

majority in amount of the bonds hereby secured then outstanding, the Trustee, by notice in writing delivered to the Railway Company, shall declare the principal of all bonds hereby secured then outstanding to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this indenture or in said bonds contained to the contrary thereof in anywise notwithstanding. This provision is, however, subject to the condition, that if at any time after the principal of said bonds shall have been so declared due and payable, all arrears of interest upon all such bonds, with interest at the rate of four per cent. per annum on overdue installments of interest and all amounts then due or payable to the Trustee under any of the provisions hereof, shall either be paid by the Railway Company or be collected out of the mortgaged premises before any sale of the mortgaged premises shall have been made, then and in every such case the owners of a majority in amount of the bonds hereby secured then outstanding, by written notice to the Railway Company and to the Trustee, may rescind such declaration and waive such default and its consequences; but no such rescission or waiver shall extend to, or affect any subsequent default, or impair any right consequent thereon. In case the Trustee shall have proceeded to enforce any right under this indenture by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned because of such waiver, or for any other lawful reason, or shall have been determined adversely to the Trustee, then and in every such case the Railway Company and the Trustee shall be restored to their former positions and rights hereunder in respect of the mortgaged property, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding has been taken.

Sec.4. In case (1) default shall be made in the payment of any interest on any bond at any time issued under and secured by this indenture, and any such default shall continue for a period of six months; or in case (2) default shall be made in the due and punctual payment of the principal of any bond secured hereby; or in case (3) the Railway Company shall make default in the due observance and performance of any other covenant or condition herein contained and any such last mentioned default shall continue for a period of six months after written notice thereof from the Trustee or from the owners of five per cent. in amount of the bonds hereby secured; then, and in each and every such case of default, continuing as aforesaid, the Trustee, with or without entry, personally or by attorney, in its discretion (a) may sell at public auction, to the highest and best bidder all and singular the mortgaged property, and the right of redemption thereof, in one lot as an entirety, unless a sale in parcels shall be required under the provisions of Section 6 of this Article, in which case such sale may be made in parcels as in said Section provided; which sale or sales shall be made at such time and at such place and upon such terms as the Trustee may fix and briefly specify in the notice of sale, but the sale shall take place in either Washington or Oregon, at some station on the line of the mortgaged railway; or (b) may proceed to protect and enforce the rights of the bondholders under this indenture by suit or suits in equity or at law, as the Trustee may be advised. Upon written request of the owners of twenty-five per cent. in amount of the bonds hereby secured, in case of any such default, continuing as aforesaid, it shall be the duty of the Trustee, upon being indemnified as hereinafter provided, to take all needful steps for the protection and enforcement of its rights and the rights of the bondholders, and to exercise the powers of entry and sale herein conferred, or both, or to take appropriate judicial proceedings by action, suit or otherwise, as the Trustee being advised by counsel learned in the law shall deem most expedient in the interest of the owners of the bonds hereby secured.

Sec.5. Anything in this indenture contained to the contrary notwithstanding, the owners of seventy-five per cent. in amount of the bonds hereby secured and then outstanding, in case of