and shall reconvey and redeliver to the party of the first part the forty seven shares of stock of the Skamania Boom Company hereby pledged to secure said bonds.

In case the Lumber Company shall at any time sell any of the real estate or property hereby mortgaged and pledged the Trustee may in his discretion release the same from the lien of this mortgage and pledge, and if, in his opinion, the security of this mortgage and pledge, shall thereby be materially impaired, he may require the proceeds of such sale to be applied in the payment and cancellation of so many of the bonds hereby secured as in his judgment may be necessary to protect the interests of the bondholders hereby secured.

The Lumber Company hereby expressly reserves the right to enter upon the lands hereby mortgaged and cut and remove any and all trees, logs, and timber now situated and growing thereon, to be manufactured or sold as the purposes of the Lumber Company may require, - provided however, that no lien for labor and materials on account thereof shall be permitted to be filed or recorded and made a charge or incumbrance upon said property.