

Mortgagors at Cape Horn, a price per thousand feet, board measure, water scale, equal to the price established by the Office of Price Administration of the United States of America or the market price at said point, whichever is lower, less the sum of \$1.90 per thousand feet, board measure.

It is mutually agreed that the Mortgagee will pay for all logs and timber products delivered to it as above provided, within 10 days from the date of delivery, less 1 per cent trade discount and less \$7.70 per thousand feet, board measure, water scale, for all such logs and wood products, which \$7.70 per thousand feet, board measure, shall be applied to the indebtedness owing the Mortgagee hereunder. The balance of the purchase price for each raft of logs so received shall be paid to the Mortgagors for operating purposes.

It is further agreed between the parties that, if the application of \$7.70 per thousand feet, board measure, for all logs and wood products delivered to the Mortgagee hereunder does not pay and discharge the amount due the mortgagee hereunder, the said Mortgagors will be responsible for such deficiency.

The Mortgagors further covenant and agree that they will deliver all such logs and wood products to the Mortgagee as above required, free and clear from any claim, demand, liability or encumbrance of every kind whatsoever.

The Mortgagors agree that any logging operation conducted by them on the above described premises shall be conducted in accordance with the requirements of the State of Washington and the United States of America pertaining to fire hazards or other woods operations; and that said Mortgagors will pay and discharge promptly all premiums for industrial insurance, social security, withholding tax or ^{any} other charge or assessments now or hereafter levied on the payroll of said Mortgagors or which might be levied or assessed as a claim or lien against the logs or wood products delivered or to be delivered to the Mortgagee hereunder.

The Mortgagors further covenant and agree to pay and discharge any tax or assessments which may be levied against this mortgage or the indebtedness secured hereby, except income taxes.

The Mortgagors further covenant and agree that they will not commit any waste on any of the property herein mortgaged, and will keep said machinery and equipment in good repair, and will insure the same against loss or damage by fire in an insurance company or companies approved by the Mortgagee, which policy or policies of insurance shall be for the benefit of and payable to the Mortgagee as its interest may appear, which insurance shall be in the greatest amount procurable upon said property.

The Mortgagors covenant and agree to make the payments due the First National Bank of Portland, on the chattel mortgage hereinabove described, promptly and at the times the same become due, in order that said chattel mortgage may not be in default until such time as the amount due the Mortgagee hereunder has been repaid to it.

The Mortgagors further covenant and agree that they will not permit any of said mortgaged property to come into the possession of any other person, firm or corporation, and will not permit the same to be encumbered or charged in any manner and for any amount whatsoever, until the balance due Mortgagee hereunder has been paid and discharged.

It is further agreed between the parties hereto that, if the Mortgagors shall fail to perform any of the covenants hereof to be performed by them, or shall fail to make any of the payments due hereunder, promptly and in accordance with the terms hereof, time being of the essence of this agreement, then the Mortgagee may, at its option, declare the full amount due hereunder immediately due and payable, and may take such action as it