

transactions, the said Chesapeake and Ohio Canal Company are hereby authorised, if they deem it expedient, to issue their promissory notes, in sums not less than one dollar, and bearing an interest at the rate of six per cent. per annum; the same to be convertible on demand into bonds of the company of the first class of liens, when presented to a sufficient amount: *Provided*, That the said company shall not issue said promissory notes to an amount exceeding one hundred thousand dollars in any one quarter of a year, nor in the aggregate more than half a million of dollars.

SEC. 6. *And be it enacted*, That, for the purpose of securing the payment of the principal and interest on the bonds that may be issued by the said Chesapeake and Ohio Canal Company, for the future completion of the said canal to Cumberland, as is provided for in the first clause of the first section of this act, this State hereby pledges the distributive share of the proceeds of the sales of the public lands that may be hereafter paid to this State under and by virtue of the act entitled, "An act to appropriate the proceeds of the sales of the public lands, and to grant pre-emption rights," passed by the Congress of the United States, and approved on the fourth day of September, eighteen hundred and forty-one, or any law amendatory of or supplementary to the same, so far as the said distributive share of said proceeds may, from time to time, be necessary to pay said interest, or supply a deficiency in the sinking fund provided for the purpose of paying the principal of said debt by the ninth section of this act, after the same shall begin to accumulate. And the Treasurer of the Western Shore of this State is hereby directed to pay over the said proceeds, from time to time, as the same may be received by him, upon the requisition of the president and directors of said company, and upon being satisfied that the said proceeds are needed for the purpose or purposes aforesaid.

SEC. 7. *And be it enacted*, That the said Chesapeake and Ohio Canal Company shall, within a reasonable time after this law shall take effect, and before it shall issue any bonds as aforesaid, execute in due and legal form a deed of mortgage to this State, upon all the tolls, rights, effects, property and estate of said company, to pay, indemnify and save harmless this State for or on account of any loss that may be sustained or advances that may be made to or for the use and benefit of said Chesapeake and Ohio Canal Company, under and by virtue of this act, which said mortgage shall be recorded in the office of the said company, in the same book with the bonds of the second class of liens, and the original shall be delivered to the Treasurer of the Western Shore of Maryland, for safe-keeping, and the same shall thereupon be good and valid, to all intents and purposes: *Provided*, That the rights and interest conveyed by said mortgage shall in no way impair or interfere with the priority of liens by the first section of this act created or provided for.