

10-5 BINDER & PTO. CO. 18797

provided, or interest thereon, or in the payments due by reason of any timber theretofore cut, as next hereinafter provided, or in the observance and performance of any of the covenants, agreements and conditions in this indenture contained and by the Company to be kept, performed or observed, and the Company hereby expressly covenants and agrees that upon receipt of written notice from the Bank, its successors or assigns, of any such default, it will forthwith cease both the cutting and removal of any and all such timber and will not resume the same until said default or defaults, and any and all other or subsequent defaults, shall have been made wholly good.

(b) Company will cause all timber cut and removed during each calendar month to be scaled by a competent scaler or scalers satisfactory to the Bank and will cause duplicate copies of such scale sheets to be delivered directly by such scaler or scalers to the Bank. Such scale sheets and the monthly statements of the Company based thereon shall be the basis for the monthly payments hereinafter provided for.

(c) During the entire period during which the Company shall be logging the whole or any part of the timber hereinafter described, the Company shall, monthly, according as and as fast as the logging progresses, pay to the Bank, to be applied on the mortgage debt, the following respective amounts on timber cut and removed from the several parcels of timber hereinbefore described, at the following rates per M feet, log scale, to-wit:

\$5.00 per M feet, log scale, on the timber cut and removed from Parcel 2 above described;

\$10.00 per M feet, log scale, on all fir timber cut and removed from Parcel 3 above described;

\$10.00 per M feet, log scale, on all fir timber cut and removed from Parcel 4 above described;

\$10.00 per M feet, log scale, on all fir timber cut and removed from Parcel 5 above described.

Merchantable timber shall include all logs, poles, piling and other forest products, and they shall be deemed to have been cut and removed when cut and loaded on trucks or railroad cars for removal from the logging area.

(d) In the event the Company should purchase any other timber or acquire cutting rights on any other timber in the vicinity of any parcel of timber covered by this mortgage and should log the same either in connection with the logging of any of this timber or separately, it shall pay to the Bank, to be applied on the mortgage debt, the same stumpage or rate per M feet, log scale, as the Company is required to pay on timber cut from the parcel of land nearest to the additional parcel of land so acquired, and in all respects as hereinabove provided in sub-paragraphs (b) and (c).

(e) Company shall keep true and accurate records of all timber so cut and removed and of the area from which the same is cut and removed and shall, prior to removal from the lands where cut, brand all logs and timber products cut from the timber and lands mortgaged hereby with a separate and distinctive brand or brands used for no other purpose, and will in like manner brand with another separate and distinctive brand or brands used for no other purpose all logs and timber products cut and removed from other timber hereafter acquired by or logged by or for the Company within the general area where the mortgaged property is situated, and will on or before the 15th day of each month furnish to the Bank a detailed statement of all timber cut and removed during the preceding calendar month, if any, designating the legal sub-