

BE PAID OUT OF THE PROCEEDS OF A SALE HEREUNDER OF THE MORTGAGED AND PLEDGED PREMISES AND PROPERTY AFORESAID IF NOT OTHERWISE PREVIOUSLY PAID BY THE MORTGAGOR; AND IT SHALL NOT BE OBLIGATORY TO INQUIRE INTO THE VALIDITY OF SUCH TAX TITLE, OR OF SUCH TAXES OR ASSESSMENTS, OR OF SALES THEREFOR, IN ADVANCING MONEYS IN THAT BEHALF AS ABOVE AUTHORIZED; BUT NOTHING IN THIS INSTRUMENT CONTAINED SHALL BE CONSTRUED AS REQUIRING THE TRUSTEE OR THE LEGAL HOLDER OR HOLDERS OF SAID BONDS TO EFFECT SUCH INSURANCE, OR TO ADVANCE OR EXPEND MONEYS FOR TAXES AND ASSESSMENTS, OR OTHER PURPOSES AFORESAID.

SECTION 7. THE MORTGAGOR FURTHER COVENANTS AND AGREES THAT SO LONG AS ANY OF THE BONDS AFORESAID ARE OUTSTANDING AND UNPAID IT WILL FURNISH TO THE SAID TRUSTEE AFORESAID, BY THE FIRST DAY OF FEBRUARY AND AUGUST IN EACH YEAR, A TRIAL BALANCE OF ITS ACCOUNTS AND AFFAIRS AS ON THE LAST DAY OF DECEMBER AND JUNE PRECEDING THE DATE WHEN SUCH TRIAL BALANCE IS TO BE FURNISHED, AND SUCH OTHER FINANCIAL STATEMENT AS SHALL BE REQUESTED BY SAID TRUSTEE, AND THAT IT WILL FURNISH, IF REQUESTED BY SAID TRUSTEE, ANNUALLY BY THE FIRST DAY OF APRIL EACH YEAR, AN AUDIT OF THE BOOKS, AFFAIRS AND BUSINESS OF THE MORTGAGOR, SHOWING THE FINANCIAL CONDITION OF THE MORTGAGOR FOR THE YEAR PRECEDING SUCH AUDIT AND ENDING WITH DECEMBER 31ST OF EACH YEAR, SUCH AUDIT TO BE MADE BY A CERTIFIED PUBLIC ACCOUNTANT OR AUDITOR APPROVED BY THE TRUSTEE.

THE MORTGAGOR ALSO AGREES THAT THE TRUSTEE MAY AT THE EXPENSE OF THE MORTGAGOR CAUSE AN EXAMINATION TO BE MADE OF THE PROPERTY HEREBY MORTGAGED, TO THE END THAT THE TRUSTEE MAY BE FULLY ADVISED AS TO THE CONDITION OF THE SECURITY, AND THE TRUSTEE AND ITS AGENTS FOR SAID PURPOSE SHALL HAVE FULL AUTHORITY TO GO UPON AND INSPECT ALL THE PROPERTY HEREBY MORTGAGED. THIS RIGHT UPON THE PART OF THE TRUSTEE SHALL, HOWEVER, BE ONLY EXERCISED WHEN A DEFAULT HAS OCCURED ON THE PART OF THE MORTGAGOR AS HEREIN DEFINED, WHICH DEFAULT HAS EXISTED FOR SIXTY DAYS AFTER ITS OCCURANCE.

SECTION 8. AND THE MORTGAGOR FURTHER COVENANTS AND AGREES THAT IT WILL FURNISH TO THE TRUSTEE AND TO WILLIAM H. PUTNAM, AT RED WING, MINNESOTA, AND TO L. S. FRANCK, AT PORTLAND, OREGON, MONTHLY, BY THE FIFTEENTH (15TH) DAY OF EACH MONTH, A SWORN STATEMENT OF ITS OPERATIONS, SHOWING IN DETAIL THE AMOUNT OF STUMPAGE CUT FROM THE LANDS HEREIN DESCRIBED AND SCALED, SOLD OR REMOVED IN ACCORDANCE WITH THE SALES SCALES THEREOF, FOR THE MONTH PRECEDING SUCH STATEMENT, AND ENDING WITH THE LAST DAY OF SUCH MONTH. IN ALL MONTHLY STATEMENTS WHERE SALES SCALES ARE NOT YET AVAILABLE, THE MORTGAGOR MAY USE ITS OWN DECK SCALE. THE NEXT SUCCEEDING MONTHLY STATEMENT, HOWEVER, TO CONTAIN A VERIFICATION OF THE DECK SCALE BY THE SALES SCALE, IF ANY. SWORN MONTHLY SALES SCALES AS HEREINBEFORE PROVIDED FOR GOING TO THE TRUSTEE SHALL BE MADE BY THE COLUMBIA RIVER LOG SCALING AND GRADING BUREAU. THOSE FURNISHED TO MESSRS. PUTNAM AND FRANCK, AS ABOVE PROVIDED, MAY BE COPIES THEREOF.

SECTION 9. THE MORTGAGOR AGREES TO KEEP IN GOOD REPAIR ITS LOGGING RAILWAY AND ALL THE PERSONAL PROPERTY COVERED BY THE LIEN OF THIS MORTGAGE, AND TO PAY PROMPTLY ALL RENTALS FOR RIGHTS OF WAY. AND/OR LEASES ASSIGNED AS HEREINBEFORE SET FORTH, SO LONG AS ANY OF SAID BONDS SHALL REMAIN OUTSTANDING AND UNPAID.

#### ARTICLE IV.

##### SINKING FUND.

SECTION 1. THE MORTGAGOR FURTHER COVENANTS AND AGREES TO AND WITH THE TRUSTEE AND ITS SUCCESSOR OR SUCCESSORS AND ASSIGNS, THAT IT SHALL AND WILL ON THE TWENTIETH