

granting such rights filed with the Trustee; and the Trustee may conclusively assume that any instrument so filed is a complete and accurate copy of the original if certified so to be by the President of the Railway Company. The remaining bonds hereby authorized shall be authenticated and delivered only for the construction or acquisition of additional railways, extensions or branches, upon which this indenture shall become a first and paramount lien, connecting with the lines of railway then subject to the lien of this indenture, or for additional second or other main tracks, or for real estate in the cities of Portland or Spokane, or in Vancouver, or in other cities of over fifty thousand population, for use in connection with railway upon which this indenture shall be a first and paramount lien, or for equipment, tools, machinery and implements for the use of said railways or some of them. Before authenticating and delivering bonds beyond the issue of \$40,000,000 there shall be delivered to the Trustee a copy of a resolution of the Board of Directors of the Railway Company, certified by its Secretary or Assistant Secretary, calling for the authentication and delivery of such bonds, and also certificates signed by the President, or Vice-President, and by the Chief Engineer of the Railway Company, setting forth: (a) That expenditures have been made for one or more of the purposes for which said bonds may be issued, indicating the particular property constructed or acquired; (b) That such expenditures are not in excess of the fair value of such property, and that no portion of such expenditures was included in any previous certificate furnished hereunder, and that no bonds or proceeds of bonds or other moneys were previously received in respect thereof under this indenture; and (c) Any other matters upon which the right of the Trustee to authenticate and deliver bonds may depend in whole or in part. Every such certificate furnished under this Section shall be accompanied by such instruments and conveyances as may be necessary to vest in the Trustee, free from any prior lien or incumbrance, all such branches, extensions, terminals or other property so constructed or acquired in respect of which bonds or the proceeds of bonds are applied for, and also the written opinion of counsel for the Railway Company to the effect that such branches, extensions, real estate, second track or other property are free from any lien or incumbrance prior to this indenture (except undetermined charges incidental to construction), and that such instruments and conveyances are sufficient to subject the same to the lien and operation of this indenture, or that no instrument or conveyance is necessary for that purpose.

Thereupon the Trustee shall authenticate and deliver to the Railway Company bonds reserved hereunder to an amount equal at par to the expenditures so certified for the purposes aforesaid. Such resolutions, certificates and opinion of counsel shall be full authority and protection to the Trustee for its authentication of said bonds.

Sec.3. Whenever any coupon bond or bonds, issued under and secured by this indenture, together with all unmatured coupons thereto belonging, shall be surrendered for exchange for registered bonds without coupons, the Railway Company shall execute, and the Trustee shall authenticate, and in exchange for such coupon bond or bonds shall deliver a registered bond or bonds without coupons, for the like aggregate principal sum. Such registered bonds shall bear interest at the same rate as the surrendered coupon bonds, and from the date of the last-matured coupon thereof. In every case of such exchange the Trustee forthwith shall cancel the surrendered bond or bonds and coupons and upon written demand shall deliver the same to the Railway Company.

Whenever any registered bond without coupons shall be surrendered, transferred and canceled, the Railway Company shall issue and the Trustee shall authenticate and deliver to the transferee, registered bonds, or one registered bond, without coupons, for a like aggregate principal sum. For any exchange of coupon bonds for registered bonds, and for any transfer of registered bonds without coupons, the Railway Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge required to