

six (6) per cent gold bonds issued by us dated the first day of May, 1910, due serially Thirty Thousand Dollars (\$30,000.00) par value every six (6) months, beginning May 1st, 1922, and ending May 1st, 1928 and secured by second mortgage on our lands and timber in Skamania County, Washington, and secured also by Four Hundred Thousand Dollars (\$400,000.00) par value of the One Million Dollars (\$1,000,000.00) par value of bonds now proposed to be purchased by us from you; said Four Hundred Thousand Dollars (\$400,000.00) par value of our bonds so sold to you, however, or the proceeds of the sale thereof to be used by you only for future extensions, betterments or equipment to your railroad, after the expenditure of the said sum of Five Hundred and Forty Thousand Dollars (\$540,000.00) above mentioned.

That the second mortgage bonds of the Timber Company and the 400 hundred bonds collateral thereto were not used for future extension, betterments, or equipments for the Railroad, but the interest of the Washington Northern Railroad Company therein was assigned and transferred, as hereinafter set forth, to the defendant William W. Crawford, Trustee, subject however, to the paramount lien and interest of the holders of the 600 railroad bonds aforesaid.

It was provided by the said second mortgage likewise that the Timber Company would and should pay all taxes, of any and every nature and kind, levied upon its property mortgaged and that from and after the date when it had agreed to make, or had made its last payment on account of the sinking fund provided for in its first mortgage of June 4, 1910 to secure its issue of first mortgage six per cent gold bonds, it would so long as anything remained due on the said mortgage cut and remove a sufficient amount of logs so that during each twelve months period, \$45,000.00 of the proceeds derived from the sale of the said logs should be paid in as a sinking fund to redeem and discharge its said second mortgage bonds. And said Mortgage being so executed as to entitle it to record, the same was duly recorded in the office of the Auditor of Skamania County, Washington, where the properties described in the mortgage were situated, in Book "I" of Mortgages, page 316, et seq.

The property described and conveyed and intended to be conveyed by the railroad Company first mortgage hereinbefore found, is as follows:

That certain logging railroad extending from Prindle's Landing in Section 12, Township 1, North Range 5 East of the Willamette Meridian and running thence through and over Sections 12, 1, 3, 11, 3, and 2, in said Township 1 North, Range 5 East; and thence through and over Sections 35, 26 and 25 in Township 2 North, Range 5 East of said Meridian; and thence through and over Sections 30 and 19 in Township 2 North, Range 6 East of said Meridian; and thence through and over Sections 24 and 13 in Township 2 North, Range 5 East of said Meridian, all in Skamania County State of Washington.

Together with all spurs, switches, branches and extensions thereof, being the same railroad heretofore owned by the Cape Horn Railroad Company, Together also with all of the franchises, contracts and rights of way, easements, privileges, traffic agreements, rolling stock, cars and engines now owned by said Company, or which may hereafter be acquired by it, and all rents, incomes, tolls, and profits accruing and to accrue from its said business. property, real, or personal, or mixed, including all future Together also with all future acquired/ extensions, improvements, or betterments of the property hereafter acquired by said Company.

And among the said properties so transferred and conveyed are the following leases and rights of way in fee in and across certain lands in Skamania County in the State of Washington, more particularly described as follows;