

to the Mortgagee by this Instrument.

3. Upon any sale under this Instrument, the Purchaser, in making payment, shall be entitled (after paying all expenses required by the terms of the sale to be paid in cash) to apply toward the remainder of the purchase price any bonds and/or coupons issued hereunder and entitled to participate in the proceeds of any such sale, reckoning each bond and coupon so applied at the sum payable thereon out of such proceeds. Proper receipts shall thereupon be given to the holders thereof for the amount so payable thereon and the bonds and coupons (if the net proceeds of the sale are sufficient to pay them in full, together with interest on overdue bonds and coupons) at seven percent per annum from the date of the maturity thereof to the date of such payment) shall be delivered, for cancellation, to the party making the sale; or if insufficient therefor, then proper endorsements of the respective amounts so paid shall be made thereon, after which they shall be returned to the holders.

At any sale the Lumber Company or any bond holder or bondholders may bid for and purchase the property sold with the same rights as any other purchaser and upon compliance with the terms of sale may hold, dispose of or otherwise deal with the property purchased in their own absolute right, without further accountability therefor.

4. The Proceeds of any sale hereunder shall be applied to paying:

- (a) First, all costs and expenses of such sale and of protecting and enforcing this Instrument, including all sums advanced by the Lumber Company (with interest thereon at seven per cent per annum), and including reasonable compensation to the attorneys, agents and servants of the Lumber Company;
- (b) Next, principal and interest on all bonds then outstanding hereunder in full (including interest at the rate of seven per cent per annum on all overdue bonds or coupons), and all other indebtedness hereunder of the Mortgagee, if said proceeds are sufficient therefor; or, if insufficient therefor, then pro rata without preference of bonds over coupons, or of coupons over bonds;
- (c) The balance, if any, shall be paid

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