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MORTGAGE RECORD U
SKAMANIA COUNTY, WASHINGTON

section of this instrument shall be deemed to relieve the Mortgagor of its default in making such payment. The Mortgagor expressly exercises the option to have the interests of itself and of the Trustee in the mortgaged property assessed and taxed together, without separate valuation, to the first party hereto as the Mortgagor, the same as if the mortgaged property were unencumbered and it hereby expressly waives any right of offset or deduction which, under the law of any jurisdiction or jurisdictions, it has or may have against any of the bonds issued hereunder.

Section 11. TO AVOID WASTE AND PROTECT PROPERTY—Mortgagor will not commit or permit any waste or other damage to any of the mortgaged property, but will diligently protect the same. Mortgagor will take all usual and reasonable precautions and steps to prevent damage to any mortgaged property by fire or other causes, and to that end it will among other things, maintain such reasonable system of fire protection (either on its own account or jointly with others) with respect to the mortgaged property as is usual and customary in the line of business in which Mortgagor is engaged, failing which the Trustee or Banker may in their discretion and at Mortgagor's expense take such precautions and such steps.

Section 12. TO KEEP FACILITIES IN GOOD CONDITION—The Mortgagor will keep all plants, facilities and equipment (at any time covered hereby) in good working condition and supplied with motive power, and will make all needful repairs, additions, renewals and replacements, so that the same shall always be fit for their intended use; and to that end any worn-out, useless or obsolete equipment (which has first been superseded by new or improved equipment suitable for the purpose and fully paid for and freed from all liens except the lien hereof) may be removed from the premises described herein and disposed of free from the lien hereof, provided, however, the consent of Trustee and Banker, in writing be first obtained. (Pg. 22)

Section 13. FIRE INSURANCE—The Mortgagor will keep insured against loss by fire and boiler explosion, to at least eighty per cent of their full insurable value, such buildings, facilities and equipment at any time covered hereby as are usually thus insured by parties engaged in like business, failing which the Trustee at its option and at the Mortgagor's expense may take out such insurance. The Mortgagor will carry such insurance only with reliable companies approved by Banker and duly qualified to do business in Washington and Oregon. It will keep the Banker supplied with details regarding all outstanding policies and regarding payments of premiums thereon, and within ten days after any insurance premium becomes due the Mortgagor will deposit a duplicate receipt therefor with the Trustee. All policies shall stipulate that loss is payable to the Trustee, as its interest may appear. Forthwith upon request by the Trustee, all policies of insurance shall be deposited with the Trustee.

This instrument shall constitute a first lien on all insurance funds coming into the Trustee's possession hereunder; but upon the Mortgagor's written request, the Trustee shall allow such funds or any part thereof to be applied toward repairing, replacing or adding to the mortgaged property, provided the Banker is first furnished with evidence satisfactory to it that in such work the Mortgagor has either expended money or incurred debts at least equal to the sum so requested and that such repairs, replacements or additions are free from all liens except the lien hereof; or will be thus freed by application of the insurance funds requested. If desired by the Banker, the Trustee shall pay such debts direct to the creditors of the Mortgagor. If the Mortgagor makes no such request within six (6) months after the Trustee receives such insurance funds, or within such further time as the Banker fixes in writing such funds shall be applied by the Trustee toward redemption of said bonds