

MORTGAGE RECORD U

SKAMANIA COUNTY, WASHINGTON

upon demand, with interest from the date of the payment thereof by the Corporate Trustee at the rate of 6% per annum, and all sums so paid by the Corporate Trustee with interest as aforesaid shall be secured hereby, having the benefit of the lien hereby created in priority to the indebtedness evidenced by the bonds and coupons.

Any new property acquired by the Company by exchange or purchase, to take the place of any property released hereunder, shall forthwith and without further conveyance be and become subject to the lien of and be covered by this indenture, but if requested by the Trustees the Company shall convey the same to the Trustees by indenture supplemental hereto upon the trusts and for the purposes of this indenture.

The Corporate Trustee shall be entitled to collect the principal of any and all purchase money obligations delivered to it pursuant to the provisions of this Section from time to time as the same become due and the money so collected shall be held by it as part of the trust estate until paid out or applied by the Corporate Trustee as provided in Section 3 hereof. The Corporate Trustee shall be entitled to collect the interest that shall be payable on any such obligations and anything herein to the contrary notwithstanding so long as the Company shall not be in default hereunder to the knowledge of the Corporate Trustee, such interest as collected shall ^{be} paid over to the Company.

Section 3. Moneys received by the Corporate Trustee on the release of property shall, on application by the Company, be paid to or upon the order of the Company in an amount not in excess of the cost or fair value, whichever is less, of property additions, extensions, betterments and improvements made on or after January 1, 1939, and within five years prior to the date of any application for the release of moneys under this Section 3, as and for a part of its permanent or fixed investment for its business, which property additions, extensions, betterments and improvements shall be subject to the lien of this indenture, free and clear of all other liens and encumbrances, provided that before any funds are paid out for such purpose, the Company shall furnish to the Corporate Trustee (1) a certified statement, signed by the President or Vice-President and the Treasurer or Assistant Treasurer of the Company, showing the amount actually expended or to be expended by the Company and for what property, and stating that such property has not been used as the basis for the issuance of additional bonds, or for the withdrawal of moneys, or for the release of property hereunder, and, if already paid for, has not been paid for out of the proceeds of insurance on or condemnation or release of any of the trust estate or moneys set aside for depreciation reserve, and (2) the opinion of counsel, satisfactory to the Corporate Trustee, who may be counsel for the Company, that said property is owned by the Company free and clear of liens and encumbrances other than this indenture, and that the same is a first lien thereon, and (3), an appraisal of the fair value of such property additions, extensions, betterments and improvements by an engineer, satisfactory to the Corporate Trustee, who may be in the employ of the Company. Such verified statement, opinion and appraisal shall be conclusive evidence and full protection to the Corporate Trustee in acting thereunder, but the Corporate Trustee in its discretion may require additional evidence of value or other information. Moneys received by the Corporate Trustee on the release of property, may, at any time upon direction of the Company, be applied, and if not used as hereinbefore provided within two years after the deposit thereof, shall be applied by the Corporate Trustee as the Company may direct either (a) to the purchase of bonds of any series then outstanding hereunder, and not exceeding the then optional redemption prices thereof, or in the case of bonds not redeemable, at not exceeding the principal amount thereof and accrued interest; or (b) to the redemption of bonds then outstanding of any and all series designated by the Company which are by their terms redeemable, on the next succeeding available redemption date or dates at the then respective optional redemption