

**THIRD. Cutting and Removal of Timber:** The Mortgagor agrees neither to cut or remove, nor to permit the cutting or removal of timber from the Timber Lands, without the prior written consent of the Mortgagee, except as hereinafter provided. Unless a default shall have occurred in compliance with the covenants, terms and conditions of this Mortgage, the Note secured hereby or any agreement collateral hereto which shall not have been remedied, the Mortgagor shall have the right, without any release from or consent by the Mortgagee to cut and remove timber free from the lien of this Mortgage as provided below, payment therefor, if required herein, to be made on the interest due date next following the dates cutting reports are required by paragraph FIFTH hereof for application on principal instalments in the direct order of maturity. Subject to the foregoing, not in excess of the following quantities of timber may be cut during the period from the date of delivery of this Mortgage to September 30, 1961, and during each twelve months period thereafter:

A. 150 M. b. f. of sawtimber (pine or hardwood), upon payment of \$5 per M. b. f.; and,

B. 250 cords of pulpwood (pine or hardwood), from salvage, thinning, and sanitation cuttings, upon payment of \$1 per cord.

If the number of board feet of sawtimber or cords of pulpwood cut during any one period shall be less than the applicable quantity limitations set forth above, the amount of such deficiency may be cut during the twelve months immediately following such cutting period, provided this Mortgage or the Note secured hereby shall not at the time of such cutting be in default. All timber release provisions shall be subject to cancellation, at the option of the Mortgagee, if 200 or more acres of the timber lands are materially damaged by fire, disease, insect infestation, or other casualty, in any one calendar year.

**FOURTH. Scaling Practices:** The Mortgagor agrees that for all purposes of this Mortgage the following scaling practices shall be used in connection with the measurement of all timber harvested on the mortgaged property:

A. The measurements shall be converted to board feet volume in accordance with the Scribner log rule.

B. The length of all logs or log sections shall be expressed in multiples of two feet. A trim allowance of four inches for each log or log section is permitted. If the total length of a log or log section exceeds a multiple of two feet by more than four inches, the log shall be deemed to have a length equivalent to the next higher two foot multiple.

C. All logs sixteen feet in length or less shall be measured as to (1) the average diameter to the nearest inch, measured outside of one bark at the small end of the log, and (2) the length of the log. Logs measuring less than eight inches in diameter shall be scaled as having a diameter of eight inches.

D. All logs exceeding sixteen feet in length, (except as provided in sub-paragraph E below), including tree length logs, shall be measured as two or more logs, none of which may exceed sixteen feet in length and all of which shall be nearly as practicable be of equal length. Each such log section, except the top section, shall be measured as to (1) the diameter at the small end of said log section, and (2) the length of the log section from the point of diameter measurement. The diameter measurement shall be taken outside of the bark with diameter tape, or the average diameter outside of both barks may be determined by tree calipers. Local tree or taper tables prepared by the Mortgagor and approved in writing by an officer or loan supervisor of the Mortgagee, may be used for scaling such log section in lieu of the practices herein set forth. The top log section shall be measured in accordance with the provisions of sub-paragraph C above.

E. All logs eighteen or twenty feet in length shall be scaled, at the option of the Mortgagor, as to (1) the average diameter to the nearest inch, plus one inch, measured outside of one bark at the small end of the log, and (2) the length of the log; or, as provided in subparagraph D above.

F. Deductions for defects may be made in accordance with practices approved in writing by an officer or loan supervisor of the Mortgagee, but in no event shall such deductions exceed the board foot volume contained within said defect.

G. All measurements of pulpwood shall be by stacked cord of one hundred twenty-eight cubic feet.

*DAW* **FIFTH. Cutting Reports:** That scaling results shall be recorded on scale sheets in form satisfactory to the Mortgagee; that the Mortgagor shall furnish to the Mortgagee reports of timber cut from the mortgaged property, in form and by product classes satisfactory to the Mortgagee, and shall include a map showing the location of the cutting; that the first such cutting report with respect to timber cut during the period from the date of the delivery of this Mortgage to August 1st, 1961 shall be furnished to the Mortgagee on or before August 31st, 1961 and additional reports quarter-annually thereafter with respect to timber cut during the three calendar months immediately preceding said respective dates. *ger*

**SIXTH. Employment of Scaler:** That the Mortgagor agrees if the measuring methods used or the cutting reports and records furnished to the Mortgagee are not satisfactory to the Mortgagee, the Mortgagee may, in its sole discretion, but at the cost and expense of the Mortgagor, employ a consulting forester or scaler to measure all timber as it is harvested, at such times and such places as the Mortgagee may direct, and obtain records of such measurements, and the parties hereto agree that the measurements made by such consulting forester or scaler in accordance with the log rule or cordwood measure specified above shall be conclusive for all purposes of this Mortgage and the Note.