

MORTGAGE RECORD T
SKAMANIA COUNTY, WASHINGTON

61

JOHNSON, COX COMPANY, PRINTERS, TACOMA — 42256

value, as stated in an engineer's certificate, of all property owned by such subsidiary at the time it shall have become a subsidiary company which could not then be subsidiary property additions as in this Indenture defined.

The amount of the cost of any property additions and of any subsidiary property additions and the fair value thereof and the fair market value in cash of any securities so issued and delivered in payment therefor shall be determined for the purposes of this Article V by the appropriate certificates provided for in Section 31 hereof.

Section 28. In all cases in which it shall appear from the certificates hereinafter in Section 31, provided for, that property additions and/or subsidiary property additions proposed to be made the basis for the authentication and delivery of bonds under the provisions of this Article V are subject to prior liens, the principal amount of the then outstanding prior lien bonds secured by such prior liens (exclusive of any such outstanding prior lien bonds which may concurrently with such certificates be deposited with the Corporate Trustee to be held under the provisions of Article IX hereof and with respect to which deposit the Company shall certify that it elects not to have any bonds authenticated and delivered hereunder upon the basis thereof) shall be deducted from the principal amount of bonds which might otherwise be authenticated pursuant to the provisions of Section 27 hereof, unless such certificates shall also show that the principal amount of such prior lien bonds has theretofore been deducted when other property additions and/or subsidiary property additions subject to the same prior liens have theretofore been made the basis of the authentication and delivery of bonds under this Article V, or of the withdrawal of cash or of the release of property or of the disposition by a subsidiary company of property, under any of the provisions of this Indenture.

If, at any time after the principal amount of any outstanding prior lien bonds secured by such prior liens shall have been deducted in accordance with the provisions of this Section from the principal amount of bonds which might otherwise be authenticated and delivered hereunder, or after the principal amount of any outstanding prior lien bonds secured by any prior lien shall have been deducted in accordance with any provisions of this Indenture in connection with the withdrawal of cash or the release of property, or the disposition by a subsidiary company of property, hereunder, the Company shall either

(a) deposit with the Corporate Trustee any such prior lien bonds secured by any such prior liens, to be held and dealt with by the Corporate Trustee in the manner and subject to the conditions and provisions set forth in Article IX hereof, or,

(b) file with the Corporate Trustee a Treasurer's Certificate to the effect that the principal amount of such outstanding prior lien bonds secured by any such prior liens (1) has been reduced or concurrently with the action requested will be reduced by payment or by the deposit with the trustee or other holder of the prior lien securing the same of moneys in the necessary amount for the purchase, payment or redemption thereof, or otherwise reduced, and that such reduction has not been, and will not be, effected by the use, by the trustee or other holder of such prior lien of the proceeds (including any substitutes therefor) of insurance on, or of the release of, or of the disposition by a subsidiary company of, or of the taking by eminent domain of, funded property or (2) has been ascertained by judicial determination or otherwise to be in whole or in part invalid, and specifying the amount of reduction or the extent of the invalidity, as the case may be, accompanied by a concurring opinion of counsel,