

has failed and neglected to pay any sums toward the sinking fund provided for by the mortgage, except the sum of forty-five Hundred Dollars (\$4500.00) hereinafter found; has failed to pay the interest due on principal debt on November 1, 1912, and May 1, 1913, and has failed to pay any interest maturing since May 1, 1912, and likewise the taxes accruing thereon after the year 1911, and on September 3, 1913, demand was duly made in writing in accordance with the provisions of said mortgage, as hereinafter set out, upon the Timber Company for the payment of the several sums of money as to which it had defaulted in payment prior to the said date, and thereupon the complainants have declared the entire debt due, being the principal and interest of the said mortgage indebtedness.

It was provided by the mortgage likewise that upon any foreclosure being made of the mortgaged premises under the mortgage that the principal of all bonds secured thereby and then outstanding, if not already due and payable, should at once become due and payable, whether or not notice had been given declaring the principal due by reason of the default anything in the bonds or mortgage contained to the contrary notwithstanding.

By the terms of the Said Timber Company mortgage likewise it was provided that as fast as any principal bonds issued thereunder, and the interest thereon was paid, a like amount of the bonds and of the interest coupons thereto attached of the Railroad Company should be surrendered to the railroad company, and it is now declared that payment having been made of bonds numbered 1 to 30, both inclusive, secured by the Timber Company mortgage and the interest coupons thereof, a like amount of bonds and coupons of the Railroad Company were in fact surrendered to the Railroad Company by the Complainants, trustees.

It was provided likewise by the said mortgage of the Timber Company that defaults being made and continued as aforesaid, the trustee might proceed to foreclose the said Mortgage, And there is now due thereon the sum of \$570,000.00 and interest thereon at 6% per annum from May 1, 1912.

Thereafter and on June 4, 1910, likewise said the Oregon-Washington Timber Company executed a second mortgage to the Mississippi Valley Trust Company as Trustee, of all and singular the property described in its first mortgage of June 4th 1910, and of all and singular its ownership, right, and title to \$400,000.00 par value of the six per cent first mortgage gold bonds of the Washington Northern Railroad Company, dated June 4th, 1910, and which by the terms of the said mortgage matured May 1, 1928, Said second mortgage likewise provided, and the second mortgage bonds issued thereunder so provided, that the mortgage debt should draw interest at six per cent per annum, payable semi-annually, and by the terms of the mortgage security and of the bonds issued thereunder the bonds so issued were numbered from 1 to 400, both inclusive, and matured serially, first maturity thereof beginning on May, 1922, and terminating May, 1, 1928, and second mortgage bonds secured by said mortgage were negotiated by the Timber Company and delivered to the Washington Northern Railroad Company, and for the said second mortgage bonds of the Timber Company, aggregating \$400,000.00, and for consideration running from the said Timber Company to the Railroad Company said first mortgage bonds of the Railroad Company of June 4, 1910, were issued, negotiated and delivered to the said Timber Company.

In the contract for the purchase and sale of said second mortgage bonds it was provided:

"As a further consideration for the sale to us of said One Million Dollars (\$1,000,000.00) par value of your bonds, and without any new or further consideration, we agree to sell and deliver to you Four Hundred Thousand Dollars (\$400,000.00) par value