

the subsequent year or years.

XIII

Lessee covenants to keep its mill plant and the logs and lumber at the mill site insured in responsible insurance companies for the greatest amount for which insurance is obtainable, and to keep the mill site and environs in such condition as to reduce fire risk to a minimum, Lessor retains title to all logs until the same are delivered at the mill site but nevertheless the Lessee agrees to pay at the rate of five dollars (\$5.00) per thousand feet for any logs damaged or destroyed, before such delivery, by fire, flood, insects, worms and other destructive agencies. Lessee further covenants to pay at the rate of five dollars (\$5.00) per thousand feet for any and all trees and logs which, under the terms hereof, it has covenanted to cut and deliver to the mill site and does not so deliver.

XIV

Lessee agrees to use every reasonable effort to obtain the best prices for lumber and that he will not sell otherwise than at the prevailing market price to any corporation or organization owned or controlled indirectly or directly by the Lessee or by the stock-holders of any corporation which may succeed to the rights of the Lessee hereunder; that he will not, without the prior written consent of the Lessor, enter into any contract for the sale of an unreasonable percentage of his output to any one person or contract for deliveries at a time more than six months after the date of the contract of sale except as such arrangements are in keeping with the usual and ordinary course of like businesses.

XV

Lessee shall pay all taxes on logs and lumber and any Severance Tax imposed on timber cut, or, if that be impracticable and such Severance taxes are paid by Lessor, the five dollar (\$5.00) items of the price provided for in paragraph IX hereof are to be increased by a sum equivalent to the Severance Tax paid or payable thereon by Lessor.

XVI

Lessee shall keep records and books of account showing accurately all of its dealings and transactions. Lessor and its agents shall, during all business hours, have free access to such records and accounts and all of Lessee's plants, buildings and logging operations with a view to verifying reports, statements and bases of payments made hereunder. Lessor may, at its own expense, make general audits of Lessee's records and accounts not oftener than semi-annually. Lessee's fiscal year shall be the calendar year, and to facilitate checking and verification, Lessee will submit to the Lessor in March of each year, beginning with the year 1940, an audit of its accounts for the preceding fiscal year as made by its own or certified public accountants accompanied by the working papers. Unless the Lessor files objections within twelve months after receipt of such audit, Lessee's accounting as disclosed thereby shall be final and incontestable.

XVII

Lessee covenants to indemnify and save the Lessor harmless from the payment of any commission or fee to any person whomsoever in connection with the making or carrying out of this contract.

XVIII

In event the Lessee shall fail to conduct his logging, milling and selling operations, or fail to make payment of any stumpage or taxes, as it has herein covenanted to do, Lessor shall be entitled to have and recover of the Lessee such damages as it may sustain by reason of such failure; and to collect the same by sale of logs, lumber or by-products of Lessee, or by any other lawful method; without terminating or rescinding this Lease or in any wise affecting the relationship of Lessor and Lessee; and by so doing shall not in any degree lessen Lessor's right to subsequently terminate this Lease or to invoke any other remedies hereunder.

XIX

Should the Lessee fail either; (a) to acquire or lease the mill site, and install and operate the plant, equipment and facilities as it has herein contracted to do; (b) to account for logs according to its covenants herein, or make the payments hereunder as and when the same become due; (c) to ship ninety per cent (90%) of lumber manufactured over the Greenville & Northern Railway Company; (d) to keep accounts, records and make reports as herein provided; (e) to pay taxes on land and timber; (f) to give the Lessor access upon demand to its records, accounts, plants and operation; or (g) fail to remedy any other default hereunder within ten days after Lessor has made written demand upon it so to do, then the Lessor may at its option terminate this lease and thereby put an end to all rights of the Lessee hereunder, without liability to make restitution of any sort to Lessee; and time is declared to be of the essence. In event of such termination the Lessee agrees to deliver immediately to the Lessor possession of the leased premises.