

for \$100,000. in Series A, all sums of money paid to the Trustee on account of the sinking fund shall be applied to the payment of the matured principal and interest of the first mortgage bonds of the Oregon-Washington Timber Company; PROVIDED, that unless, and until a default shall occur in the payment of the principal or interest of said first mortgage bonds of the Oregon-Washington Timber Company, not thereafter waived or cured, all sums paid to the Trustee on account of the sinking fund shall be applied by the Trustee to the payment of the principal and interest of notes in Series B, for the sum of \$150,000.; and

(2) Unless and until default shall occur in the payment of matured principal or interest of the said first mortgage bonds of the Oregon-Washington Timber Company, or at any time thereafter if said default shall be waived or cured, and until such default shall again occur, all sums of money paid to the Trustee on account of the sinking fund, after payment of the notes for the sum of \$100,000 in Series A, shall be applied to the payment of the principal and interest of the notes for \$150,000. in Series B, without preference or priority of one note over another for any reason whatever. All notes, bonds or coupons secured hereby, so redeemed and paid by the Trustee under the provisions of this Article, shall be forthwith cancelled by the Trustee and returned to J.E. Blazier, or the party designated by him to receive the same on behalf of the parties of the first part.

ARTICLE EIGHTH: At any time after all timber of every kind has been entirely cut or removed from any part or parcel of the lands of the Blazier Company and satisfactory proof thereof has been furnished to the Trustee, and while the Blazier Company is not in default in any manner hereunder, upon its request expressed in a resolution of its board of directors a copy of same certified by its secretary under its seal to be filed with the Trustee, the Trustee shall convey, by release or otherwise, upon receipt of the purchase price thereof, free from the lien hereof, to any person or corporation designated by the Blazier Company in such resolution, any of its lands now owned or hereafter acquired and hereby mortgaged, in tracts of not less than forty (40) acres; but the entire purchase price of the lands so sold shall be paid to the Trustee upon receipt thereof, and such amount shall constitute a part of the sinking fund and shall be disbursed by the Trustee as provided in Article Seventh, relating to such sinking fund.

All moneys received as compensation for any property of the Blazier Company hereby mortgaged, which is taken by the exercise of eminent domain shall go into and constitute a part of the sinking fund provided for by this instrument, and shall be disbursed by the Trustee as is provided by Article Seventh hereof relating to the sinking fund. If the condemnation proceedings are defended by the Blazier Company, its reasonable expenses and attorney's fees shall be deducted from any award, and only the surplus paid over to the Trustee.

Until default hereunder the Blazier Company shall be permitted to alter or remove any improvements, buildings or other structures from any of the lands hereby conveyed, if such alteration or removal will, in the opinion of the Blazier Company, enable it to use its property to better advantage in the judicious and more profitable management and operation of its business, and until default hereunder the Blazier Company may sell and dispose of such machinery, equipment and chattels as may become worn out or unserviceable, or no longer needed for use in the conduct of its business and such sale shall release such machinery, equipment and chattels so sold from the lien of this mortgage; PROVIDED, however, that if such sale or sales shall impair the effi-