

PRINCIPAL AND INTEREST ON THE SAID BLOCKS OF BONDS EXECUTED BY CALIFORNIA TISSUE MILLS, INC. UNTIL THE COMPANY SHALL HAVE FURNISHED THE EVIDENCE OF SATISFACTION THEREOF, AND IN DEFAULT OF THE FURNISHING OF SUCH EVIDENCE TO THE SAID TRUSTEE, THE SAID TRUSTEE SHALL USE THE FUNDS SO LEFT WITH IT FOR THE PURPOSE OF RETIRING THE SAID BONDS, WHICH MATURE APRIL 1, 1926.

SECTION 11. THE COMPANY COVENANTS AND AGREES THAT AT ALL TIMES DURING THE LIFE OF THE LOAN HEREBY SECURED AND UNTIL ALL OF THE BONDS HEREINBEFORE REFERRED TO SHALL HAVE BEEN PAID IN FULL, IT WILL MAINTAIN FIRE INSURANCE ON THE BUILDINGS AND IMPROVEMENTS SITUATE ON THE MORTGAGED REAL ESTATE, IN THE SUM EQUAL TO THEIR INSURABLE VALUE AND NOT LESS THAN THE FULL AMOUNT OF THE BONDS OUTSTANDING AT ANY TIME; THAT THE SAID POLICIES OF INSURANCE SHALL BE SATISFACTORY TO THE TRUSTEE, LUMBERMENS TRUST COMPANY, IN FORM AND THAT THEY SHALL BE DELIVERED TO THE SAID TRUSTEE AND THAT THEY SHALL PROVIDE THAT PAYMENT SHALL BE MADE TO THE TRUSTEE, LUMBERMENS TRUST COMPANY, AS ITS INTERESTS MAY APPEAR IN THE EVENT OF DAMAGE OR DESTRUCTION OF THE SAID PROPERTIES BY FIRE. THE COMPANY COVENANTS THAT IT WILL PROMPTLY PAY THE PREMIUMS FOR SUCH INSURANCE AS THE SAID PREMIUMS MAY ACCRUE. IN CASE OF ANY LOSS OR DAMAGE BY FIRE THE SAID TRUSTEE, LUMBERMENS TRUST COMPANY, MAY ADJUST, COLLECT AND RECEIPT FOR, AND IN ITS DISCRETION MAY COMPROMISE, ANY AND ALL CLAIMS ARISING UNDER SAID POLICY OR POLICIES. IN CASE ANY MONEY SHALL BE PAID TO THE SAID TRUSTEE ON ACCOUNT OF ANY LOSS OR DAMAGE COVERED BY SUCH INSURANCE, THE COMPANY SHALL BE ENTITLED TO USE AND APPLY THE SAME FOR THE PURPOSE OF REPAIRING, REBUILDING, OR RESTORING ANY PART OF SUCH PROPERTY DESTROYED OR DAMAGED, OR TO REIMBURSE THE COMPANY FOR EXPENDITURES MADE BY IT FOR ANY SUCH PURPOSE, BUT THE SAID TRUSTEE SHALL RETAIN POSSESSION OF SAID MONEYS UNTIL SUCH REPAIRING/REBUILDING OR RESTORING IS COMPLETE. THE RIGHT OF THE COMPANY TO USE THE MONEYS SO RECEIVED FROM ANY INSURER OR INSURERS SHALL BE DEPENDENT UPON THE GIVING OF NOTICE BY THE COMPANY TO THE TRUSTEE, LUMBERMENS TRUST COMPANY, WITHIN NINETY DAYS AFTER THE FIRE OF THE INTENTION OF THE COMPANY TO REPAIR, REBUILD AND RESTORE THE PROPERTY DAMAGED OR DESTROYED, AND IN DEFAULT OF SUCH WRITTEN NOTICE THE SAID TRUSTEE SHALL APPLY THE MONEYS SO RECEIVED BY IT TO THE REDEMPTION OF BONDS IN THE MANNER PROVIDED BY ARTICLE V OF THIS INSTRUMENT. THE RIGHT OF THE COMPANY TO RECEIVE SAID MONEYS TO DEFRAY THE COST OF REPAIR OR RESTORATION OF THE PROPERTIES SHALL NOT BE COMPLETE UNTIL THE COMPANY SHALL HAVE FURNISHED EVIDENCE TO THE TRUSTEE, LUMBERMENS TRUST COMPANY, TO THE EFFECT THAT THE BILLS FOR LABOR AND MATERIALS IN EFFECTING SUCH REPAIR OR RESTORATION HAVE BEEN PAID IN FULL AND THAT THERE ARE OUTSTANDING NO CLAIMS WHICH MAY RIPEN INTO LIENS UPON THE SAID PROPERTY.

SECTION 12. IN CASE THE SAID COMPANY SHALL DECLARE ANY DIVIDEND ON ITS COMMON STOCK WHILE THE BONDS HEREINABOVE REFERRED TO, OR ANY THEREOF, SHALL BE OUTSTANDING, IT IS AGREED THAT THE COMPANY SHALL DEPOSIT WITH THE TRUSTEE, THE LUMBERMENS TRUST COMPANY, AN AMOUNT EQUIVALENT TO THE DIVIDENDS SO DECLARED AND THE SAID TRUSTEE SHALL USE THE MONEY SO DEPOSITED WITH IT TO REDEEM BONDS IN REVERSE NUMERICAL ORDER IN THE MANNER PRESCRIBED BY ARTICLE V OF THIS INSTRUMENT.

SECTION 13. IN ORDER TO PREVENT ANY ACCUMULATION OF INTEREST AFTER MATURITY, THE COMPANY COVENANTS THAT IT WILL NOT, DIRECTLY OR INDIRECTLY, ASSENT TO THE EXTENSION OF TIME FOR THE PAYMENT OF ANY COUPONS ATTACHED TO THE SAID BONDS. IF THE TIME FOR PAYMENT OF ANY OF SUCH COUPONS SHALL BE EXTENDED, SUCH COUPONS