

LIGHT AND POWER SERVICE USEFUL TO THEIR ENJOYMENT.

SECTION 7. THE COMPANY COVENANTS THAT IF IT FAIL TO PAY ANY SUM OF MONEY AGREED HEREIN TO BE PAID BY IT, OTHER THAN FOR PRINCIPAL AND INTEREST ON THE SAID BONDS, THE TRUSTEES (EITHER OR BOTH) MAY, BUT IT, OR THEY, SHALL NOT BE OBLIGED TO, PAY THE SAME AND THE COMPANY AGREES THAT UPON DEMAND IT WILL REPAY ALL SUMS SO PAID BY EITHER OR BOTH TRUSTEES, WITH INTEREST AT THE RATE OF SEVEN (7) PER CENT THEREON, AND ALL SUMS SO ADVANCED BY THE TRUSTEES ARE DECLARED HEREBY TO BE SECURED BY LIEN UPON THE TRUST ESTATE IN PRIORITY TO THE BONDS AND COUPONS AFORESAID. NO PAYMENT MADE BY THE TRUSTEES (AS AFORESAID) UNDER THIS SECTION SHALL BE DEEMED TO RELIEVE THE COMPANY OF ITS DEFAULT IN FAILING TO MAKE SUCH PAYMENT.

SECTION 8. THE COMPANY COVENANTS AND AGREES THAT IT WILL COMPLY WITH ALL LAWS OF THE UNITED STATES OF AMERICA, OF THE STATES OF CALIFORNIA AND WASHINGTON, AND WITH ALL ORDINANCES OF THE CITIES OF LOS ANGELES, VERNON OR CAMAS APPLICABLE TO THE PROPERTIES HEREIN DESCRIBED, AND WITH ALL REGULATIONS OF ANY BODY OR OFFICER THEREIN HAVING JURISDICTION OR CONTROL OF THE MORTGAGED PROPERTY, AND THAT IT WILL LAWFULLY CONDUCT ANY AND EVERY BUSINESS IN CONNECTION WITH WHICH IT SHALL USE ANY OF THE MORTGAGED AND PLEDGED PROPERTY.

SECTION 9. THE COMPANY COVENANTS THAT SO LONG AS ANY OF THE SAID BONDS SHALL BE OUTSTANDING IT WILL MAINTAIN NET CURRENT ASSETS EQUAL AT LEAST TO ONE AND ONE-HALF TIMES THE TOTAL FUNDED DEBT OF THE COMPANY. THE TERM "NET CURRENT ASSETS" SHALL BE DEEMED TO BE THE EXCESS OF THE CURRENT ASSETS OF THE COMPANY OVER AND ABOVE THE CURRENT LIABILITIES, AND FOR THE PURPOSE OF THIS SECTION OF THIS INSTRUMENT "NET CURRENT ASSETS" SHALL BE DEEMED TO CONSIST ONLY OF THE MARKET VALUE OF THE STOCK OF COLUMBIA RIVER PAPER MILLS PLEDGED AS AFORESAID, CASH, NOTES RECEIVABLE, TRADE ACCEPTANCES RECEIVABLE AND ACCOUNTS RECEIVABLE, IN EACH CASE NOT CHARGED OFF TO PROFIT AND LOSS, AND THE INVENTORY OF FINISHED GOODS AND MATERIALS AND SUPPLIES, ALL AT MARKET VALUE AND COST, WHICHEVER IS LOWER. CURRENT LIABILITIES FOR THE PURPOSES OF THIS SECTION SHALL CONSIST IF TRADE ACCEPTANCES, PAYABLE, ACCOUNTS PAYABLE, NOTES MATURING WITHIN ONE YEAR, ACCRUED INTEREST, ACCRUED TAXES, ACCRUED INSURANCE AND ANY OTHER LIABILITIES DUE OR MATURING WITHIN ONE YEAR.

SECTION 10. A PORTION OF THE PROPERTIES MORTGAGED HEREUNDER IS NOW SUBJECT TO A MORTGAGE EXECUTED BY CALIFORNIA-TISSUE MILLS, INC. THE BONDS SECURED BY THE SAID MORTGAGE OF CALIFORNIA TISSUE MILLS, INC., HAVE ALL BEEN PAID AND SATISFIED, EXCEPT BONDS IN THE AGGREGATE SUM OF \$51,000. WHICH BONDS MATURE ON THE 1ST OF APRIL, 1926. THE COMPANY AGREES TO PURCHASE THE SAID BONDS AND FURNISH TO THE TRUSTEE, LUMBERMENS TRUST COMPANY, EVIDENCE SATISFACTORY TO SAID TRUSTEE THAT THE SAID BONDS HAVE BEEN SATISFIED, AND THAT THE MORTGAGE GIVEN BY THE CALIFORNIA TISSUE MILLS, INC., HAS CEASED TO BE A LIEN UPON ANY OF THE PROPERTIES MORTGAGED HEREUNDER. UNTIL SUCH EVIDENCE SHALL HAVE BEEN FURNISHED BY THE COMPANY TO THE SAID TRUSTEE, IT IS AGREED THAT THE FIRST PROCEEDS ARISING BY THE NEGOTIATION AND SALE OF THE BONDS SECURED HEREUNDER SHALL BE DEPOSITED WITH THE SAID TRUSTEE, THE LUMBERMENS TRUST COMPANY, UNTIL THE SAID TRUSTEE HAS RECEIVED A SUM OF MONEY ADEQUATE TO THE PAYMENT OF SAID BLOCK OF BONDS, \$51,000. IN AMOUNT, AND OF ALL INTEREST TO MATURE THEREON UP TO THE DATE OF THE MATURING THEREOF AND THAT THE SAID MONEY SHALL BE RETAINED BY THE SAID TRUSTEE FOR THE PURPOSE OF PAYING