

of leased
lines.

Company to exercise from time to time any powers granted to any of the companies whose lines are leased to it may be so exercised if and when such exercise is specifically sanctioned by the Governor in Council.

Time for re-
payment of
loan to Co.
by Govern-
ment en-
larged on
certain con-
ditions.

4. The time for the payment of the entire loan to the Company of twenty-nine million, eight hundred and eighty thousand nine hundred and twelve dollars, shall be fixed at the first day of May, one thousand eight hundred and ninety-one; and so long as default shall not occur in the payment of principal or interest at the times when they shall respectively become due, the interest upon the said loan shall be computed at the rate of four per cent. per annum; but the Company may, at any time pay the amount of the said debt or any part thereof in sums of not less than one million dollars; and if such payment be made on account of the sum of twenty million dollars hereinafter mentioned, a corresponding amount of bonds shall be returned to the Company.

Security for
\$20,000,000 of
the said loan
with certain
privileges,
and on cer-
tain condi-
tions in
default of
payment of
interest or
principal.

5. As security for the payment of twenty million dollars of the said loan and of the interest thereon, the Government shall hold and retain twenty million dollars of the said first mortgage bonds, and, in respect of such bonds, shall have all the rights of bondholders, except as to the rate of interest, as provided in the next preceding section; and upon payment of any half-yearly instalment of such interest, the half-yearly coupons attached to the said bonds, corresponding to such half-yearly payment of interest, shall be cancelled and surrendered to the Company; but if the Company makes default in the payment of the interest on the said sum of twenty million dollars, or of the principal thereof, at the time when the same shall become due respectively, the rate of interest upon the whole loan shall thereafter be computed at the rate of five per cent. per annum; and such default shall be equivalent to a default in the payment of the interest on the said bonds, and shall entitle the Government to the same remedies as if default had been made in the payment of the interest or principal of the said bonds; and upon the Company remaining in default in respect of either the principal or interest on the said twenty million dollars for a period of six months, the trustees shall be authorized and empowered to take possession of the property mortgaged and shall exercise all or any of the powers conferred upon them by the terms of the mortgage deed in pursuance thereof, as if the principal of the bonds were in default.

Powers of
such trustees
in such case.

Security for
balance of
\$9,880,912
and interest.

6. As security for the payment of the balance of the said loan, amounting to the sum of nine million eight hundred and eighty thousand nine hundred and twelve dollars, and the interest thereon, the Government shall have a first lien and mortgage, subject to the outstanding land grant bonds,