

MORTGAGE RECORD—X

SKAMANIA COUNTY, WASHINGTON

PIONEER, INC., TACOMA—177183

In case the release of property is, in whole or in part, based upon Property Additions (as permitted under the provisions of clause (b) of subdivision (4) of this Section), the Company shall, subject to the provisions of said clause (b), comply with all applicable provisions of this Indenture (including but not limited to the furnishing of the Engineer's Certificate provided for in subdivision (3) of Section 28 hereof and, in case the provisions of subdivision (4) of Section 28 hereof are applicable, the Independent Engineer's Certificate provided for in said subdivision (4) of Section 28 hereof) as if such Property Additions were made the basis of an application for the authentication and delivery of bonds thereon (equivalent in principal amount to sixty per centum (60%) of the fair value of that portion of the property to be released which is to be released on the basis of such Property Additions, as shown by the Engineer's Certificate in subdivision (3) of this Section provided for, and in case the release of property is in whole or in part based upon the right to the authentication and delivery of bonds (as permitted under the provisions of clause (c) of subdivision (4) of this Section) the Company shall comply with all applicable provisions of Section 26 or Section 29 hereof, as the case may be, relating to such authentication and delivery, except that in no such case shall the Company be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Officers' Certificate, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (2), (6) and (8) of Section 28 hereof; provided, however, that the Cost of any Property Additions received or to be received by the Company in whole or in part as consideration in exchange for the property to be released shall for all purposes of this Indenture be deemed to be the amount stated in the Engineer's Certificate provided for in subdivision (3) of this Section to be the fair value of the property to be released (a) plus the amount of any cash and the fair value of any other consideration, further to be stated in such Engineer's Certificate, paid and/or delivered or to be paid and/or delivered by, and the amount of any obligations assumed or to be assumed by, the Company in connection with such exchange as additional consideration for such Property Additions or (b) less the amount of any cash and the fair value to the Company of any other consideration, which shall also be stated in such Engineer's Certificate, received or to be received by the Company in connection with such exchange in addition to such Property Additions.

For all purposes of this Article XI, the fair value of property subject to a Qualified Lien shall be determined as if such property were free of such Qualified Lien and the fair value of property subject to a lien prior to the Lien hereof, which has not theretofore or is not then to become a Qualified Lien, shall be the fair value thereof less the principal amount of any obligations secured by such lien thereon if it will thereafter cease to be a lien on any property subject to the Lien hereof.

Notwithstanding any of the other provisions of this Indenture,

(A) to the extent that any property to be released is not Funded Property and the Property Additions made the basis of such release, shall (as evidenced by a statement to such effect in an Engineer's Certificate) have been acquired in exchange or consideration for, or acquired, made or constructed in anticipation of, the release of property (and shall never previously have been used as the basis of the release of property under the provisions of clause (b) of subdivision (4) of this Section or as the basis of the withdrawal of cash under subdivision (1) of Section 61 or under a Qualified Lien), said Property Additions shall not have the status of Funded Property except to the extent of any amount which shall, at the time such Property Additions were made the basis of such release, have been deducted from the Cost or fair value of