

eighty thousand nine hundred and twelve dollars and interest, falling due on the seventh day of November, one thousand eight hundred and eighty-eight, the Government shall have a first lien and charge upon the entire property of the Company, real and personal, now owned or hereafter to be acquired or owned by them, including their main line of railway, the extensions thereof, their branch lines of railway, the whole of their equipment, rolling stock and plant and all their steamers and vessels, and also upon the land grant of the Company, earned and to be hereafter earned; saving always, however, the rights of the holders of the existing mortgages on the extensions of the line of the railway from Callander to Brockville and Montreal, as security for the unpaid balances of the purchase money of the lines constituting the said extensions, and subject to the mortgage upon the land grant, executed by the Company to secure their issue of land grant bonds; and the Government shall continue to hold and retain the entire amount of land grant bonds now in its custody or possession, subject to redemption under the terms of the said land grant mortgage, and with all remedies as to interest, voting power and all other matters in respect thereof, which would be held or possessed, or could be exercised by any purchaser of the said bonds; and all moneys received by the Government from the trustees of the land grant bonds in redemption of such bonds shall be applied as follows, that is to say:—

erty of the Company; saving existing mortgages on certain extensions of their line of railway.

Government to continue to hold land grant bonds.

Application of proceeds.

As to \$10,000,000. Firstly.

Secondly.

Thirdly. As to proceeds of sale of lands after redemption of bonds.

Remaining five million on the conditions of the contract.

Deed of agreement to be made by the Government and the Company for performance of certain conditions.

1. All moneys so received in respect of ten million dollars of the said bonds shall be applied:—*Firstly*, in extinction of the interest accrued and due upon the said loan, and upon the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars:—*Secondly*, on account of the capital of the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars, and—*Thirdly*, on account of the capital of the said loan: And the Government may make such arrangement as it shall deem expedient, for securing the payment to it, after the redemption of the land grant bonds, of the proceeds of all sales of lands granted or to be granted to the Company under the contract, to be applied to the purposes and in the order aforesaid:

2. And the remaining five million dollars of land grant bonds and money received from the said trustees in redemption thereof, shall continue to be held on the conditions and for the purposes mentioned in the said contract.

6. The Government shall cause a deed of agreement to be executed by the Company and on behalf of the Government, providing for such remedies, terms and conditions as the Government shall deem expedient, for securing the application of the said loan to the purposes for which the same is hereby authorized, and the repayment of the said loan and the payment of the said sum of seven million three hundred and