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Vol. *76* Page

MORTGAGE AND INDENTURE OF TRUST

Between

STATE OF OREGON, ECONOMIC DEVELOPMENT COMMISSION

and

FIRST NATIONAL BANK OF OREGON
As Trustee

Dated as of April 11, 1976

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(The Index is not a part of the Mortgage and Indenture of Trust but for convenience of Reference only.)

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MORTGAGE AND INDENTURE OF TRUST

THIS MORTGAGE AND INDENTURE OF TRUST (hereinafter referred to as the "Indenture"), dated as of April 1, 1976, made and entered into between the ECONOMIC DEVELOPMENT COMMISSION, acting for itself and on behalf of the Department of Economic Development, a department of the State of Oregon, and as designee of the State Treasurer, (hereinafter referred to as the "Issuer"), and the FIRST NATIONAL BANK OF OREGON, a national banking association, having power and authority to accept and execute trusts, and having its principal office in the City of Portland, State of Oregon, as Trustee.

W I T N E S S E T H:

The Issuer, the Economic Development Commission, acting for itself and on behalf of the Department of Economic Development, a department of the State of Oregon, has determined that the Project of Maywood Industries of Oregon, Inc. is an "eligible project" pursuant to Chapter 316, Oregon Laws 1975, and the State Treasurer of Oregon has examined the fiscal soundness of the eligible project and has issued his "Determination of Fiscal Soundness" to finance the eligible project as an Economic Development Project pursuant to statute and to authorize and issue in the name of the State of Oregon revenue bonds to be secured by revenues from the eligible project.

The Issuer has entered into a "Lease Agreement", simultaneously with the execution of this Indenture, with Maywood Industries of Oregon, Inc., a corporation organized under the laws of the State of Texas and qualified to do business in the State of Oregon, and herein referred to as the "Lessee" or "Company". Pursuant to the Lease the Issuer has agreed to use its best efforts to partially finance the acquisition, construction, installation, equipping and furnishing of the "Project".

The Lease provides for the Issuer to issue its revenue bonds in the amount of \$2,600,000 sufficient to pay a portion of the cost of acquisition, construction, installation, equipping and furnishing of the Project and the expenses and costs incurred by the Issuer in the sale and issuance of the revenue bonds.

The Issuer will receive rentals from the Lessee in an amount not less than the installments of principal and interest due on the Bonds and such amounts shall be payable on dates corresponding to the due date for payments of principal and interest on the Bonds.

All things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid lien on the revenues herein to be made upon the payment of the principal of

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and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, having in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and of the acceptance by the Trustee of the trust hereby created, and of the purchase and acceptance of the Bonds by the holders and owners thereof, at or before the execution and delivery of these presents, and for other good and valuable considerations the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal and interest on the Bonds according to their terms and to ensure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does by these presents grant, bargain, sell, convey, assign, pledge and mortgage to the First National Bank of Oregon, as Trustee, and to its successors in the trusts hereby created, and to them and their assigns forever all of the Issuer's estate, right, title and interest in, to and under any and all of the following described property, rights and interest, for the securing of the performance of the obligations of the Issuer hereinafter set forth:

I

The real estate and premises situated in Klamath County, Oregon, described in Exhibit A attached hereto and constituting a part of the Project, with all buildings, structures, fixtures, additions and improvements now or at any time hereafter standing, constructed or placed thereon or therein and with all the tenements, hereditaments, easements, rights of way, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Issuer and is affixed or attached or annexed to said real estate, shall be and remain or become and constitute a portion of said real estate and the security covered by and subject to the lien of this Indenture, and together with all rents, income, revenues, issues and profits thereof, and the present and continuing right to make claim for, collect and receive any and all such rents, income, revenues, issues and profits.

II

The Leased Equipment and all additions, accessions, substitutions or replacements thereto or therefor, or proceeds therefrom.

III

The Lease Agreement, and all modifications and supplements thereto, made in accordance with the provisions hereof, including

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all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Issuer, as lessor therein, including, without limitation the rentals, revenues and receipts receivable by the Issuer thereunder and the present and continuing right to make claim for, collect, receive and receipt for any of the rents, income, revenues, issues and profits and other sums of money payable or receivable thereunder, whether payable as rents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof and to do any and all things which the Issuer is or may become entitled to do under the Lease Agreement, provided, that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the provisions of the Lease Agreement.

IV

Any and all other real or personal property of every kind and nature from time to time hereafter by delivery or by writing of any kind specially mortgaged, secured, pledged or hypothecated as and for additional security hereunder by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all holders of the Bonds and interest coupons issued or to be issued under and secured by this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds or coupons over any of the others;

PROVIDED, HOWEVER, that when the principal of and interest on all of the Bonds secured hereby has been paid or provided for in accordance with the terms and provisions of the Lease and this Indenture, then this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture shall be in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that all Bonds issued and secured hereunder are to be issued and delivered and all the property hereby mortgaged, pledged or assigned is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders and owners, from time to time of the Bonds or coupons or any part thereof, as follows, that is to say:

Section 1. Definitions.

As used in this Mortgage and Indenture of Trust, the following words shall have the following meanings:

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(a) The word "Issuer" shall mean the State of Oregon acting through the Economic Development Commission acting for itself and on behalf of the Department of Economic Development, a department of the State of Oregon.

(b) The word "Company" shall mean Maywood Industries of Oregon, Inc., a Texas corporation qualified to do business in the State of Oregon.

(c) The word "Bonds" shall mean and be known as the State of Oregon Economic Development Revenue Bonds, Series I (Maywood Industries of Oregon, Inc. Project), and to be issued by the State of Oregon acting through the Economic Development Commission for the purpose of financing a portion of the cost of acquisition, construction, installation, furnishing and equipping the Project as authorized by Chapter 316, Oregon Laws 1975.

(d) The words "Lease Agreement" or "Lease" shall mean that certain Lease Agreement dated as of the 1st day of April, 1976, entered into between the Economic Development Commission and Maywood Industries of Oregon, Inc., wherein the Economic Development Commission has leased the Project to Maywood Industries of Oregon, Inc. for a term of years, and any and all modifications and supplements thereto, made in accordance with the provisions thereof.

(e) The words "Guaranty Agreement" shall mean a certain Guaranty Agreement entered into between Maywood, Inc., a Texas corporation, the sole owner of all outstanding shares of stock of the Company, and the First National Bank of Oregon, dated as of April 1, 1976, wherein Maywood, Inc. unconditionally guarantees the prompt payment, when due, of the Bonds and all lease rentals and the prompt performance of all other agreements set forth in the Lease Agreement, in the event of the default on the part of the Company.

(f) The word "Lessee" shall mean Maywood Industries of Oregon, Inc.

(g) The word "Project" shall mean the Economic Development Project as authorized in Chapter 316, Oregon Laws 1975, consisting of the real estate as described in Exhibit A, and those certain buildings and improvements constructed thereon from the proceeds of the Bonds and Company funds including a lumber remanufacturing building of approximately 118,500 square feet and the Leased Equipment.

(h) The word "Bondholder" shall mean any person who shall be the holder of any of the Bonds issued hereunder or any interest coupon appertaining thereto.

(i) The words "Mortgage and Indenture of Trust", "Indenture" or "Trust Indenture" shall mean the Mortgage and Indenture of Trust dated as of April 1, 1976, between the Economic Development Commission

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and the First National Bank of Oregon, as Trustee, as approved and authorized by the Economic Development Commission, by Resolution No. _____, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

(j) The word "Trustee" shall mean the Trustee originally appointed hereunder by the Issuer and any successor Trustee.

(k) The word "Rentals" or the word "Revenues" shall mean the payments made by the Lessee under the terms of the Lease Agreement of the Project.

(l) The words "Determination of Taxability" means any determination or decision made by the Commissioner of Internal Revenue, or any District Director of Internal Revenue, or by any court of competent jurisdiction, that the interest on the Bonds is wholly includible in gross income for federal income tax purposes by reason of applicable provisions of the Internal Revenue Code of 1954, as amended.

(m) The word "Guarantor" means Maywood, Inc., a Texas corporation, and its successors and assigns.

(n) The words "Leased Equipment" shall mean those items of machinery and equipment installed in the constructed improvements or elsewhere on the Leased Land, all as described in Exhibit B attached hereto, together with such additions and substitutions thereto, and therefrom, as may be required from time to time, with the approval of the Lessee and Lessor. This term does not include Lessee's own machinery and equipment.

Section 2. Trust Indenture to Constitute Contract.

In consideration of the acceptance of the Bonds by Bondholders, this Indenture shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders, all of which shall be of equal rank and without preference or priority except as expressly provided therein.

Section 3. Issuance of Bonds.

(a) For the purpose of providing funds to pay a portion of the cost of the acquisition, construction and equipping of the Project, now owned by the Economic Development Commission, and to pay the costs incurred in issuing such accounting, fiscal, legal, architectural, Trustee fees and expenses and printing expenses and other similar expenses, the State of Oregon hereby shall issue \$2,600,000 State of Oregon Economic Development Revenue Bonds, Series I (Maywood Industries of Oregon, Inc. Project).

(b) The Bonds shall be dated the first day of April, 1976, to be issued in denominations as follows:

1 - \$1,300,000	payable quarterly at	\$46,540
2 - \$1,000,000	"	" \$35,800
3 - \$ 100,000	"	" \$ 3,580
4 - \$ 50,000	"	" \$ 1,790
5 - \$ 10,000	"	" \$ 358
6 - \$ 140,000	"	" \$ 5,012

shall be numbered 1 to 6, inclusive; shall be registered as to principal and interest as the Bondholder shall direct.

(c) All Bonds shall bear interest at the rate of seven and one-half percent (7-1/2%) per annum. Principal and interest shall be payable quarterly on the thirtieth days of June, September, December and March each year, commencing June 30, 1976 to and including March 30, 1986. Payments shall be in the aggregate amount of Three Hundred Fifty-Eight Dollars (\$358.00) for each Ten Thousand Dollars of principal amount of Bonds except for the aggregate sum of Three Hundred Twenty-Nine Dollars and Seventy Cents (\$329.70) per Ten Thousand Dollars principal amount due March 30, 1986.

Section 4. Redemption of Bonds.

(a) The Issuer reserves the right to call and redeem all outstanding Bonds on any interest payment date, at par plus accrued interest to date of redemption.

(b) The Bonds shall be callable as a whole on any interest payment date at 100% of the principal amount thereof plus accrued interest to the redemption date, in the event the Company exercises its right and option to purchase the Project if, but only if, (a) the leased premises shall sustain major damage or destruction as would render the remainder unsuitable, in the opinion of the Company, for use by the Company; or (b) the leased premises, or such portion thereof as will render the remainder unsuitable in the opinion of the Company for use by the Company, shall be condemned or otherwise taken by eminent domain proceedings, or sold under threat thereof; or (c) as a result of legislative or executive action of the State of Oregon or any political subdivision thereof or of a final decree or judgment of any court after the Company's contest thereof, the Lease becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in the Lease, or unreasonable burdens or excessive liabilities are imposed upon the Lessee.

(c) In the event the Lessee is required to purchase the Project and redeem all outstanding Bonds by reason of a Determination of Taxability as set forth in Section 8.7 of the Lease Agreement, then the Issuer shall call and redeem all outstanding Bonds within 120 days from the Determination of Taxability, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date.

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(d) Notice of Intent to Call and Redeem Bonds shall be given not more than 45 nor less than 30 days prior to such redemption date by certified mail to the registered owners of the outstanding Bonds at the mailing addresses of the owners as they appear on the books of the Bond Registrar.

(e) Notice of the Intent to Call and Redeem Bonds shall be given by the Issuer to the Trustee at least 45 days before the intended redemption date. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date unless the same are not redeemed after proper presentation made pursuant to such call.

Section 5. Creation of Construction Trust Fund.

There be and hereby is created with the Trustee a special Construction Trust Fund of the Issuer to be known as "Economic Development Commission 1976 Construction Trust Fund (Maywood Industries of Oregon, Inc. Project)" which shall be a trust fund for the purposes herein-after provided, and to which shall be paid the proceeds of the sale of the Bonds, including any premium but except accrued interest, if any. The Construction Trust Fund shall be drawn upon by the Trustee and payable solely by it for the purpose of paying costs of acquisition, construction, including materials, supplies, labor, machinery and equipment, improvements to real property, costs incurred in issuing such Bonds, including but not limited to, engineering, architectural, inspection, accounting, fiscal, legal and Trustee fees, charges and expenses, the costs of printing the Bonds and other expenses permitted by Section 4.4 of the Lease Agreement. No payment shall be made from the Construction Trust Fund without written approval of the Lessee and the Issuer.

After all costs, fees and expenses incurred in connection with or incident to the erection, construction, installation, equipping and completion of the Project and in connection with the authorization, sale, issuance and delivery of the Bonds have been paid in full, then the duly authorized representative of the Lessee and the Issuer shall file with the Trustee a certificate so stating, and thereafter all funds, if any, remaining in the Construction Trust Fund account shall be deposited promptly by the Trustee into the Bond Revenue Fund, and the Construction Trust Fund shall cease.

Upon request of the Lessee, funds in the Construction Trust Fund shall be invested by the Trustee; provided, however, that such investment shall meet all standards of security as may be specified from time to time by the Issuer or by the Lessee and only in such securities and other investments as the State of Oregon may by law invest. Provided, however, that all such investments shall be invested at a yield not violative of Section 103 of the Internal Revenue Code and Regulations promulgated thereunder. In

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the event such investments do exceed the limitations imposed by Section 103, the Issuer and the Lessee promptly shall instruct the Trustee to adjust the investment yield in such manner as to comply with Section 103 and its regulations. Earnings of the Construction Trust Fund shall be credited to the Construction Trust Fund.

Section 6. Creation of Special Trust Fund - Bond Revenue Fund.

There be and hereby is created a special trust fund to be known as the "Bond Revenue Fund" to be administered by the Trustee. This trust fund shall be for the security and payment of the principal of and interest on the Bonds and it shall at all times be completely separate and segregated from all other funds of the Trustee. All accrued interest received from the sale of the Bonds shall be deposited in the Bond Revenue Fund. All rental payments deposited to the Bond Revenue Fund are hereby pledged and ordered to be used solely for the payment of principal of and interest due upon the Bonds and the payment of Trustee fees and expenses, administrative expenses, and paying agent fees. The Bond Revenue Fund shall be a special trust fund and the holder or holders of the Bonds and interest coupons appertaining thereto shall have a first lien thereon until the Bonds and interest thereon are paid in full.

The Lessee shall deposit as advance Lease Rentals a sum equal to one installment of principal and interest on the Bonds. This deposit shall be security for the payment of rentals or any other obligations of the Lessee, payable under the Lease, and any deficiency shall be due and payable by the Lessee upon demand by Trustee. The deposit may be applied by the Trustee upon the last maturing installment of principal and interest, and the balance, if any, shall be remitted to the Lessee.

The Issuer agrees to deposit with the Trustee all rentals received by the Issuer under the terms of the Lease Agreement and the Additional Rentals and any other funds or moneys payable or received from the Lessee, including any insurance policy proceeds, condemnation awards, and any other funds received by the Issuer for the purpose of paying the Bond principal and interest thereon. The Issuer irrevocably obligates and binds itself to set aside and pay into the Bond Revenue Fund all of such payments and, in the event of default by the Lessee, all revenues or rentals it may receive under any other lease of the Project. In the event of any such default by the Lessee and in the event the Issuer shall be unable to lease the premises to any other Lessee, then the Issuer covenants and agrees that it will set aside and pay into the Bond Revenue Fund all rentals, revenues and charges of any kind or nature which it may receive from the use and operation or the sale of the Project.

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Upon the request of the Lessee, funds in the Bond Revenue Fund shall be invested by the Trustee, provided, however, that such investments shall meet all standards of security as may be specified from time to time by the Issuer or by the Lessee and only in such securities and other investments as the State of Oregon may by law invest. All such investments shall be invested at a yield not violative of Section 103 of the Internal Revenue Code and Regulations promulgated thereunder. In the event such investments do exceed the limitations imposed by Section 103, the Issuer and the Lessee agree to instruct the Trustee to promptly adjust the investment yield in such manner as to comply with Section 103 and its regulations. Earnings of the Bond Revenue Fund shall be credited to the Bond Revenue Fund.

Section 7. Obligation of Bonds and Indenture.

The Bonds and the Indenture shall not be a general obligation of the State of Oregon, the Economic Development Commission nor the Department of Economic Development, nor a charge upon any funds of the Economic Development Commission other than the revenues pledged to the payment thereof nor shall the State of Oregon be subject to any liability thereon. No holder of the Bonds shall ever have the right to compel any exercise of the taxing power of the State to pay any such Bonds or the interest thereon, nor to enforce payment thereof against any property of the State except the Project mortgaged or otherwise encumbered under this Indenture. The Bonds and the Indenture shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the State except the eligible Project mortgaged or otherwise encumbered under this Indenture.

Section 8. Covenants of the Issuer.

The Issuer hereby covenants and agrees with the owner and holder of each of the Bonds for as long as any of the same remain outstanding as follows:

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(a) That it will duly and punctually pay or cause to be paid out of the Bond Revenue Fund the principal of and interest on the Bonds at the date and place as in the Bonds provided; that it will faithfully do and perform and at all times fully observe any and all covenants, undertakings and provisions contained in the Lease Agreement and in this Indenture, and in the Bonds, and it will enforce all provisions of the Lease Agreement and the provisions of any other lease that may be executed for the use and occupancy of any part or all of the Project.

(b) That it will forthwith provide for the acquisition, construction, installation and equipping of all of the improvements to the Project required in this Indenture to be acquired, constructed, installed and equipped.

(c) In the event of the default by the Lessee, as "default" is defined in the Lease, the Issuer agrees to use its best efforts to again lease the premises as improved, to a responsible person, firm, association or corporation, and further agrees that it will provide in such new lease for rentals which, together with such other moneys as will be available, shall at least equal the amount of principal and interest payments required under the Bonds, and that it will enforce the provisions of any such lease on the part of the Lessee to be performed.

(d) That it will not sell, encumber, or otherwise dispose of the Project, or any part thereof, unless the same are no longer used, useful or necessary in the operation of the Lessee, unless provision is made for the payment into the Bond Revenue Fund of a sum sufficient to redeem and retire all of the Bonds then outstanding and accrued and accruing Trustee fees and charges, and paying agent fees, fully in accordance with the terms thereof. If part of the Project is sold and is not replaced, the proceeds of sale thereof shall be deposited in the Bond Revenue Fund.

(e) That it will at all times arrange to keep all of the Project, and any additions or improvements thereon, insured against loss or damage by fire and hazards ordinarily included under standard extended coverage endorsements, and general public liability insurance for the protection of the State of Oregon, the Issuer, its Commissioners, agents and employees, all as more fully set forth in the Lease Agreement. The Lessee shall furnish to the Issuer and to the Trustee policies, or certificates thereof, of the insurers showing the amount and type of insurance then in effect which has been procured and maintained pursuant to this paragraph.

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(f) That it will not encumber, except as herein provided, obstruct or in any other manner interfere with the operation of the Project.

(g) That the Issuer will not consent to any amendment, revocation or modification of the Lease Agreement during the term that any of the Bonds are outstanding without first securing the consent of the Trustee to such change or modification, and if such change or modification shall result in the diminution of or affect the security of the Bondholder then such change or modification first shall be approved by all of the Bondholders of the then outstanding Bonds.

(h) That the Issuer will proceed, or cause to proceed, with the acquisition, construction, equipping and completion of the Project in accordance with approved plans and specifications, and shall use its best efforts within its power to obtain and ensure the expeditious completion of the Project.

(i) The Issuer covenants that the payment of principal and interest of these Bonds are payable solely out of the revenues and properties mortgaged, pledged or assigned herein and that the Issuer shall not be obligated to seek to levy any taxes or to obtain any appropriation from any source other than the revenues and properties mortgaged, pledged or assigned herein for the payment of the debt service.

(j) The Issuer covenants that it is duly created and authorized under the laws of the State of Oregon; that all action on its part for the creation and issuance of the Bonds and the execution thereof has been or will be duly and effectively taken prior to the issuance and delivery thereof; that the Bonds in the hands of the holders and owners thereof are and will be deemed to be negotiable instruments; and that all rights and remedies of the Bondholders and owners thereof and of the Lessee shall be governed by the laws of the State of Oregon.

Section 9. Default Provisions and Remedies of Trustee and Bondholders.

(a) Defaults; Events of Default. If any of the following events occur, subject to the provisions of subsection (k) hereof it is hereby defined as and declared to be and to constitute an "event of default":

(1) Default in the due and punctual payment of any interest on any Bond; or

(2) Default in the due and punctual payment of the principal on any Bonds, whether at the stated maturity thereof, or upon proceedings for redemption thereof; or

(3) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds contained, and the continuance thereof for a period of forty-five (45) days after written notice given pursuant to subsection (k) hereof to the Issuer by the Company or by the holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding; or

(4) The occurrence of an "event of default" under the Lease Agreement as provided in Article X thereof which shall not be cured by the Company pursuant to the terms of the Agreement.

(b) Acceleration. Upon the occurrence of an event of default and so long as it is continuing the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the Issuer and the Company, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any declaration of acceleration hereunder the Trustee shall immediately exercise such rights as it may have to declare all installments of rent payable under Section 10.2 of the Lease Agreement to be immediately due and payable.

The above provisions, however, are subject to the conditions that if, after the principal of the Bonds shall have been so declared to be due and payable, all arrears of principal and interest upon the Bonds, with interest (to the extent permitted by law) at the interest rate borne by the Bonds, and all other sums payable under this Indenture, except the principal of, and interest on, the Bonds which by reason of such declaration shall have become due and payable, shall have been paid to the Trustee, and there shall have been performed all other things in respect of which there may have been a default hereunder, and there shall have been paid the reasonable charges of the Trustee and its counsel and of the holders of such Bonds, including reasonable attorneys' fees paid or incurred, then and in every such case, such default may be waived and such declaration and its consequences rescinded and annulled by the Trustee by written notice to the Issuer and Company, which waiver, rescission and annulment shall be binding upon all Bondholders; provided that if such declaration was requested by the holders of twenty-five percent (25%) in principal amount of the Bonds, such waiver, rescission and annulment must be consented to by the holders of a majority in principal amount of the Bonds then outstanding, which consent shall be binding upon the Trustee and upon all holders of Bonds issued hereunder; but no such waiver, rescission and annulment shall extend to or

affect any subsequent default or impair any right or remedy consequent thereon.

(c) Other Remedies. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee pursuant to the provisions of subsection (j) hereof, or by the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

(d) Right of Bondholders to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

(e) Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Project and of the revenues, earnings, income and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

(f) Application of Moneys. All moneys received by the Trustee with respect to the Project pursuant to any right given or action taken under the provisions of this Section shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities

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and advances incurred or made by the Trustee, be deposited in the Bond Revenue Fund and all moneys so deposited in the Bond Revenue Fund during the continuance of an event of default and available for payment of the Bonds under the provisions of Section 6 hereof shall (after payment of the fees and expenses of the Trustee) be applied as follows:

(1) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(2) If the principal of all the Bonds shall have become due or shall have been declared due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other

Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(3) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Section then, subject to the provisions of paragraph (2) of this Section, the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (1) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Company.

(g) Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall, subject to the provisions of subsection (a) hereof, be for the equal benefit of the holders of the outstanding Bonds and coupons.

(h) Rights and Remedies of Bondholders. No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 10(a)(8), or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 11(a) nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the holders of all Bonds then outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholder to payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner herein and in said Bonds and the appurtenant coupons expressed.

(i) Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Company and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

(j) Waivers of Events of Default. The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal upon the written request

of the holders of (1) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which default in the payment of principal and/or interest exists, or (2) a majority in aggregate principal amount of all Bonds then outstanding in the case of any other default; provided, however, that there shall not be waived without the consent of the holders of all the Bonds outstanding (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest, and all expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then in every such case the Issuer, the Company, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

(k) Notice of Defaults; Opportunity of Company to Cure Defaults. Anything herein to the contrary notwithstanding, no default as specified in Section 9(a)(3) or 9(a)(4) on the part of the Issuer shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee to the Issuer and the Company, and the Company shall have had forty-five (45) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within such period; provided, however, if any default specified in Section 9(a)(3) or 9(a)(4) shall be such that it cannot be corrected within such period, it shall not constitute an event of default if corrective action is instituted by the Company within such period and diligently pursued until the default is corrected.

Section 10. The Trustee.

(a) Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into the Indenture against the Trustee:

(1) The Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an

event of default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(2) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Trustee may act upon advice of counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such advice of counsel.

(3) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or refiling of the Indenture, or for the validity of the execution by the Issuer of the Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, except that in the event the Trustee enters into possession of all or a portion of the Project pursuant to any provision of this Indenture, it shall use due diligence in preserving such Project; and may require of the Issuer or the Company full information and advice as to the performance of the covenants, conditions and agreements. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Sections 5 or 6. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Agreement.

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(4) The Trustee shall not be accountable for the use of any Bonds delivered hereunder. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(5) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(6) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by an authorized representative of the Issuer designated for such purpose by authorization of the Issuer as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (8) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(7) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(8) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to

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cause to be made any of the payments to the Trustee required to be made by Section 6 hereof unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(9) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(10) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Project, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired; provided, that nothing herein shall require disclosure of any trade secrets of the Company or any other processes, techniques or information which the Company deems confidential.

(11) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers hereunder.

(a) Indemnity of the Trustee. Before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default, by reason of any action so taken.

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(b) Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its ordinary services rendered hereunder and all advances, counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services and, in the event that it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided, that if such extraordinary services or extraordinary expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have the right to payment and reimbursement for the reasonable fees and expenses of the Paying Agent. Upon the occurrence of a default, but only upon such occurrence, the Trustee shall have a lien with right of payment and reimbursement prior to payment on account of interest or principal of any Bond for the foregoing advances, fees, costs and expenses.

(c) Notice to Bondholders if Default Occurs. If a default occurs of which the Trustee is by Section 10(a)(3) hereof required to take notice or if notice of default be given as in said subsection (3) provided, then the Trustee shall give written notice thereof by first class mail to the last known owners of all Bonds then outstanding known to the Trustee.

(d) Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the owners of the Bonds, the Trustee may intervene on behalf of the Bondholders and shall do so if requested in writing by the owners of at least twenty-five percent (25%) of the aggregate principal amount of Bonds then outstanding, provided that the Trustee shall first have been offered such reasonable indemnity as it may require against the costs, expenses and liabilities which it may incur in or by reason of such proceeding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

(e) Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become Successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities,

privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(f) Resignation by the Trustee. The Trustee and any Successor Trustee may at any time resign from the trusts hereby created by giving thirty (30) days' written notice to the Issuer and all other holders by publication as required for Bond redemptions, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a Successor Trustee by the Bondholders or temporary Trustee by the Issuer. Such notice to the Issuer may be served personally or sent by registered mail.

(g) Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer, and signed by the owners of one-half in aggregate principal amount of Bonds then outstanding.

(h) Appointment of Successor Trustee by the Bondholders; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of one-half (1/2) in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys-in-fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an authorization executed and signed by the Issuer, may appoint a temporary Trustee to fill such vacancy until a Successor Trustee shall be appointed by the Bondholders in the manner above provided, and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company, banking association or bank in good standing within or outside the State having a reported capital and surplus of not less than five million dollars, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(i) Concerning Any Successor Trustee. Every Successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such Successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall,

nevertheless, on the written request of the Issuer execute and deliver an instrument transferring to such Successor Trustee all the properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its Successor. Should any instrument in writing from the Issuer be required by any Successor Trustee for more fully and certainly vesting in such Successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a Successor hereunder, together with all other instruments provided for in this Section, shall be filed and/or recorded.

(j) Right of Trustee to Pay Taxes and Other Charges. In case any tax, assessment or governmental or other charge upon any part of the Project is not paid as required herein or by the Lease, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate borne by the Bonds, shall become so much additional indebtedness secured by the Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues collected from the Project, if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five percent (25%) of the aggregate principal amount of Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

(k) Trustee Protected in Relying Upon Resolutions, etc. The resolutions, opinions, certificates and other instruments provided for in the Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

(l) Successor Trustee as Custodian of Funds and Paying Agent. In the event of a change in the office of Trustee the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Bond Revenue Fund and Construction Trust Fund and paying agent for principal and interest of the Bonds and the Successor Trustee shall become such custodian and paying agent.

Section 11. Options to Purchase.

The Issuer expressly grants to the Company certain options to purchase the Project under the conditions and to be exercised in

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the manner as set forth in Sections 11.2, 11.3 and 11.4 of the Lease Agreement.

Section 12. Bond Forms and Registration of Bonds.

(a) The bearer bonds and coupons shall be in substantially the following form:

No. _____ \$ _____

UNITED STATES OF AMERICA

STATE OF OREGON

ECONOMIC DEVELOPMENT REVENUE BONDS

SERIES I

(MAYWOOD INDUSTRIES OF OREGON, INC. PROJECT)

The State of Oregon, acting by and through the ECONOMIC DEVELOPMENT COMMISSION, does hereby acknowledge itself to owe and for value received hereby promises to pay to _____, as registered owner thereof, on the thirtieth days of June, September, December and March of each year, commencing June 30, 1976 to and including March 30, 1986, unless sooner redeemed as herein provided, the principal sums as follows:

together with interest at the rate of seven and one-half percent (7-1/2%) per annum, payable at the time and in the amount as set forth above. Both principal of and interest on this Bond are payable in lawful money of the United States of America at the First National Bank of Oregon, Portland, Oregon, or its successor in trust.

The Economic Development Commission agrees to pay the principal of and the interest on this Bond solely out of the revenues and properties of the Economic Development Commission as mortgaged, pledged and assigned to the payments thereof pursuant to a Mortgage and Indenture of Trust (hereinafter referred to as the "Indenture"). This Bond is payable solely from the revenues pledged to the payment thereof and it is not a debt of the State of Oregon or a lending of the credit of the State of Oregon within the meaning of any constitutional or statutory limitation. The Bonds are issued pursuant to Chapter 316, Oregon Laws 1975.

This Bond is one of a series aggregating the sum of Two Million Six Hundred Thousand Dollars (\$2,600,000) par value issued to provide

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funds to finance an economic development project for the acquisition, construction, installation and equipping of land and a lumber remanufacturing plant to be leased to and operated by Maywood Industries of Oregon, Inc., a Texas corporation qualified to do business in the State of Oregon, (the "Company"), and to pay costs of issuance of the Bonds, all in conformity with the laws of the State of Oregon and pursuant to the Indenture.

The Bonds, together with Additional Bonds as may be issued on a parity therewith, are all issued or may be issued under and are to be equally and ratably secured and entitled to the protection given by the Mortgage and Trust Indenture, dated as of April 1, 1976, duly executed and delivered by the Issuer to the First National Bank of Oregon, Trustee, and reference is hereby made to the Indenture and to any indentures supplemental thereto, for a more complete statement of the provisions with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds and coupons and the terms and conditions upon which the Bonds are issued and secured, and to all of these provisions of such Indenture, each holder, by acceptance of this Bond does assent.

This Bond and the appurtenant coupons are fully negotiable, and this Bond may be transferred on the registration books of the Issuer in the corporate trust office of the Trustee as Bond Registrar upon presentation by the holder in person or by his attorney. As provided in the Indenture, coupon bonds are convertible into an equal aggregate principal amount and in authorized denominations at the corporate trust office of the Trustee, and in the manner, subject to the limitations and on the payment of the charges, as provided in the Indenture. Registered Bonds are not convertible to coupon bonds.

The Economic Development Commission hereby covenants and agrees with the owner and holder of this Bond that it will keep and perform all the covenants of the Indenture to be by it kept and performed.

The Economic Development Commission does hereby pledge and bind itself to set aside and pay to the Trustee named in the Indenture for deposit to the Bond Revenue Fund all Lease Rentals, and Additional Rentals received by the Economic Development Commission from the lease of the Project and the real property thereof.

The Bonds are hereby declared to be a first and only lien and charge upon such rentals as received by the Economic Development Commission, or the Trustee, from the lease of the Project.

The State reserves the right to call and redeem, as a whole, all outstanding Bonds on any interest payment date at par plus accrued interest to date of redemption.

The Bonds shall be callable as a whole on any interest payment date at 100% of the principal amount thereof plus accrued interest

to the redemption date, in the event the Company exercises its right and option to purchase the Project if, but only if, (a) the leased premises shall sustain major damage or destruction as would render the remainder unsuitable, in the opinion of the Company, for use by the Company; or (b) the leased premises, or such portion thereof as will render the remainder unsuitable in the opinion of the Company for use by the Company, shall be condemned or otherwise taken by eminent domain proceedings, or sold under threat thereof; or (c) as a result of legislative or executive action of the State of Oregon or any political subdivision thereof or of a final decree or judgment of any court after the Company's contest thereof, the Lease becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in the Lease, or unreasonable burdens or excessive liabilities are imposed upon the Lessee.

In the event the Lessee is required to purchase the Project and redeem all outstanding Bonds by reason of a Determination of Taxability as set forth in Section 8.7 of the Lease Agreement, then the Economic Development Commission shall call and redeem all outstanding Bonds within 120 days from the Determination of Taxability, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date.

Notice of Intent to Call and Redeem Bonds shall be given not more than 45 nor less than 30 days prior to such redemption date by certified mail to the registered owners of the outstanding Bonds at the mailing addresses of the owners as they appear on the books of the Bond Registrar.

Notice of Intent to Call and Redeem Bonds shall be given by the Economic Development Commission to the Trustee at least 45 days before the intended redemption date. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date unless the same are not redeemed after proper presentation made pursuant to such call.

It is hereby certified and declared that this Bond and all Bonds of this issue are issued pursuant to and in strict compliance with the Constitution and the statutes of the State of Oregon, and that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, been done and fully performed as required by the Constitution and the statutes of the State of Oregon.

IN WITNESS WHEREOF, the State of Oregon has caused this Bond to be executed with the facsimile signature of its Governor and its Secretary of State and by the manual signature of its State Treasurer and to be sealed with a facsimile of its state seal, and the interest

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coupons attached hereto to be signed by the facsimile signature of each of such officers, all on the first day of April, 1976.

STATE OF OREGON

By _____
Governor

By _____
Secretary of State

By _____
State Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

FIRST NATIONAL BANK OF OREGON,
Trustee

By _____
Authorized Officer

(b) The Bonds are issued as fully registered bonds in the denominations requested by the Bondholder.

The ownership of the Bonds shall be noted on the registration books of the Bond Registrar, and any Bond may thereafter be transferred only upon an assignment duly executed by the registered holder or his duly authorized attorney in such form as shall be satisfactory to the Bond Registrar, such transfer to be made on such books and endorsed on the Bond by the Bond Registrar. Registered bonds may not be reissued or transferred to coupon bearer bonds.

Upon transfer of any fully registered bond and on request of the Bond Registrar, the Issuer shall execute in the name of the transferee, and the Trustee shall authenticate and deliver at the option of the transferee, a new fully registered bond or bonds of the same series, of any denomination or denominations permitted by this Indenture. Such registered bond shall be in the aggregate principal amount equal to the unmatured and unredeemed principal amount of bonds and shall bear interest at the same rate and mature on the same date or dates.

The Issuer and the Bond Registrar may make a charge for every such exchange or transfer of Bonds sufficient to reimburse them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the Issuer and Bond Registrar may charge a sum sufficient to reimburse them for all other costs and expenses incurred in connection with such exchange or transfer, and such charge or charges shall be paid before any such new Bond shall be delivered. Neither the Issuer nor the Bond Registrar shall be required to make any such exchange or transfer of any Bond during the ten days next preceding any interest payment date. So long as any of the Bonds remain outstanding, the Issuer will cause to be maintained and kept at the corporate trust office of the Trustee as Bond Registrar, books for the registration and transfer of Bonds.

Section 13. Execution of Bonds.

The Bonds shall be signed on behalf of the State by the facsimile signature of the Governor and of the Secretary of State of the State of Oregon and by the manual signature of the State Treasurer, and

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shall bear the seal of the State impressed thereon. The interest coupons attached thereto shall be signed with the facsimile signatures of the officers.

Section 14. Election of Economic Development Commission Re Interest Tax Exemption.

Pursuant to Internal Revenue Code Section 103(c)(6)(D) and the applicable regulations promulgated pursuant thereto, dated August 3, 1972, the State of Oregon, and in compliance with Section 8.6 of the Lease Agreement, does hereby elect to issue the Bonds pursuant to the above Section of the Internal Revenue Code and the regulations thereof, and does hereby authorize and direct its State Treasurer, as its duly authorized official, to prepare and file, with the District Director of the Internal Revenue Service, Austin, Texas, a statement of its election to make the provisions of Section 103(c)(6)(D) apply to the State of Oregon Economic Development Revenue Bonds, Series I (Maywood Industries of Oregon, Inc. Project). Such statement shall be in appropriate form for filing with the District Director of the Internal Revenue Service and shall be so filed before the issuance of such Bonds. Thereafter, the Company shall be obligated to file such additional or supplemental statements as may be required by the Code and Regulations from time to time.

Section 15. Supplemental Indentures.

(a) The State Treasurer may, from time to time, provide for a Certificate of Determination to Issue Revenue Bonds and the Economic Development Commission may execute trust indentures supplementary hereto which indentures shall become a part of this Indenture for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the Issuer in this Indenture contained such other covenants and agreements thereafter to be observed.

(2) To cure any ambiguity or to correct or to supplement any defective provision contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Issuer may deem necessary or desirable, which shall not be inconsistent with this Indenture and which shall not adversely affect the interests of the holders of the Bonds.

Any such supplemental indentures may be adopted without the consent of any of the Bondholders, notwithstanding any of the provisions of subparagraph (b) of this Section.

(b) With the consent of Bondholders of not less than two-thirds (2/3) of the aggregate principal amount of the Bonds at the time outstanding, the State Treasurer may provide for a Certificate of Determination to Issue Revenue Bonds and the Economic Development

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Commission may execute supplementary indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture, provided, however, that such action shall not:

(1) Extend the fixed maturity of any of the Bonds; or extend the time of payments of interest from their due date or to reduce the amount of the principal thereof; or create any lien upon or pledge of property ranking prior to or on a parity with the lien or pledge created by this Indenture, or granting a preference of priority of any Bond or Bonds over any other Bond or Bonds, all without first securing the consent of the holder of each Bond so affected; or

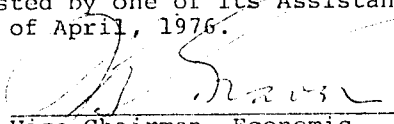
(2) Reduce the percentage of Bondholders required to approve any such supplemental indenture without the consent of the holders of all of the Bonds then outstanding; or

(3) Provide for the issuance of Additional Bonds.

It shall not be necessary for the consent of the Bondholders under subparagraph (b) to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

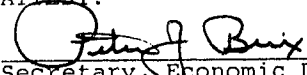
(c) Upon the adoption of any such supplemental indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations of the Issuer under this Indenture and all holders of Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and supplemental indenture. All the terms and conditions of any such supplemental indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

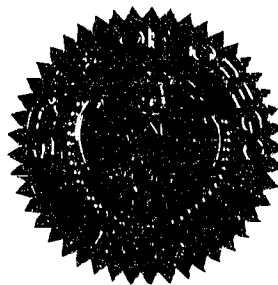
IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and behalf by its Chairman and Secretary, and to evidence its acceptance of the trusts hereby created the Trustee has caused these presents to be signed in its name and behalf by one of its Trust Officers, and to be attested by one of its Assistant Trust Officers, all as of the 1st day of April, 1976.

By 
Vice-Chairman, Economic
Development Commission

(SEAL)

ATTEST:


Secretary, Economic Development
Commission



5754

FIRST NATIONAL BANK OF OREGON

By *J. J. Miller*
Trust Officer

(SEAL)

ATTEST:

J. J. Miller
Assistant Trust Officer

5755

STATE OF OREGON)
) ss.
County of Multnomah)

On this, the 13th day of April, 1976, John
Stacy and John D. Stacy personally appeared before me,
a Notary Public, in and for the State of Oregon, known to me to be
the Vice-Chairman and Secretary of the Economic Development Commis-
sion, being duly authorized persons executing the same on behalf of
the Economic Development Commission that executed the foregoing in-
strument, and upon oath did depose that they are the officers of the
Economic Development Commission as above designated; that the sig-
natures to the instrument were made by officers of the Economic
Development Commission as indicated after the signatures; and that
the Economic Development Commission executed the instrument freely
and voluntarily and for the uses and purpose therein mentioned.

Shirley D. Robinson
Notary Public for Oregon

My Commission expires: January 6, 1980.
(Notarial Seal)

5756

STATE OF OREGON)
) ss.
County of Multnomah)

On this, the 19th day of April, 1976, personally appeared before me, a Notary Public in and for the State of Oregon, D.M. FICKLIN, known to me to be a TRUST OFFICER of First National Bank of Oregon, being a duly authorized person executing the same on behalf of the Bank that executed the foregoing instrument, and upon oath did depose that he is the officer of the Bank as above designated; that he is acquainted with the seal of the Bank and that the seal affixed to the instrument is the seal of the Bank; that the signatures to the instrument were made by officers of the Bank as indicated after the signatures; and that the Bank executed the instrument freely and voluntarily and for the uses and purposes therein mentioned.

Howard A. Rankin
Notary Public for Oregon

My Commission expires: March 17, 1977

(Notarial Seal)

5757

EXHIBIT AREAL PROPERTY

A 20-acre tract of land situated in the E1/2, Section 4, Township 39 S., R. 9 E.W.M., including a portion of Lot 2, Block 2, Tract 1080, WASHBURN PARK, more particularly described as follows: Beginning at a point on the westerly line of an existing 10-foot South Suburban Sanitary District sewer easement, from which the SW corner of Lot 2, Block 2, said Tract 1080, bears N. 08°08'39" E. a distance of 270.55 feet and the E. quarter corner of said Section 4 bears N. 77°03'46" E. a distance of 562.46 feet; thence N. 00°06'43" W. along the said W. easement line 973.79 feet to a point which is 230.00 feet from, measured at right angles to, the southerly right of way line of the O.C. & E. Railroad; thence N. 66°51'15" W. parallel to and 230.00 feet from the said southerly right of way line 973.79 feet; thence S. 00°06'43" E. parallel to said sewer easement 973.79 feet; thence S. 66°51'15" E. parallel to said southerly railroad right of way line 973.79 feet to the point of beginning, with bearings based on said Tract 1080, Washburn Park.

TOGETHER WITH a non-exclusive right of way for ingress to and exit from the above-described real property along and upon a 60-foot wide strip of land, more particularly described as follows: Beginning at the SW corner of Block 2, Tract 1080, Washburn Park; thence along the arc of a curve to the right (radius point bears N. 00°04'50" W. 27.14 feet, central angle = 84°48'27") 42.54 feet to the easterly right of way line of a sewer easement; thence N. 00°06'43" W. along said easement 255.37 feet; thence S. 89°53'17" W. 10.00 feet to a 5/8 inch iron pin; thence N. 66°51'15" W. 54.42 feet; thence S. 00°06'43" E. 363.71 feet; thence S. 89°55'10" E. 86.85 feet to the NW corner of Block 6, said Tract 1080; thence N. 00°04'50" E. 60.00 feet to the point of beginning, with bearings based on said Tract 1080.

State of Oregon, }
County of Klamath } ss,

I hereby certify that the within instrument was received and filed for record on the 21st day of APRIL, 1976, at 8:47 o'clock 8:47 M. and recorded on Page 5721 in Book M 76 Records of MORTGAGES of said County.

WM. D. MILNE, County Clerk

By [Signature] Deputy

Fee \$ 111.00

Not Trans.