

Out of the proceeds arising from such sale or sales, and the income and profits, if any, the Trustees shall first defray the expenses thereof, together with their just and lawful charges for services and expenses, including a reasonable allowance for attorney and counsel fees, and also all advances and expenses reasonably made or incurred by the Trustees in operating, maintaining or managing the property or business of the first party, while in possession, and all payments made by said Trustees for charges or liens of any kind prior to the liens of the se presents, or for taxes, assessments, insurance and other property charges upon said premises and property, together with interest thereon.

The balance of said proceeds shall be paid over ratably to and among the parties holding said bonds and coupons, paying all overdue coupons first, so far as may be necessary to pay the amounts then due upon the same, including the principal and interest, computed to the time of making the payment, and if any of said proceeds then remain, the remainder shall be paid over to the Company or its assigns. It is also agreed that the bondholders, or any one or more of them, or any party in their behalf, may purchase the property at any sale made as aforesaid.

Article XI. The Company shall not be held to be in default in the observance of any provision of this deed of trust by it to be done or foreborne (except the payment of interest or of principal as and when they become payable respectively and except the payment of the several installments required to be paid into sinking fund before the Company enters upon or cuts or removes stumpage and except the payment of taxes as herein provided) until notice in writing shall be served upon the Company particularly specifying the default complained of and also until a reasonable time shall have elapsed after the service of such notice in which the Company may repair or correct the default complained of. Service of notice under this paragraph shall consist in depositing in the mails, postage prepaid, a registered letter addressed to the Company at Tacoma, Washington, and proof of service of such notice shall be the certificate of Frank G. Tiffany, or of one of the executive officers of the La Crosse Trust Company, Trustee, to the effect that such notice was so mailed and specifying the time and place at which the same was so deposited in the United States mail.

Article XII. Before proceeding to foreclose this deed or mortgage the Trustees shall have the right to first exact from the bondholders reasonable indemnity against loss or liability that may be incurred by them in so doing, and upon the tender by the bondholders, or any of them of such reasonable indemnity, whether previously requested of them or not, and upon the written request of one-fourth in interest of all the holders of all said bonds then unpaid or not redeemed, it shall be the duty of the Trustees, upon said bonds being lodged with them, in case of any default continuing as hereinbefore provided on the part of the first party, and not waived, as hereinafter provided, to foreclose the lien hereby created in the manner hereinabove provided.

Article XIII. No delays or omissions by the Trustees in exercising the rights and powers herein granted shall be held to exhaust such rights or powers, or be construed as a waiver thereof, but it is hereby mutually agreed that the holders of the majority in amount of the bonds at the time outstanding may by instrument in writing at any time, whether before or after the institution of foreclosure proceedings, and prior to the time of the sale thereunder, waive or instruct the Trustees to waive (for any designated period not exceeding the period of nine months from the date when such default occurred) any default (except that of payment of the principal of said bonds at maturity), provided always that no such action on the part of the bondholders shall extend to or be taken to affect any subsequent defaults, or impair the rights resulting therefrom.