

independent examination or cruise in order to ascertain the amount of timber at any time damaged by the action of fire or wind, and if in the judgment of the Trustees and F.A.Brewer & Company, based upon such examination, or upon the statement filed by the Company it is advisable for the protection of the holders of bonds hereunder that the Company shall pay into the sinking fund the sum of Two Dollars and Fifty cents (\$2.50) per thousand feet, log scale, of timber so damaged or destroyed by the action of fire or wind, the Trustees and F.A.Brewer & Company may demand that the Company make such payment into the sinking fund on account of such timber so damaged or destroyed, and the Company covenants and agrees that upon written demand of said Trustees and F.A.Brewer & Company it will within thirty (30) days pay such amount to the Trustees for the credit of the sinking fund; and the failure or refusal of the Company to make any of the payments provided for in this section shall be considered as a default hereunder and subject to the provisions and conditions herein contained with respect to defaults.

Section 4. The said several sums so paid over by the Company under this Article and any other sums in this Indenture provided to be paid into the Sinking fund, shall constitute and shall be known as a sinking fund, and shall be applied semi-annually on the 15th day of each June and December respectively by said Continental and Commercial Trust and Savings Bank:-

First. To the payment of the principal of the series of bonds next coming due; and

Second. When such principal has been paid any surplus then remaining shall be applied to the payment of interest, on outstanding bonds accruing at the next interest date; and

Third. Any surplus then remaining after paying such principal and interest, shall then be applied in calling and redeeming bonds prior to maturity at a premium of two per cent. (2%) in the manner hereinafter provided for the redemption of bonds by the Company.

Section 5. Any and all bonds paid or redeemed out of the sinking fund, shall, together with all unmatured coupons, be canceled by the said Trustee and delivered by the said Trustee to the Company, and shall not thereafter be reissued or be further secured by the provisions of this Indenture.

Section 6. The Trustees may rely upon the statement of the Company, verified by affidavit as hereinbefore set forth, in all matters regarding the lands upon which the Company has cut timber during any month or as to the amount of timber cut in any such month, or as to the amount and location of timber damaged or destroyed by the action of fire or wind. And the Trustees shall be fully protected in any action taken by them in reliance upon the accuracy of any such statement, but the Trustees may if they see fit, make independent inquiry as to the accuracy of any such statements, and the Company shall, upon request, also furnish to the Trustees or to any person designated by them, full access to the books and files of the Company for the purpose of testing or verifying any such statements, and the Company shall upon demand pay to the Trustees all reasonable and proper expenses of such investigations, including reasonable compensation to the Trustees and their employes, and the Trustees shall not be responsible for any part of the sinking fund moneys not actually paid over to them by the Company.

ARTICLE V.

REDEMPTION OF BONDS BEFORE MATURITY.

Section 1. The Company hereby reserves the right to call in, pay and redeem said bonds or any of them, on any interest day by paying the principal of said bonds so called for payment, together with a premium of two per cent. upon such principal,