

THIS MORTGAGE, made this 3rd day of September, 1981, between  
 KLAMATH WOOD PRODUCTS, INC., a Corporation,  
 duly organized and existing under the laws of the State of Oregon, hereinafter called the  
 Mortgagor, and Alpine Veneers, Inc., hereinafter called the Mortgagee,  
 WITNESSETH, That said mortgagor, in consideration of good and valuable consideration  
 Dollars, to it paid by said mortgagee, does hereby grant, bargain,  
 sell and convey unto said mortgagee, his heirs, executors, administrators, successors and/or assigns, that certain  
 real property situated in Klamath County, State of Oregon, bounded and described as follows:

The real property is fully described in Exhibit A which is attached  
 hereto and by this reference made a part hereof.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or  
 in anywise appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits  
 therefrom, and any and all fixtures upon said premises at the time of the execution of this mortgage or at any  
 time during the term of this mortgage.

To Have and to Hold the said premises with the appurtenances unto the said mortgagee, his heirs,  
 executors, administrators, successors and/or assigns forever.

This mortgage is intended to secure the payment of a promissory note of which the  
 following is a substantial copy:

The Promissory Note is attached as Exhibit B and by this reference made  
 a part hereof.

And said mortgagor covenants to and with the mortgagee, his heirs, executors, administrators, successors and/or assigns, that  
 it is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto subject to all  
 existing encumbrances of record.

and will warrant and forever defend the same against all persons; that it will pay said note(s), principal and interest, accord-  
 ing to the terms thereof; that while any part of said note(s) remain(s) unpaid it will pay all taxes, assessments and other charges of  
 every nature which may be levied or assessed against said property, or this mortgage or the note(s) above described, when due and  
 payable and before the same may become delinquent; that it will promptly pay and satisfy any and all liens or encumbrances that  
 are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that it will keep the buildings  
 now on or which may be hereafter erected on the premises insured in favor of the mortgagee against loss or damage by fire in the  
 sum of \$ 0, in such company or companies as the mortgagee may designate, and will have all policies of insurance on said  
 property made payable to the mortgagee as his interest may appear and will deliver all policies of insurance on said  
 premises to the mortgagee as soon as insured; that it will keep the buildings and improvements on said premises in good repair  
 and will not commit or suffer any waste of said premises.

Now, therefore, if said mortgagor shall keep and perform the covenants herein contained and shall pay said note(s) according  
 to its (their) terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the per-  
 formance of all of said covenants and the payment of said note(s); it being agreed that upon a failure to perform any covenant  
 herein, or if proceeding of any kind he taken to foreclose any lien on said premises or any part thereof, the mortgagee shall have the  
 option to declare the whole amount unpaid on said note(s) or on this mortgage at once due and payable, and this mortgage may  
 be foreclosed at any time thereafter. And if the mortgagor shall fail to pay any taxes or charges or any lien, encumbrance or in-  
 surance premium as above provided for, the mortgagee may at his option do so, and any payment so made shall be added to and  
 become a part of the debt secured by this mortgage, and shall bear interest at the same rate as said note(s) without waiver, how-  
 ever, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and  
 all sums paid by the mortgagee at any time while the mortgagor neglects to repay any sums so paid by the mortgagee. In the  
 event of any suit or action being instituted to foreclose this mortgage, the mortgagor agrees to pay all reasonable costs incurred  
 by the mortgagee for title reports and title search, all statutory costs and disbursements and such further sum as the trial court  
 may adjudge reasonable as plaintiff's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree  
 entered therein mortgagor further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's  
 fees on such appeal, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administrators, successors and/or assigns of said mortgagor and of said mortgagee respectively.

In case suit or action is commenced to foreclose this mortgage, the Court, may, upon motion of the mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

In construing this mortgage, it is understood that the mortgagee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, KLAMATH WOOD PRODUCTS, INC. pursuant to a resolution of its Board of Directors, duly and legally adopted, has caused these presents to be signed by its President and Secretary, and its corporate seal to be hereunto affixed this 3rd day of September, 19 81.

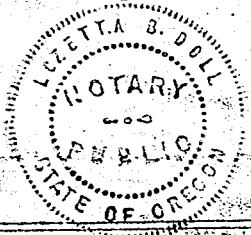
Executed in the Presence of By [Signature] President

By [Signature] v.p. Secretary

STATE OF OREGON, } ss.  
County of Multnomah  
before me appeared Timothy L. Blixseth and John Green ~~xxxx~~  
both to me personally known, who being  
duly sworn, did say that he, the said Timothy L. Blixseth  
is the President, and he, the said John Green  
is the Secretary President of KLAMATH WOOD PRODUCTS, INC.  
the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors, and Timothy L. Blixseth and John Green  
acknowledged said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

[Signature]  
Notary Public for Oregon.  
My commission expires 7/23/85



MORTGAGE

Corporation  
(FORM No. 75A)

KLAMATH WOOD PRODUCTS, INC.

TO  
ALPINE VENEERS, INC.

STATE OF OREGON,

County of ss.

I certify that the within instrument was received for record on the day of, 19 at o'clock M., and recorded in book on page Record of Mortgages of said County.

Witness my hand and seal of County affixed.

By County Clerk-Recorder.

Deputy.  
STEVENESS LAW PUB. CO., PORTLAND, ORE.  
Gilbertson, Brownstein,  
Sweeney, Kerr & Grim  
Attorneys at Law  
1200 S. W. Main Building  
Portland, Oregon 97205

parcel of land located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  Section 5, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, and being a portion of Government Lots 4 and 5, said Section, Township and Range, more particularly described as follows:

Beginning at a point which is South a distance of 208.71 feet and East a distance of 285.0 feet from the Northwest corner of said SE $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 5, said point being on the South line of that certain parcel of land conveyed by the City of Klamath Falls to H. A. Mischelm et ux., by deed dated November 8, 1948, recorded November 16, 1948 in Volume 226 at page 423, Deed Records of Klamath County, Oregon; thence continuing East along the South line of said parcel a distance of 192.42 feet to Southeast corner thereof; thence North along East line of said parcel a distance of 208.71 feet to North line of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ ; thence East along said North line a distance of 389.88 feet to a point; thence South 0° 43' West a distance of 460.7 feet to a point on Northwestern line of a parcel of land deeded to Great Northern Railway Co. by deed recorded October 21, 1927 in Volume 76 at page 635, Records of Klamath County, Oregon; thence South 28° 43' West, along said Northwestern line a distance of 590.02 feet to Northeasterly corner of a parcel of land deeded to California Oregon Power Co. by deed recorded December 16, 1953 in Volume 264 at page 436, Records of Klamath County, Oregon; thence West along North line of said parcel a distance of 296.75 feet to a point, said point being East a distance of 285.0 feet from West line of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ ; thence North and parallel to said West line and 285.0 feet distance East therefrom, a distance of 761.29 feet, more or less, to point of beginning.

#### PARCEL 2

A parcel of land located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 5, Township 39 South, Range 9 East of the Willamette Meridian, and being a portion of Government Lots 4 and 5, said Section, Township and Range, more particularly described as follows:

Beginning at a point on the North line of said SE $\frac{1}{4}$ SE $\frac{1}{4}$  which is East along said line a distance of 477.42 feet from Northwest corner thereof; thence continuing East along said North line a distance of 389.88 feet to a point; thence South 0° 43' West a distance of 460.7 feet to a point on the Northwestern line of a parcel of land deeded to Great Northern Railway Co. by deed recorded October 21, 1927 in Volume 76 at page 635, Records of Klamath County, Oregon; thence South 28° 43' West along said Northwestern line a distance of 590.02 feet to Northeasterly corner of a parcel of land deeded to California Oregon Power Co. by deed recorded December 16, 1953 in Volume 264 at page 436, Records of Klamath County, Oregon; thence West along North line of said parcel a distance of 521.75 feet to East line of a parcel of land deeded to Klamath County for road purposes by deed recorded November 17, 1948 in Deed Volume 226 at page 429, Records of Klamath County, Oregon; thence North along East line of said parcel to a point which is South along said line a distance of 208.71 feet from North line of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ , said point being Southwest corner of a parcel of land deeded by City of Klamath Falls to H. A. Mischelm

et ux., recorded November 16, 1948 in Deed Volume 226 at page 422, Records of Klamath County, Oregon; thence East along South line of said parcel a distance of 417.42 feet; thence North along East line thereof 208.71 feet to point of beginning.

EXCEPTING THEREFROM that portion described in deed recorded November 25, 1971 in Volume M-71 at page 12415, Microfilm Records of Klamath County, Oregon.

PROMISSORY NOTE

\$200,000.00

Portland, Oregon, September 3, 1981

The undersigned corporations and individuals, jointly and severally, promise to pay to the order of Alpine Veneers, Inc., hereinafter referred to as "Alpine", an Oregon corporation, at 1210 Yeon Building, Portland, Oregon, TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) plus interest thereon on the unpaid principal balance at the rate of 2% in excess of the prime rate charged, from time to time, by the United States National Bank of Oregon, Portland, Oregon. Any change in the Bank's prime rate shall be effective as of the effective date of said change. Interest shall be computed on the basis of a 365 day year of actual days elapsed.

Payment of this Promissory Note and interest shall be as follows:

1. For the first three months (September 1 to November 30, 1981), the promissors shall only be required to pay accrued interest on the unpaid principal balance with the first such interest payment to be due and payable on October 1, 1981, with the second payment on November 1, 1981 and the third such payment on December 1, 1981.

2. Commencing with the 1st day of December, 1981 the

promissors shall commence payment of both interest and principal, which payments shall be made weekly for a six month period (December 1, 1981 to May 31, 1982) in the amount of not less than \$2,500.00 per week principal plus accrued interest, with the first such weekly payment to be due, payable and received by Alpine on the 7th day of December, 1981 (Monday) with a similar weekly payment each Monday thereafter for the above six month period.

3. Thereafter, and commencing with the 7th day of June, 1982 (Monday) to August 23, 1982, promissors shall make weekly payments of not less than \$4,500 principal plus accrued interest with the first such payment due, payable and received by Alpine on June 7, 1982 with a similar payment each Monday thereafter. On August 24, 1982 the then unpaid principal balance and interest shall be fully due and payable.

If any of said payments (principal or interest) are not so paid when due, payable and to be received by Alpine and such default continues for more than eight days, the whole sum of both principal and interest shall become immediately due and collectable at the option of the holder of this note. As long as any funds remain unpaid hereunder, even though timely payments



have been made, then a breach by Little River Lumber Products Co. of any written contract then existing with Alpine (whether now existing or made in the future) shall, at the option of Alpine, also constitute a default of this Promissory Note with Alpine to have all remedies available to it including the default remedies above noted. If this note is placed in the hands of an attorney for collection, the promissors promise and agree to pay reasonable collection costs of the holder; and if suit or action is filed for the collection of this note, or any part hereof, promissors also promise to pay (1) holder's reasonable attorneys' fees to be fixed by the trial court, and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorneys' fees in the appellate court, together with all costs and disbursements incurred in the trial court and, if applicable, the appellate court.

At the present time there is an outstanding unpaid loan balance pursuant to a Klamath Wood Products, Inc. - Alpine promissory note and a Little River Lumber Products Co. - Alpine promissory note. This September 3, 1981 note does not supersede nor is payment of those former notes. However, the payments to be received pursuant to the September 3, 1981 note shall first be applied in full payment of the Klamath Wood Products, Inc. note until it is fully paid and then applied to

the Little River Lumber Products Co. note until it is fully paid, at which time the payments hereunder shall then commence to reduce the unpaid principal balance hereunder; provided, however, that to November 30, 1981, the undersigneds shall pay interest only on all three promissory notes and thereafter the unpaid principal balance of all three notes shall be computed.

The undersigned promissors warrant to Alpine that this loan is for a business purpose other than agricultural purposes.

LITTLE RIVER LUMBER PRODUCTS CO.

(8) By Tim Blixseth  
President

REVESTCO, INC.

(8) By Tim Blixseth  
President

(8) Tim Blixseth  
TIMOTHY L. BLIXSETH  
Individually and Personally

(8) John Green  
JOHN GREEN  
Individually and Personally

(8) Margaret Green  
MARGARET GREEN  
Individually and Personally

KLAMATH WOOD PRODUCTS, INC.

(8) By John Green  
President

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record ~~at request of~~

this 8th day of September, D. 1981 at 1:27 clock P.M., and

duly recorded in Vol. M-81, of Mortgages on Page 15881.

By Lyn Biehn Clerk  
EV. LYN BIEHN Clerk