

The Bankers, the Corporate Trustee shall pay such debts direct to the creditors of the Mortgagor. If the Mortgagor make no such request within six (6) months after the Corporate Trustee receives such insurance funds, or within such further time as the Bankers fix in writing, such funds shall be applied by the Corporate Trustee as hereinafter provided; or if, prior to the expiration of said six months, the Mortgagor so directs, such funds shall, without further delay, be so applied by the Corporate Trustee. Likewise shall all surplus insurance funds be so applied if the cost of such work is less than the amount of insurance moneys received. The Corporate Trustee may accept any adjustment of loss agreed upon by the Mortgagor and the insurer, and shall accept such adjustment if the Bankers consent thereto.

It is, however, expressly agreed that, instead of using insurance funds for the purposes specified in the immediately preceding paragraph of this section, the Corporate Trustee may, upon the Mortgagor's written request and the Bankers' written approval, allow all or a part of such funds to be applied toward paying such part of the cost of additional timber and/or timber lands as may be satisfactory to the Bankers, provided the Bankers, in their discretion, consent in writing to such application, and provided such additional property shall (before or concurrently with such application) be brought under the first lien of this instrument in a manner approved by the Bankers.

No insurance funds received by the Trustee, nor any bonds by it purchased or redeemed therewith may be used to pay releasing prices.

Section 9: Covenant to Pay for Damaged Timber or Substitute Timber Hereunder: If any timber covered hereby shall be damaged by fire, wind or other causes, the Mortgagor will, within thirty (30) days thereafter, deliver to the Bankers a detailed statement (signed and sworn to by one acquainted with the facts, and bearing the certificate of the President, Vice-President, Secretary, Treasurer or General Manager of the Mortgagor that he believes the same to be correct), accurately showing the nature and extent of the damage and the description of each parcel of land described herein, any timber which is affected, and the number of thousand feet of timber thereon which is damaged. The Bankers at their option and at the Mortgagor's expense, may further investigate such damage and shall

(Heritage)