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This instrument was prepared by
and recorded counterparts should
be returned to:

James H. McAlister, Esq.
Bancroft, Avery & McAlister
601 Montgomery Street
Suite 900
San Francisco, CA 94111

[Execution Copy]

Location: Klamath County
Oregon

The Travelers Insurance Company
Loan Number: 502303-1

DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

Dated: August 14, 1986

CAVENHAM FOREST INDUSTRIES INC.
(TRUSTOR OR MAKER)

TO

TICOR TITLE INSURANCE COMPANY,
(Trustee)

FOR THE BENEFIT OF
THE TRAVELERS INSURANCE COMPANY,
BENEFICIARY OR HOLDER

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (this "Deed of Trust"), is made as of August 14, 1986 by and among CAVENHAM FOREST INDUSTRIES INC., a Delaware corporation having its principal office at 1500 S.W. First Avenue, Portland, Oregon 97201, ("Trustor" or "Maker"), TICOR TITLE INSURANCE COMPANY OF CALIFORNIA, a California corporation having an office at 321 S.W. Fourth Avenue, Portland, Oregon 97204, ("Trustee" or "Ticor"), the Trustee herein as to the Premises located in the States of Washington and Oregon, and James W. O'Mara, an individual with an office at 17th Floor, Deposit Guaranty Plaza, P.O. Box 22567, Jackson, Mississippi 39225-2567 ("Trustee"), the Trustee herein as to the Premises located in the State of Mississippi, and THE TRAVELERS INSURANCE COMPANY, a Connecticut Corporation, whose principal place of business is One Tower

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Square, Hartford, Connecticut, but whose address for purposes of notice is 4 Orinda Way, Suite 200A, Orinda, California 94563 ("Beneficiary" or "Holder").

NOW, THEREFORE, FOR AND IN CONSIDERATION OF ONE DOLLAR AND OTHER GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the Trust herein created, the receipt and sufficiency of which are hereby acknowledged by Trustor, to secure the punctual payment by Trustor when due, whether at stated maturity, by acceleration or otherwise, of the Obligations (as hereinafter defined) and the performance and observance of all other covenants, obligations and liabilities of Trustor under the Note, this Deed of Trust, a Pledge Agreement (the "Pledge Agreement") to accomplish an act of pledge of a Collateral Mortgage Note, (the "Collateral Note"), (which said Collateral and Chattel Mortgage (the "Collateral Mortgage") covering real property and Timber thereon situated in the State of Louisiana), Trustor's Loan Application, Beneficiary's Loan Commitment, a Loan Agreement between Trustor and Beneficiary (the "Loan Agreement") and a Defeasance Trust Agreement (the "Defeasance Trust") established pursuant to Paragraph 9 of the Note or any other document which relates to the Obligations (such documents being herein sometimes collectively called the "Loan Documents"), Trustor does hereby irrevocably grant, bargain, sell, mortgage, warrant, convey, alien, remise, release, assign, transfer, set over, deliver and confirm unto Trustee in trust with power of sale for the benefit and security of Beneficiary each and all of the real property and other property described in the Granting Clauses set out below and further grants to Beneficiary a security interest in and to the Rents and in the other property described in the Granting Clauses to the extent that such property is personal property and in and to all Timber when the same becomes Goods or otherwise ceases to be real property (subject, as to Timber, to the release provisions in Paragraph F of Exhibit #2 to the Loan Agreement).

This Deed of Trust covers real property and Timber in the States of Mississippi, Oregon and Washington and the Collateral Mortgage covers real property and Timber in the State of Louisiana.

Notwithstanding anything to the contrary herein, in the State of Oregon and Washington all references in this Deed of Trust to "Trustor" shall be deemed to read "Grantor".

Notwithstanding anything to the contrary herein contained, the Premises are not used primarily for agricultural or farming purposes. Trustor is engaged in the business of owning and operating real property such as the Property and the Indebtedness is in excess of \$100,000.00.

Trustor and Beneficiary agree that all the security of any kind pursuant to any of the Loan Documents is security for the debt evidenced by the Note without allocation of any part or portion thereof to any portion of the debt other than the whole thereof.

GRANTING CLAUSES

All the right, title and interest of Trustor in fee or as Lessee now owned or hereafter acquired in and to all those certain lots, pieces or parcels of real property more particularly described in Exhibit A attached hereto and by this reference incorporated herein, together with all real property described in Exhibit A attached to Counterparts of this Deed of Trust (the "Property") title to which is subject to the matters described in the policy of title insurance which Ticor as insurer has committed to issue to Beneficiary in one or more insurance commitments and other matters referred to in Article II.

TOGETHER WITH all Timber (as defined in Exhibit #2 to the Loan Agreement) of every kind, size and species, and all natural increase thereof, now or hereafter growing, standing, and, as to dead and down Timber, lying or being on the Property. Timber shall cease to be subject to the lien of this Deed of Trust if, as and when so provided in the Timber Sale and Severance Agreement attached as Exhibit #2 to the Loan Agreement;

TOGETHER WITH all rents, issues, profits, royalties, income and other benefits from the Premises (collectively the "Rents") subject to the License given to Trustor in Paragraph 1.01 to collect and apply the Rents and subject to the exclusion (to the extent the same would otherwise be covered hereby) of proceeds, accounts and general intangibles resulting or derived from the sale of inventory;

TOGETHER WITH all leasehold estate, right, title and interest of Trustor (as Lessor or Lessee) in and to all leases or subleases covering the Premises or any portion thereof now or hereafter existing or entered into;

TOGETHER WITH all right, title and interest of Trustor in and to all options to purchase or lease the Premises or any portion thereof or interest therein;

TOGETHER WITH all easements, rights-of-way and rights used in connection with the Premises or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water and water rights (whether riparian, appropriative or otherwise and whether or not appurtenant) and all

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water service contracts and licenses now or hereafter relating to or used in connection therewith, all ditch rights, and all shares of stock evidencing any such water or ditch rights;

TOGETHER WITH any and all buildings and improvements now or hereafter erected thereon (the "Improvements"), and all materials intended for construction, reconstruction, alteration and repair of the Improvements, all of which materials shall be deemed to be included within the Property immediately upon the delivery thereof to the Property;

TOGETHER WITH all the estate, interest, right, title or other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Trust Estate as hereafter defined, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

EXCLUDING, HOWEVER, from the grant of this Deed of Trust and reserving to Trustor all minerals of every kind now or hereafter existing (including leasehold interests herein), including without limitation oil, gas, other hydrocarbons, geothermal resources and any and all other minerals whether similar or dissimilar, together with all rights of access, use, extraction and all other rights incident thereto; provided, however, that Trustor, its successors or assigns, including purchasers at any foreclosure sale, shall not exercise the rights reserved herein in any manner that would materially adversely affect or impede the use of the Property taken as a whole for growing, harvesting, or cultivating timber on the Property.

In the event of foreclosure of this Deed of Trust, there shall be excluded, from any deed by Trustee transferring the Property to any purchaser at foreclosure, all of the minerals and rights described above, and such exclusion and reservation shall survive such foreclosure.

Notwithstanding the foregoing or any other provision hereof, the above exclusion and reservation of minerals and related rights shall not preclude Beneficiary or its successors in interest from using rock, dirt, gravel and other substances (nor customarily considered to be minerals) at or near the surface now shall *etc* Beneficiary be restricted in any material way in the use of the surface estate or exercise of any other rights normally belonging to the owner of a surface estate where minerals are separated therefrom. *etc*

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The lien of this Deed of Trust and the Loan Documents is subject to the Existing Agreements listed in Exhibit #1 of the Loan Agreement.

The entire estate, property and interest hereby (and by other Loan Documents) conveyed to Trustee (or mortgaged to Beneficiary) and the security interest granted Beneficiary as security for the Obligations is herein (and in other Loan Documents) sometimes referred to as the "Trust Estate" or the "Premises".

This Deed of Trust is being executed in Counterparts for concurrent recording in each of the counties in which parts of the Trust Estate are located. All Counterparts are identical except that the description attached as Exhibit A to each Counterpart describes the encumbered real property situated in the County where such Counterpart is recorded (other than the Counterpart recorded in Forrest County, Mississippi where the Exhibit A includes a description of all encumbered real property in the State of Mississippi, the Counterpart recorded in Washington County, Oregon where the Exhibit A includes a description of all encumbered real property in the State of Oregon and the Counterpart recorded in Clark County, Washington where the Exhibit A includes a description of all encumbered property in the State of Washington). This is Counterpart number 32 for recording in Klamath County in the State of Oregon. All Counterparts shall in all respects be deemed original documents and only one such Counterpart need be deposited, produced or introduced in making proof or in any proceeding (judicial or nonjudicial) where production, deposit or introduction of this Deed of Trust is necessary or desirable.

As used herein, "Counterpart" means an executed copy of this Deed of Trust identical with all other executed copies except for variations in legal descriptions referred to above.

This Deed of Trust covers (in addition to the other Premises) Premises in the Twenty-Five (25) Counties in the State of Mississippi listed in Exhibit B attached hereto and incorporated herein as a part hereof. A Counterpart of this Deed of Trust with Exhibits describing all Mississippi Property has been recorded in Forrest County, Mississippi, and references to that Deed of Trust is here made for all purposes. Counterparts of the Deed of Trust are being recorded in the other Mississippi Counties, but in each of the other Mississippi Counties the Exhibit to the Deed of Trust describes only that part of the Mississippi Property which lies in that particular County (for example, in the Stone County Deed of Trust, the Exhibit describes only that part of the land which lies in Stone County, Mississippi). On the occurrence of an Event of Default (after the expiration of the Grace Period, or, as the context may require, the expiration of the notice and cure periods

provided herein), Trustor agrees that a foreclosure sale of the whole of the Mississippi Property may be held in any one or more of the Counties where any part of the Mississippi Property lies and that any other action or proceeding, judicial or nonjudicial, including, without limitation, a foreclosure action in connection with the Loan Documents, or any of them, may be prosecuted, brought and maintained in any one or more of the Counties in Mississippi in which any of the Premises is located. To the extent that any of the Property in Mississippi consists of a leasehold interest, Trustor is the record owner of such leasehold interest.

FOR THE PURPOSE OF SECURING:

A. Payment of indebtedness in the total principal amount of Two Hundred Fifty Million Dollars (\$250,000,000) (the "Loan") with interest thereon (the "Indebtedness"), evidenced by that certain Promissory Note of even date herewith (the "Note") executed by Trustor, which has been delivered to and is payable to the order of Beneficiary, and which by this reference is hereby made a part hereof, and any and all modifications, extensions and renewals thereof, the Note providing for the payment of accrued interest on the first day of each month commencing September 1, 1986 and for the payment of the full principal amount on September 1, 1993.

B. Performance of all obligations and agreements of Trustor contained in this Deed of Trust, the Note, any of the Loan Documents and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby.

C. Payment of all sums with interest thereon becoming due or payable under the provisions hereof to Trustee.

D. Payment of all other sums owed by Trustor to Beneficiary pursuant to the Loan Documents.

All of which payments and performances are herein sometimes called the "Obligations".

ARTICLE I

ASSIGNMENT OF RENTS, ISSUES AND PROFITS

1.01 Assignment of Rents. Trustor hereby assigns and transfers to Beneficiary all of the Rents, and hereby gives to and confers upon Beneficiary the right, power and authority to collect such Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary, at any time

and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Beneficiary, for all such Rents, and apply the same to the Obligations secured hereby in accordance with the Prepayment and Defeasance provisions in Paragraphs 8 and 9 of the Note; provided, however, that Trustor shall have a license to collect such Rents (but not more than two months in advance except for grazing and similar leases for which the dollar amount is not significant and where payments may be quarterly or annually in advance in keeping with established practice of Trustor or its predecessor in interest) prior to or at any time there is not an Event of Default under any of the Loan Documents. The assignment of the Rents of the Trust Estate in this Paragraph 1.01 is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest. The Rents are hereby assigned absolutely by Trustor to Beneficiary contingent only upon the occurrence of an Event of Default under any of the Loan Documents.

1.02 Collection Upon Default. Upon any Event of Default under any of the Loan Documents, and after the expiration of any grace period or period to cure as provided herein, Beneficiary may, at any time, without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations hereby secured, enter upon and take possession of, manage and operate the Trust Estate, or any part thereof, make, cancel, enforce or modify leases, obtain and evict tenants, and fix or modify rents or do any acts which Beneficiary deems proper to protect the Trust Estate, including the right, at the expense of Trustor, to purchase any equipment for the operation thereof, and either with or without taking possession of the Premises, in its own name sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon the Obligations, and in such order as Beneficiary may determine, in accordance with the Prepayment and Defeasance provisions of Paragraphs 8 and 9 of the Note. The collection of such Rents, or the entering upon and taking possession of the Trust Estate, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and the enforcement of such right or remedy by Beneficiary or Trustee, once exercised, shall continue for such time as Beneficiary shall elect, so long as there is any outstanding uncured Event of Default, notwithstanding that the aforesaid collection and application of Rents may have cured the original default. If Beneficiary shall thereafter elect to discontinue the exercise of any such right or remedy, the same or any other right or remedy under this Deed of

Trust may be reasserted at any time and from time to time following any subsequent default.

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ARTICLE II

WARRANTY OF TITLE

Trustor warrants that: (i) it is the lawful owner of the Premises, having good and valid fee simple title thereto (or, if its interest shall be as a Lessee, having good and valid title to its Leasehold Estate, provided, however, that this warranty shall not be deemed a representation of the Lessor's title to the fee under any such lease) and having good and valid title to the Timber included as part of the Trust Estate, subject, however, with respect to the foregoing fee title, Leasehold Estate and Timber (a) the exclusions and exceptions of an ALTA policy of title insurance (as modified by the Loan Application), (b) the matters described in the insurance commitments issued to Beneficiary by Ticor, (c) any claims, agreements, liens, security interests, encumbrances, or other defects in title which do not have a material adverse effect on the Trust Estate taken as a whole, and (d) any matters disclosed to Beneficiary in writing prior to execution of this Deed of Trust; (ii) it will maintain and preserve the lien of this Deed of Trust until the Obligations have been paid and performed in full (or fully defeased as provided in Paragraph 9 of the Note); (iii) it has good, right and lawful authority to grant the Trust Estate as provided in and by this Deed of Trust; and (iv) it will forever warrant and defend its grant made herein against any and all claims and demands whatever, except as are specifically set forth in this Deed of Trust. Trustor further warrants that the lien created by this Deed of Trust is a first and prior lien on the Trust Estate, except as set forth above in the matters referred to in clause (i), and that the Trust Estate is and shall be kept free and clear of all encumbrances and charges, except those previously accepted by Beneficiary in writing (including matters referred to in clause (i) above), subject to the sales of property provided for in the Loan Agreement.

Nothing herein or in any of the Loan Documents shall be deemed to alter or diminish or constitute a waiver of or limitation on the benefits or rights of Beneficiary in or pursuant to any policy of title insurance issued to or for the benefit of Beneficiary.

ARTICLE III

OTHER REPRESENTATIONS AND WARRANTIES OF TRUSTOR

Trustor hereby makes the other representations and warranties to Beneficiary and Trustee set out in the Loan Agreement and the same are incorporated herein by this reference.

ARTICLE IV

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AFFIRMATIVE COVENANTS AND AGREEMENTS OF TRUSTOR

Trustor hereby covenants to Beneficiary and Trustee, and agrees with Beneficiary and Trustee as follows:

4.01 Obligations of Trustor.

A. Trustor shall pay when due the principal of, and the interest on, the Indebtedness, and Trustor shall continue to be liable for payment of the Indebtedness until the Note has been paid in full, notwithstanding any actions of partial foreclosure which may be brought hereunder, including, without limitation, actions affecting a part of the Trust Estate or actions to recover any amount or amounts expended by Beneficiary on behalf of Trustor in order to cure any of Trustor's defaults or to satisfy any of Trustor's obligations or covenants under any agreement relating to the Trust Estate and to which Trustor is a party. Trustor shall pay when due all charges, fees and all other sums as provided in the Loan Documents, and the principal of, and interest on, any future advances secured by this Deed of Trust. Trustor shall keep Beneficiary indemnified against all actions, proceedings, appeals, discretionary reviews, costs, claims and damages incurred or sustained by it (including, without limitation, Beneficiary's attorneys' fees and disbursements), in respect of the nonpayment of any charges or the nonobservance or nonperformance of any of the said terms, covenants or conditions contained in any of the Loan Documents.

B. Except as provided in Paragraph 4.01(A), at any time and on any occasion when the failure to do so would have a material adverse effect on the Trust Estate or the security for the Loan considered as a whole, Trustor (i) shall timely perform, or cause to be timely performed, all the covenants, agreements, terms and conditions to be performed by the Trustor under the Loan Documents and under all other agreements to which Trustor is a party with respect to the Trust Estate, and (ii) shall not cancel, surrender, modify or amend, or permit the cancellation, surrender, modification or amendment of any of the Loan Documents or any of the covenants, agreements, terms or conditions contained in any of them without the prior written consent, in each case, of Beneficiary.

4.02 Timber Harvesting; Waste. Trustor shall conduct timber harvesting on the Premises in a professional businesslike manner in compliance with the Timber Sale and Severance Agreement attached as Exhibit 2 to the Loan Application and the Loan Agreement. Trustor shall not permit or commit any waste on the

Trust Estate. Severance of Timber pursuant to and in strict compliance with the Timber Sale and Severance Agreement shall not constitute waste. Should Trustor fail to perform any act required of Trustor hereunder, Beneficiary may at its option remedy any waste, or do any other acts which from the character or use of the Trust Estate may be reasonably necessary, and Beneficiary, acting through its employees, agents or attorneys, is hereby authorized to enter upon and take possession of the Trust Estate for such purpose.

4.03 Insurance. Trustor shall maintain insurance as provided in the Loan Agreement.

4.04 Indemnification; Subrogation; Waiver of Offset.

A. If Beneficiary is made a party defendant to any litigation concerning this Deed of Trust or the Trust Estate or any part thereof or interest therein, or the occupancy thereof by Trustor, or Trustor's actions in connection therewith, then Trustor shall indemnify, defend and hold Beneficiary harmless from all liability by reason of said litigation, including reasonable attorneys' fees and expenses incurred by Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment or in any appeal from or on discretionary review of any judgment, order or decree in such litigation. In any action or proceeding asserting a breach of any term of this Deed of Trust, the losing party shall pay to the prevailing party its reasonable attorneys' fees and expenses, including those incurred in any such action or proceeding or in any appeal from or on discretionary review of of any judgment, order or decree in such action or proceeding. If an action is commenced to enforce any of the terms hereof or because of the breach of any provision hereof or a failure to pay any sum secured hereby, the losing party shall pay to the prevailing party its reasonable attorneys' fees and expenses in any such action or in any appeal from or discretionary review of any judgment, order or decree in such action, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment.

B. Trustor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents and representatives, for loss of or damage to Trustor, the Trust Estate, Trustor's property or the property of others under Trustor's control from any cause whether or not the same is insured against or required to be insured against by the provisions of this Deed of Trust, except for acts of gross negligence or willful misconduct by Beneficiary.

C. All sums payable to Beneficiary hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Trust Estate or any part thereof by title, paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary or by any court in any such proceeding; (v) any claim Trustor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms hereof or of any other agreement with Trustor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Trustor, to the greatest extent it can legally do so by any applicable law, waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor.

4.05 Taxes. Trustor shall, to the extent the same are a lien or claim against the Trust Estate or are otherwise required to be paid by Trustor, pay, at any time prior to delinquency: (i) all real property taxes and assessments, general and special, including assessments on appurtenant water stock, all payments required to be made under the provisions of any leases, permits, allotments or licenses relating to any public lands, the rights under which are covered hereby; and (ii) all other taxes and assessments of any kind or nature whatsoever including, without limitation, timber severance taxes that are assessed or imposed upon the Trust Estate or become due and payable, and compensating taxes (in Washington) and additional taxes (in Oregon) following removal of forest land designation. Trustor covenants to furnish to Beneficiary, upon request, official receipts of the appropriate taxing authority or other proof satisfactory to Beneficiary evidencing the payment thereof.

As used herein, Trustor shall be deemed to be delinquent with respect to real property taxes and assessments and timber severance taxes, when an amount of such taxes or assessments are assessed on Trustor or the Trust Estate and are not timely paid by Trustor, unless Trustor is contesting such obligation in good

faith and has bonded or otherwise secured any such obligation which might give rise to a lien on the Trust Estate in a manner reasonably determined by Beneficiary to be sufficient to assure that there will not be a loss or forfeiture of the Trust Estate or any part thereof as a result of such taxes. As used herein, and subject to the right of Trustor to contest or protest the same in good faith by any legally available means (with such bonding or security as reasonably determined by Beneficiary to be sufficient to prevent a foreclosure of a lien against the Trust Estate or any part thereof), Trustor shall be deemed to be delinquent with respect to other taxes and assessments when an amount thereof which has been finally determined as deficient is assessed on Trustor and is not timely paid or adequate provision made for payment by Trustor upon notice and demand therefor, except that no notice and demand are required or deemed necessary for taxes other than taxes on income.

4.06 Utilities. Trustor shall pay when due all utility charges that are incurred by Trustor for the benefit of the Trust Estate or that may become a charge or lien against the Trust Estate for gas, electricity, water or sewer service furnished to the Trust Estate and all other assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

4.07 Leases. Trustor shall pay when due all rents and other payments and perform all covenants and agreements (to the extent such payment or performance is required to be made or accomplished by Trustor) contained in any lease, sublease or ground lease which may constitute a portion of or an interest in the Trust Estate; Trustor shall not surrender, assign or sublease any such lease, sublease or ground lease, nor take any other action that would effect or permit the termination of any such lease, sublease or ground lease prior to its normal termination. Upon request by Beneficiary, Trustor covenants to furnish to Beneficiary within thirty (30) days after the date upon which such rents or other payments are due and payable by Trustor, receipts or other evidence satisfactory to Beneficiary evidencing the payment thereof. Trustor agrees not to enter into any lease for a term in excess of three (3) years covering all or any material portion of the Property without prior written consent of Beneficiary.

4.08 Actions Affecting The Trust Estate. Trustor, at Trustor's expense, shall appear in and contest any action or proceeding purporting to affect the Trust Estate or the rights or powers of Beneficiary or Trustee. Trustor shall pay all costs and expenses incurred by Beneficiary or Trustee, including attorneys' fees, in any such action or proceeding in which Beneficiary or

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Trustee may appear (or in any appeal from or discretionary review of any judgment, order or decree in any such action or proceeding).

4.09 Books and Records. Trustor shall maintain full and complete books of account and other records reflecting the results of its operations (in conjunction with its other operations as well as its operation of the Trust Estate), and prepare financial statements therefrom in form reasonably in conformity with generally accepted accounting principles, and furnish or cause to be furnished to Beneficiary such information about (i) the financial condition of Trustor, and (ii) the sales and operations of the Trust Estate or portions thereof, as Beneficiary shall reasonably request. Beneficiary shall have the right at all reasonable times and upon reasonable notice, to audit Trustor's books of account and records, all of which shall be made available to Beneficiary and Beneficiary's representatives for such purpose, from time to time, upon Beneficiary's request.

4.10 Compliance With Law. In all instances where non-compliance or non-observance would have a material adverse effect on the Trust Estate or Beneficiary's interest therein considered as a whole, Trustor shall comply with all statutes, orders, requirements or decrees of any federal, state or municipal authority relating to the Property; observe and extend any conditions and requirements necessary to preserve and comply with all zoning variances, licenses, permits (including, but not limited to, and all rights, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the Trust Estate or that have been granted to or contracted for by Trustor in connection with any existing or presently contemplated use of the Property. Trustor may in good faith contest or protest any or all of the actions, matters and things set out in this Paragraph 4.10 so long as such protest or contest is conducted with appropriate action, by bond or otherwise, reasonably determined by Beneficiary to be sufficient to prevent any loss to or forfeiture of the Trust Estate or any part thereof or interest therein.

4.11 Actions by Trustee and/or Beneficiary to Preserve Trust Estate. If Trustor fails to make any payment or to do any act (and such failure shall have a material adverse effect on the Trust Estate considered as a whole) as and in the manner provided in any of the Loan Documents, Beneficiary and/or Trustee, each in its own discretion, without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation, may make or do the same in such manner and to such extent as either may deem necessary to protect the Trust Estate. In connection therewith (without limiting their general powers), Beneficiary and/or Trustee shall have and are hereby given the right, but not the obligation, (i) to enter upon and take

possession of the Trust Estate; (ii) to make additions, alterations, repairs and improvements to the Trust Estate which they or either of them may consider necessary or proper to keep the Trust Estate in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the Trust Estate or the rights or powers of Beneficiary or Trustee; (iv) to pay, purchase, contest or compromise any tax, assessment, water rate, sewer rate, insurance premium, repair, rent, encumbrance, claim, charge, lien or debt which in the judgment of either may affect or appear to affect the Trust Estate, or may be or appears to be prior or superior hereto; and (v) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Trustor shall, immediately upon demand therefor by Beneficiary, pay all monies expended and all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including, without limitation, costs of evidence of title, court costs, appraisal, surveys and attorneys' fees, together with interest on all such expenditures, costs and expense at the Default Rate set out in the Note from the date of each payment until paid, and all such sums shall be secured by this Deed of Trust.

4.12 Survival of Warranties. Trustor shall fully and faithfully satisfy and perform the obligations of Trustor contained in the Loan Documents and any modification or amendment thereof. All warranties of Trustor contained or incorporated by reference in this Deed of Trust or in any of the other Loan Documents shall be deemed made as of and shall survive the close of escrow and funding of the Loan evidenced by the Note and shall remain continuing warranties from the time they are deemed made. All representations of Trustor shall be deemed made as of the Date of Funding. All covenants shall survive the close of escrow and shall continue during any time when any portion of the Obligations remain outstanding or unperformed (except as otherwise provided in the Loan Documents).

4.13 Additional Security. In the event Beneficiary at any time holds additional security for any of the Obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, prior to or concurrently with or subsequent to any sale hereunder.

4.14 Inspections. Beneficiary, through its agents, representatives or employees, is authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Documents.

4.15 Liens. Trustor shall pay and promptly discharge (or bond against the same in a manner which is reasonably determined by Beneficiary to be sufficient to protect the Trust Estate) at Trustor's cost and expense, all liens, encumbrances and charges (except for those items permitted herein such as those excluded from the Warranty of Title in Article II) upon the Trust Estate, or any part thereof or interest therein whether inferior or superior to this Deed of Trust and to keep and maintain the same free from the claim of all persons supplying labor or materials that will enter into the construction of any and all improvements now being erected or constructed or that hereafter may be erected or constructed on the Premises regardless of by whom such labor or materials may have been contracted, and free from the claims of persons providing labor or equipment for the harvesting of timber, and on the failure of Trustor to perform these covenants or any part thereof, as to liens, encumbrances and charges in excess of the amount provided below, thereupon the principal of the Note and all arrears of interest thereon shall at the option of the Beneficiary, but subject to the notice requirements of subparagraph (ii) of Paragraph 7.02, become immediately due and payable in accordance with the Prepayment and Defeasance Provisions in Paragraphs 8 and 9 of the Note, anything contained herein to the contrary notwithstanding. The aggregate amounts for the purposes of this subparagraph are \$5,000,000 if such item or items might or would have priority over the lien of this Deed of Trust and \$20,000,000 in all other instances (except that nothing herein shall permit other financing (as referred to in Paragraph 5.02 hereof) in any amount.

4.16 Tradenames. At the request of Beneficiary, Trustor shall execute a certificate in form reasonably satisfactory to Beneficiary listing the tradenames under which Trustor intends to operate the Trust Estate, and representing and warranting that Trustor does business under no other tradenames with respect to the Trust Estate. Trustor shall immediately notify Beneficiary in writing of any change in said tradenames, and will, upon request of Beneficiary, execute any additional financing statements and cause other certificates to be revised to reflect the change in tradename.

4.17 Statement by Trustor. Trustor, upon ten (10) days' written request from Trustee or Beneficiary, shall furnish an estoppel statement setting forth the amount it deems to be due or outstanding on the Note and a statement of any offsets, counterclaims or defenses to the payment of the Note.

4.18 Litigation. Trustor shall promptly give notice in writing to Beneficiary of any uninsured litigation with claims in excess of \$2,000,000 commenced or known to Trustor to be

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threatened affecting Trustor or the Property other than unlawful detainer proceedings brought by Trustor.

4.19 Financial Statements. Trustor shall submit annual audited financial statements to Beneficiary which will be provided within 120 days after the end of Trustor's fiscal year.

4.20 Further Assurances. Trustor will, at the request of Trustee or Beneficiary, and at Trustor's expense, (i) promptly correct any defect, error or omission which may be discovered in the contents of this Deed of Trust or any Loan Document, or in the execution, acknowledgment or recordation thereof or hereof; (ii) promptly do, execute, acknowledge and deliver any and all such further acts, deeds, conveyances, mortgages, deeds of trust, assignments, estoppel certificates, financing statements and continuations thereof, notices of assignment, transfers, certificates, assurances and other instruments as Trustee or Beneficiary may reasonably require from time to time in order to effectuate the purposes of this Deed of Trust, to subject any of Trustor's properties, rights or interests covered or now or hereafter intended to be covered hereby to the lien and security interest hereby created, to perfect and maintain said lien and security interest, and to convey, grant, assign, transfer and confirm unto Trustee and Beneficiary the rights granted or now or hereafter intended to be granted to Trustee or Beneficiary hereunder or under any other instrument executed in connection with this Deed of Trust or which Trustor may be or become bound to convey, mortgage or assign to Trustee or Beneficiary in order to carry out the intention or facilitate the performance of the provisions of this Deed of Trust.

4.21 Filing and Recording. Trustor will, at the request of Trustee or Beneficiary, and at Trustor's expense promptly record and re-record, file and refile and register and re-register this Deed of Trust, any financing or continuation statements and every other instrument in addition or supplemental to any thereof that shall be required by law or reasonably required by Trustee or Beneficiary in order to perfect and maintain the validity, effectiveness and priority of this Deed of Trust and the lien and security interest intended to be created hereby, or to subject after-acquired property of Trustor or proceeds to such lien and security interest, in such manner and places and within such times as may be necessary to accomplish such purposes and to preserve and protect the rights and remedies of Trustee or Beneficiary. Trustor will furnish to Trustee and Beneficiary evidence satisfactory to them of every such recording, filing or registration.

4.22 Protection of Lien; Defense of Action. If the lien, security interest, validity or priority of this Deed of Trust, or

if title or any of the rights of Trustor, Trustee or Beneficiary in or to the Trust Estate, shall be endangered or questioned, or shall be attacked directly or indirectly, or if any action or proceeding is instituted against Trustor, Trustee or Beneficiary with respect thereto, Trustor will promptly notify Trustee and Beneficiary thereof and will diligently endeavor to cure any defect which may be developed or claimed, and will take all necessary and proper steps for the defense of such action or proceeding, including the employment of counsel, the prosecution or defense of litigation and, subject to Beneficiary's approval, the compromise, release or discharge of any and all adverse claims. Trustee and Beneficiary, or either of them (whether or not named as a party to such actions or proceedings), are hereby authorized and empowered (but shall not be obligated) to take such additional steps as they may deem necessary or proper for the defense of any such action.

ARTICLE V

NEGATIVE COVENANTS OF TRUSTOR

Trustor hereby covenants to Beneficiary and Trustee, and agrees with Beneficiary and Trustee as follows:

5.01 Restrictive Uses. Trustor covenants not to initiate, join in, or consent to any change in any zoning ordinance, private restrictive covenant, assessments proceedings or other public or private restriction limiting or restricting the uses which may be made of the Trust Estate or any part thereof without the prior written consent of Beneficiary in any circumstance where any of the actions referred to in this Paragraph 5.01 would, individually or in the aggregate, have a material adverse effect on the security for the Loan secured hereby considered as a whole.

5.02 Other Financing. Except for the liens securing the Obligations, Trustor shall not create or permit to continue in existence any mortgage, pledge, security interest, lien or charge of any kind securing the repayment of borrowed money (including purchase money and conditional sale liens) upon any of the Trust Estate.

5.03 Due on Sale Provision on Transfer of Property, and Partial or Complete Release of Lien.

A. This Loan will be personal to Trustor and not assignable or transferable. In making it, Beneficiary has relied on Trustor's credit, Trustor's interest in the Trust Estate, the credit, skills and talent of persons and entities related to Maker (the "Cavenham Related Entities" defined in Subparagraph 5.03 C (2) below) and financial market conditions at the time this loan

is made. If after the date hereof the Trustor, or any successor in interest of Trustor, (i) transfers by deed all or part of the Premises without prior written consent of the Beneficiary or (ii) contracts to transfer title to or possession of all or any part of the Premises by deed, lease or similar agreement without the prior written consent of Beneficiary, Beneficiary may declare the entire balance of the Loan immediately due and payable, subject to the provisions of the Timber Sale and Severance Agreement which is Exhibit #2 to the Loan Agreement and the rights of Trustor pursuant to Exhibit #3 to the Loan Agreement. If Beneficiary so declares the Loan immediately due and payable, payment of the principal balance of the Loan, all accrued and unpaid interest and any other sum due Beneficiary under the Loan Documents shall be Defeased as provided in the Loan Documents.

Notwithstanding the foregoing, Trustor may enter into the transactions listed in Exhibit #4 to the Loan Agreement in the ordinary course of business without consent from Beneficiary. No principal payment or Defeasance will be required for such transactions.

B. Beneficiary will further waive its rights under subparagraph A if the following conditions are met: (1) the credit and general business reputation of the proposed transferee is reasonably satisfactory to Beneficiary; and (2) the proposed transferee shall assume full personal liability for payment and performance of the obligations of the Loan Documents or such part thereof as may be acceptable to Beneficiary in its uncontrolled discretion (which may be conditioned on the execution of new Loan Documents acceptable to Beneficiary by such transferee); (3) a charge for administrative costs related to the transfer is paid to Beneficiary; and (4) at Beneficiary's option, the then current Note Rate on the Loan shall be increased to a rate not in excess of then current market rates used by Travelers for loans on timber lands under comparable circumstances.

C. For the purpose of this Paragraph 5.03, and without limiting the generality of the foregoing, the occurrence at any time, of any of the following events shall be deemed to be a transfer of title to the Premises:

(1) Any sale, conveyance, assignment or other transfer of, or (except to the extent otherwise permitted herein or by law) the grant for borrowed money of a security interest in all of or part of the legal and/or equitable title to the Premises.

(2) Any sale, conveyance, assignment or other transfer, directly or indirectly (including upon foreclosure of a security interest) of shares of the stock of Trustor if any person, corporation, other entity or group (within the meaning of

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Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934, as amended (the "Act")) other than a Cavenham Related Entity becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Act), directly or indirectly, of more shares of the issued and outstanding voting stock of Trustor than the aggregate number of shares then beneficially owned by all Cavenham Related Entities, provided, however, if the person or persons, if any, who are determined to be in ultimate control of Trustor on the date of this Application shall die the provisions of this subparagraph (2) shall not apply from and after the time of such death or deaths. "Cavenham Related Entity" shall mean any person, corporation or other entity which is owned or controlled, directly or indirectly, by the same person or persons who are in ultimate control of Trustor on the date hereof.

(3) Any conveyance, grant or other transfer of the legal and/or equitable title to the Premises which occurs by operation of law (other than by eminent domain), by trustees in bankruptcy or receivers or by or through a bankruptcy court.

D. Without limiting the generality of the foregoing, waiver by Beneficiary of its right to accelerate the Loan upon any transfer or contract to transfer, or to require satisfaction of the conditions set forth in subparagraph 5.03 B shall not be deemed a waiver by Beneficiary of its right to accelerate the Loan upon any other transfer or contract to transfer or of its right upon such transfer or contract to transfer to require satisfaction of the conditions set forth above in subparagraph 5.03 B.

No consent by the Beneficiary, nor any waiver of an Event of Default under this Paragraph shall constitute a consent to, or waiver of, any right, remedy or power of Beneficiary upon a subsequent Event of Default under this Paragraph.

E. If a sale or other transfer of all or part of the Premises would otherwise require prepayment of all or part of the Loan, Trustor, shall, in lieu of prepayment of principal, follow the Defeasance procedure in the Loan Documents.

F. Beneficiary and Trustor have agreed on a procedure for release of property from the lien of the Loan Documents. Exhibit #3 of the Loan Agreement sets forth agreed release prices for various portions of the Premises. Beneficiary will release its lien on all or part of the Trust Estate so long as: (i) there is no uncured material default under any of the Loan Documents; (ii) the Loan is Defeased to the extent of an amount equal to the release price set forth in Exhibit #3; (iii) the other requirements and provisions of Exhibit #3 are met;

and (iv) Beneficiary shall then have a valid, enforceable beneficial interest in the Defeasance Trust prior to any other rights or claims.

5.04 Trustor's Business

Nothing herein or in the other Loan Documents Trustor pursuant to this loan shall prohibit, or restrict Trustor from dealing with its business and its liabilities and its assets (other than the Trust Estate) as it deems appropriate.

ARTICLE VI

CASUALTY AND CONDEMNATION

6.01 Casualty. After the happening of any damage or destruction to the Trust Estate or any part thereof, Trustor shall give prompt written notice thereof to Beneficiary, except that such notice need not be given for any such damage or destruction which does not, individually or in the aggregate, have a material adverse effect on the Trust Estate, but such exception shall not be deemed to amend Exhibit #2 to the Loan Agreement in any respect whatsoever.

6.02 Condemnation. If the Trust Estate, or any part thereof or interest therein, is taken or damaged permanently or temporarily by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Trustor receive any notice or information calculated reasonably to inform Trustor of a pending Condemnation, Trustor shall give prompt written notice thereof to Beneficiary and will deliver to Beneficiary copies of any and all papers served in connection therewith.

6.03 Condemnation Proceeds.

A. In the event of loss, damage, destruction or taking of all or any part of the Trust Estate, Beneficiary shall be entitled to all compensation, awards, rights of and other payments, benefits or relief therefor, and Trustor does hereby appoint Beneficiary its attorney-in-fact, coupled with an interest, and authorizes such attorney at the option of the attorney, on behalf of Trustor, its successors and assigns, to commence, appear in and prosecute in its own name any action or proceedings or to make any compromise or settlement in connection with such loss, damage, destruction or taking. All such compensation, awards, damages, rights of action and other payments or relief allowed to Trustor (the "Proceeds") are hereby assigned to Beneficiary and Trustor agrees to execute such further assignments of the Proceeds as Beneficiary or Trustee may require.

B. In the event any portion of the Trust Estate is so taken or damaged, Beneficiary shall have the option, in its sole and absolute discretion, to apply all such Proceeds, after deducting therefrom all costs and expenses actually and reasonably incurred by Beneficiary (regardless of the particular nature thereof and whether incurred with or without suit), including attorney's fees, in connection with such Proceeds, to the Defeasance Trust (or at Beneficiary's option, to payment (without prepayment premium) on the Indebtedness in such order as Beneficiary may determine), or to apply all such Proceeds, after such deductions, to the restoration of the Trust Estate upon such conditions as Beneficiary may determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES UPON DEFAULT

7.01 Events of Default. Any of the following events shall be deemed an Event of Default ("Event(s) of Default") hereunder:

A. Default shall be made in the payment of principal or of any installment of interest or any other sum secured hereby when due; or

B. Default (without cure during the applicable period, if any, for cure) in the performance on the part of Trustor of any term, covenant or condition of the Loan Documents, which relates to the Trust Estate or \$5,000,000 (alone or in the aggregate when considered with other uncured defaults); or

C. Trustor shall file (or have filed against it without dismissal for an aggregate of sixty (60) days, whether or not consecutive) any petition in bankruptcy (whether for liquidation or reorganization) or an order for relief shall be entered as to it under any bankruptcy or reorganization law; or Trustor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or Trustor shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Trustor or of all or any part of the Trust Estate or of any or all of the Rents, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

D. A court of competent jurisdiction shall enter an order, judgment or decree approving a petition, filed by another or others against Trustor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive, from the first day of entry thereof; or any trustee, receiver or liquidator of Trustor or of all or any part of the Trust Estate or of any or all of the Rents shall be appointed without the consent and acquiescence of Trustor and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive (it being understood that none of the time provisions herein shall operate or be construed to extend the sixty (60) day time for removal of a filing against Trustor pursuant to Paragraph 7.01 C); or

E. A writ of execution or attachment or any similar process shall be issued or levied against all or any material part of or interest in the Trust Estate, or any final judgment involving monetary damages in excess of \$5,000,000 (for all such process or judgments outstanding at any one time) shall be entered against Trustor which shall become a lien on the Trust Estate or any portion thereof or interest therein and such execution, or similar process or judgment is not released, bonded, satisfied, vacated or stayed within sixty (60) days after its entry or levy; or

F. The assignment by Trustor, as lessor or sublessor, as the case may be, of the Rents or any part thereof (other than to Beneficiary) without the prior written consent of Beneficiary; or

G. The failure of Trustor to notify Beneficiary in writing immediately after damage or loss to the Trust Estate by reason of fire or other casualty (subject to the provisions of Paragraph 6.01) or Trustor's refusal to permit Beneficiary to inspect such damage or loss; or

H. Except for instances when Trustor is contesting or protesting the same in good faith and has (by bond or other process) taken all necessary action to prevent any forfeiture or loss of any part of the Trust Estate, the failure of Trustor to pay any tax, stamp tax, insurance premium, water rate, sewer rate, assessment or any other charge or payment imposed by any governmental or public authority prior to delinquency (as defined in Paragraph 4.05 hereof) or any insurance premium, repair charge, rent charge, inspection fee, attorneys' fee or other amount properly payable hereunder; or

I. In all instances where such failure would have a material adverse effect on the Trust Estate or the security for the Loan when considered as a whole, the failure of Trustor to: (i) maintain, or proceed with all due diligence to maintain, the Trust Estate in accordance with sound forest land management practices in the regions where parts of the Trust Estate are located; (ii) comply, or proceed with all due diligence to comply, with any order of any governmental department claiming jurisdiction of the Trust Estate; or (iii) comply, or proceed with all due diligence to comply, with all and singular the statutes, requirements, orders and/or decrees of any federal, state or municipal authority relating to the use of the Trust Estate or any part thereof; or

J. The failure of Trustor to make any deposit required pursuant to this Deed of Trust; or

K. (i) the existence of any interests (except for those permitted under the Loan Documents and minor interests not volitionally created or imposed by Trustor) in the Trust Estate other than those of Trustor, Beneficiary, and any tenants of Trustor; or (ii) the sale, conveyance, assignment, transfer, alienation or other disposition of, or the grant of a security interest in, the Trust Estate or any part thereof if any such occurrence is not permitted by Paragraph 5.03 of this Deed of Trust; or

L. Default which gives rise to the acceleration of any material indebtedness under any agreement to which Trustor is a party, which agreement relates to the borrowing of money by Trustor from any person provided that any applicable cure or grace period with respect thereto has expired and such default has not been waived; or

M. Any material representation or warranty made by Trustor or others hereunder or in, under or pursuant to the Loan shall have been false or misleading in any material respect as of the date on which such representation or warranty was made; or

N. Any of the Loan Documents, at any time after their respective execution and delivery and for any reason (other than for the reason that some of the Loan Documents may be affected when the Note is fully defeased), shall cease to be in full force and effect as to all material terms or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Trustor, or any stockholder or group of stockholders who collectively own a majority of the stock of or control Trustor, or Trustor shall deny that it has any further liability

or obligation under any of the Loan Documents to which it is a party; or

O. Any of the Loan Documents (other than the Note, the Loan Application and the Loan Agreement) at any time after their respective execution and delivery and for any reason, shall cease to constitute valid and subsisting liens and/or valid and perfected security interests in and to the Trust Estate; or

P. A breach of or default under any material term, covenant, agreement, condition, provision, representation or warranty contained in any of the Loan Documents or any part thereof, not otherwise specifically referred to in this Paragraph 7.01.

7.02 Limitation of Events of Default.

Notwithstanding anything contained in Paragraph 7.01 to the contrary, none of the foregoing shall be an Event of Default or Events of Default (and until the lapse of time to cure the same set forth below, Beneficiary may not file (or cause Trustee to file) a Statutory Notice of Default or Notice of Sale (if any be required by law) or institute an action for judicial foreclosure based thereon or commence a nonjudicial foreclosure) if:

(i) any payment of interest (and any late charges assessed thereon if such late charge is assessed at least five (5) days before the expiration of the Grace Period) is made within the Grace Period (as defined in the Note), it being agreed, however, that late payment charges permitted by the Note may be assessed on the payment; or

(ii) Maker shall cure an asserted Event of Default hereunder (other than a default in payment of interest or principal hereunder and the occurrence of an event described in Paragraph 7.01 C of this Deed of Trust for which no notice under this subparagraph is required) within thirty (30) days after written notice of such asserted Event of Default is given by Beneficiary to Trustor, or if such default cannot be cured within such thirty (30) days with the exercise of due diligence, if Trustor shall commence to cure the same within such thirty (30) day period and shall diligently proceed with such cure and shall actually cure the same within six (6) months (or such longer period of time as may be reasonably necessary to accomplish such cure). The thirty (30) day notice contemplated by this provision may be given even though the sixty (60) day periods provided in subparagraphs D and E of Paragraph 7.01 have not expired.

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7.03 Acceleration Upon Default, Additional Remedies. A default or breach under any of the Loan Documents is a default or breach of each other Loan Document and any right or remedy available to Beneficiary at law or in equity or under any Loan Document may be availed of as to any default or breach under any Loan Document. Upon the occurrence of any Event of Default, subject to the limitations in Paragraph 7.02 above, Beneficiary may declare all Indebtedness to be immediately due and payable and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind. Thereafter Beneficiary may:

A. In person or by agent or by a receiver appointed by a court, with or without bringing any action or proceeding and without regard to the adequacy of its security, the solvency of Trustor or the existence of waste, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or part thereof or interest therein, to increase the income therefrom or to protect the Trust Estate, sue for or without taking possession of the Trust Estate; and, with or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorneys' fees, upon any Indebtedness, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such Rents and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of Rents, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

B. Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

C. Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Trust Estate to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of each county in which the Trust Estate or any part thereof is located, all as required by law in the State where any such action is undertaken.

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D. Proceed as to both the real and personal property in accordance with Beneficiary's rights and remedies in respect of the Trust Estate, or proceed to sell or otherwise realize on any personal property separately and without regard to the Premises in accordance with Beneficiary's rights and remedies.

7.04 Foreclosure by Power of Sale. Except as otherwise provided with respect to foreclosures in the State of Mississippi under Paragraph 7.05, should Beneficiary (to the extent it may legally do so) elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall so notify Trustee and shall deposit with Trustee those Counterparts of this Deed of Trust where such power is to be so exercised, and if, but only if so required by the law of the State involved, deposit the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

A. Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as is then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation (if required) of such notice of default and after notice of sale has been given as required by law, sell those parts of the Trust Estate at the time and place of sale fixed by it in said notice of sale located in the State where such proceeding is being had (it being agreed that Beneficiary may use the power of sale method of foreclosure in one or more States and foreclose as a mortgage in one or more other States). Trustee may so sell the Trust Estate subject to the power of sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest and best bidder for cash or cash equivalent (as determined by Beneficiary) in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including without limitation Trustor or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers. If allowed by law, Beneficiary, if it is the purchaser, may turn in the Note for endorsement of the purchase price (net over all costs) as a payment on the Note with the Note to be then returned to Beneficiary and to continue to be unpaid as to the remaining balance. To the extent permitted by law, Trustor hereby expressly waives any right of appraisal or right of redemption after sale that Trustor may have at the time of sale or that may apply to the sale.

B. After deducting all costs, fees and expenses of Trustee and of this Trust, including costs of evidence of title in connection with sale and reasonable Trustee's and attorneys' fees for conducting the sale, Trustee shall apply the proceeds of sale first to payment of all sums expended under the terms hereof and not then repaid (with accrued interest at the Default Rate in the Note); second, to payment of all other sums then secured hereby with such payment to be disbursed in accordance with the Prepayment and Defeasance provisions of Paragraphs 8 and 9 of the Note; and third, the remainder, if any, to the person or persons legally entitled thereto.

C. Trustee may, to the extent permitted by applicable law, postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement; or Trustee may, in its discretion, give a new notice of sale. Beneficiary may rescind any notice of default at any time before Trustee's sale by executing a notice of rescission and (if required by law) recording the same. The execution (and recording, if required) of such notice shall constitute a cancellation of any prior declaration of default and demand for sale and of any acceleration of maturity of Indebtedness affected by any prior declaration or notice of default. The exercise by Beneficiary of the right of rescission shall not constitute a waiver of any prior or future default or demand for sale, or of any prior or future notices of default or election to cause the Property to be sold, nor otherwise affect the Note or this Deed of Trust, or any of the rights, obligations or remedies of Beneficiary or Trustee hereunder.

D. In the event the foreclosure sale is not concluded and Beneficiary has allowed Trustor to cure any and all defaults occasioned hereunder, Trustor shall pay to Beneficiary all costs and expenses incurred by Beneficiary as a result of Trustor's default, including without limitation reasonable Trustees' and attorneys' fees and interest on all such costs and expenses at the Default Rate in the Note.

7.05 Mississippi Provisions. In respect to any foreclosure of this Deed of Trust in the State of Mississippi concerning any of the Trust Estate located therein, the following provisions of this Deed of Trust shall apply:

Trustee or its successor shall, at the request of Beneficiary, sell the Trust Estate, or a sufficiency thereof to satisfy the

Obligations then unpaid, after giving notice of the time, place and terms of sale as required (if any be required) by Section 89-1-55 of the Mississippi Code of 1972, as amended. Trustor waives the provisions of Section 89-1-55 of the Mississippi Code of 1972, as amended, and Article 4, Section 111 of the Mississippi Constitution of 1890, as amended, and any other provisions of law which may restrict the right of Trustee to offer at sale more than 160 acres or one-quarter section at a time, and Trustee may offer the Trust Estate described herein as a whole, regardless of how it is described. If the Trust Estate is situated in two or more counties, or in two judicial districts of the same county, Trustee shall have the full power to select in which county or counties, or in which judicial district or districts, the sale of the Trust Estate is to be made, and Trustee's selection shall be binding upon Trustor and Beneficiary and shall permit the sale of the whole to be made in any one of the counties or judicial districts in which part of the Trust Estate is located. Trustee shall have the full power to fix the day, time and place of sale, and may sell the Trust Estate in parcels or as a whole as Trustee may deem best, without taking possession of the same. Trustee shall have full power to conduct any sale through an agent duly appointed by Trustee for that purpose, but said appointment of agent need not be recorded. Trustor waives any right it may have pursuant to Sections 89-5-17 and 89-5-21 of the Mississippi Code of 1972, as amended, to recover a penalty for failure of the Beneficiary, its legal representatives, successors or assigns to comply with the provisions of said Sections. Trustor waives any right it might otherwise have or assert to object to foreclosure, through the use of a single Deed of Trust, of all the Premises in the State of Mississippi.

7.06 Proof of Default. In the event of a sale of the Trust Estate or any part thereof, and the execution of a deed or deeds therefor, the recital therein of default, and of recording notice of breach and election of sale, and of the elapsing of the required time (if any) between the foregoing recording and the following notice, and of the giving of notice of sale, and of a demand by Beneficiary, or its successors or assigns, that such a sale should be made, shall be conclusive proof of such default, recording, election, elapsing of time, and of the due giving of such notice, and that the sale was regularly and validly made on due and proper demand by Beneficiary, its successors or assigns; and any such deed or deeds with such recitals therein shall be effectual and conclusive against Trustor, its successors and assigns, and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligations to see to the proper application of the purchase money.

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7.07 Protection of Security. If any Event of Default shall have occurred and shall be continuing, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligations or defaults hereunder, may: (i) make, perform or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary and Trustee being authorized to enter upon the Trust Estate for such purpose; (ii) appear in and defend any action or proceeding purporting to affect Trustor's obligations and/or the Note, the Trust Estate or the rights or powers of Beneficiary or Trustee; (iii) pay, purchase or compromise any encumbrance, charge or lien that in the judgment of Beneficiary or Trustee is prior or superior hereto; and (iv) in exercising any such powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees. Trustor hereby agrees to repay upon demand all sums expended by Trustee or Beneficiary pursuant to this Paragraph with annual interest from the date of expenditure at the Default Rate provided in the Note, and such sums, with interest, shall be secured hereby.

7.08 Appointment of Receiver. If any Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Trust Estate or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Trustor agrees that an employee of Beneficiary may act as receiver and waives any objection it might otherwise have or assert to that appointment. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided in Paragraph 7.03(A) and shall continue as such and exercise all such powers until the date of confirmation of sale of the Trust Estate unless such receivership is sooner terminated.

7.09 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of the Indebtedness or the Obligations and to exercise all rights and powers under this Deed of Trust or under any Loan Document or other agreement or any laws now or hereafter in force, notwithstanding that some or all of the Indebtedness and the Obligations may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any

other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No right or remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Trustee or Beneficiary, or to which either of them may be otherwise entitled, may be exercised concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary, and either of them may pursue inconsistent remedies.

Furthermore, Trustor acknowledges and agrees that the Premises are located in one or more States, and therefore Trustee and Beneficiary, and each of them, shall be allowed to enforce payment and performance of the Indebtedness or the Obligations, and to exercise all rights and powers provided under this Deed of Trust, the other Loan Documents, or any of them, or under any provision of law, by one or more proceedings, whether contemporaneous, consecutive or both, to be determined by Trustee and Beneficiary, and each of them, in their absolute discretion, in any one or more of the States in which the Premises are located. Neither the acceptance of this Deed of Trust, or of any other Loan Document, nor its enforcement in one State, whether by Court action, power of sale, or otherwise, shall prejudice or in any way limit or preclude enforcement of the Loan Documents, or any of them, through one or more additional proceedings in that State or in any other State.

7.10 Request for Notice. Trustor hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in the first Paragraph of this Deed of Trust, subject to the right to change such address pursuant to Paragraph 8.06 hereof.

ARTICLE VIII

MISCELLANEOUS

8.01 Governing Law; Enforceability; Severability. Except for matters relating to the validity and/or enforcement of the security interest of Beneficiary in the Trust Estate, which shall be determined in accordance with the applicable laws of the State in which the affected portion of the Trust Estate is situated, with the laws of each such State applying to the Trust Estate in

such State, the law of the State of Oregon shall govern the validity, interpretation, construction and performance of this Deed of Trust or and all other Loan Documents. If, for any reason or to any extent any word, term, provision or clause of this Deed of Trust or any of the other Loan Documents, or its application to any person or situation, shall be found by a court or other adjudicating authority to be invalid or unenforceable, the remaining words, terms, provisions or clauses shall be enforced, and the affected work, term, clause or provision shall be applied, to the fullest extent permitted by law.

8.02 Amendment; No Implied Waiver. This instrument cannot be modified, waived, discharged or terminated orally, but only by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge or termination is asserted. No waiver by Beneficiary of any default or breach by Trustor hereunder shall be implied from any omission by Beneficiary to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default in the waiver and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Beneficiary to or of any act by Trustor requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

8.03 Trustor's Waiver of Rights. Along with any and all agreements, waivers and relinquishments made by Trustor under this Deed of Trust and the other Loan Documents, Trustor waives (i) the benefit of all laws now existing or that hereafter may be enacted providing for any appraisal before sale of any portion of the Trust Estate; and (ii) the benefit of all laws that may be hereafter enacted in any way extending the time for enforcing collection of the Note or the Indebtedness or creating or extending a period of redemption from any sale made in collecting the Indebtedness. Trustor acknowledges and agrees that the Premises are located in one or more States and therefore Trustor waives and relinquishes any and all rights it may have, whether at law or equity, to require Trustee and Beneficiary, and each of them, to proceed to enforce or exercise any rights, powers and remedies they may have under the Loan Documents in any particular manner, in any particular order, or in any particular State or other jurisdiction. Trustor further agrees that any particular proceeding, including without limitation foreclosure through court action (in a state or federal court) or power of sale, may be brought and prosecuted in the local or federal courts of any one or more States as to all or any part of the Premises, wherever

located, without regard to the fact that any one or more prior or contemporaneous proceedings have been instituted elsewhere with respect to the same or any other part of the Premises. To the fullest extent that Trustor may do so, Trustor agrees that Trustor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any redemption, valuation, appraisal, stay of execution or extension, and Trustor, for Trustor, Trustor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Trust Estate, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, marshalling, stay of execution, extension, and notice of election to mature or declare due the whole of the secured indebtedness in the event of foreclosure of the liens hereby created. Trustor further agrees that if any law referred to in this Paragraph and now in force, of which Trustor, Trustor's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Paragraph, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Paragraph. Trustor expressly waives and relinquishes any and all rights and remedies that Trustor may have or be able to assert by reason of the laws of the State of jurisdiction pertaining to the rights and remedies of sureties.

Trustor makes these agreements, waivers and relinquishments knowingly and as a material inducement to Beneficiary in making the Loan, after consulting with and considering the advice of independent legal counsel selected by Trustor.

8.04 Limitation of Interest. It is the intent of Trustor and Beneficiary in the execution of this Deed of Trust and all other Loan Documents to contract in strict compliance with the usury laws governing the Loan evidenced by the Note. In furtherance thereof, Beneficiary and Trustor stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws governing the Loan evidenced by the Note. Trustor or any guarantor, endorser or other party now or hereafter becoming liable for the payment of the Note shall never be liable for unearned interest on the Note and shall never be required to pay interest on the Note at a rate in excess of the maximum interest that may be lawfully charged under the laws governing the Loan evidenced by the Note, and the provisions of this Paragraph shall control over all other provisions of the Note and any other instrument executed in connection herewith which may be in apparent conflict herewith. In the event any holder of the Note shall collect monies that are deemed to constitute interest

and that would otherwise increase the effective interest rate on the Note to a rate in excess of that permitted to be charged by the laws governing the Loan evidenced by the Note, all such sums deemed to constitute interest in excess of the legal rate shall be applied to the unpaid principal balance of the Note and if in excess of such balance, shall be immediately returned to the Trustor upon such determination.

8.05 Reconveyance by Trustee; Release of Deed of Trust.
Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The grantee in such reconveyance may be designated and described as "the person or persons legally entitled thereto," and the recitals in such reconveyance of any matter or facts shall be conclusive proof of the truthfulness thereof.

Beneficiary shall request and Trustee shall provide partial releases and reconveyances when Trustor is entitled to a release of the Premises or any part thereof pursuant to Exhibit #3 to the Loan Agreement.

8.06 Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust or any other Loan Document, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the address for the recipient party set forth at the beginning of this Deed of Trust. Any such notice, demand, request or other communication to Beneficiary shall indicate, "Attention: Real Estate Investment Department" and a copy thereof shall be directed to James H. McAlister, Bancroft, Avery & McAlister, 601 Montgomery Street, Suite 900, San Francisco, California 94111. Any such notice, demand, request or other communication to Trustor shall indicate, "Attention: President" and a copy thereof shall be directed to G.O. Holdings Management, Inc., 650 Fifth Avenue, Suite 2400, New York, New York 10019-6179, and shall indicate, "Attention: General Counsel." Any party or other recipient may at any time change its address for such notices by delivering or mailing to the other parties hereto and other recipients, as aforesaid, a notice of such change. Any notice given by mail as aforesaid shall be deemed received the third business day following the mailing of such notice.

8.07 Acceptance by Trustee. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

8.08 Captions. The captions or headings at the beginning of each Paragraph hereof are for the convenience of the parties and are not a part of this Deed of Trust.

8.09 Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the Indebtedness, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially secured portion of the Indebtedness shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the Indebtedness, and all payments made on the Indebtedness, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Indebtedness that is not secured or fully secured by the lien of this Deed of Trust.

8.10 Subrogation. To the extent that proceeds of the Note are used, directly or indirectly, to pay off, satisfy or discharge, in whole or in part, any outstanding lien, charge or prior encumbrance against the Trust Estate or any part thereof, then as additional security hereunder Beneficiary shall be subrogated to any and all rights, superior titles and liens owned or claimed by any owner or holder of such outstanding liens, charges and prior encumbrances, however remote and irrespective of whether said liens, charges or encumbrances have been released of record by the holder thereof upon payment.

8.11 No Merger. If both the lessor's and lessee's estates under any lease or any portion thereof that constitutes a part of the Trust Estate shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger, and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and created by Trustor shall not be destroyed or terminated by application of the law of merger or as a matter of law as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice to such tenant or subtenant.

8.12 Successor Trustee. Beneficiary may, from time to time, by written instrument executed and acknowledged by Beneficiary, mailed to Trustor and recorded in each county in which the Trust Estate is located, and by otherwise complying with the provisions of the applicable law of the applicable jurisdiction, substitute a successor or successors to the Trustee named herein or acting hereunder. Any successor Trustee shall have all the powers, rights and duties granted to the Trustee named herein.

8.13 Attorneys' Fees.

If the Beneficiary refers the Note secured hereby to an attorney for collection or seeks legal advice following a default alleged in good faith under the Note; or, the Holder is the prevailing party in any action instituted on the Note (or any appeal from or discretionary review of any judgment, order or decree in any such action); or, if any other judicial or nonjudicial proceeding is instituted by Beneficiary or any other person, and an attorney is employed by Beneficiary to appear in any such action or proceeding (or in any appeal from or discretionary review of such action or proceeding), or to reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in any Loan Document, including but not limited to proceedings under federal bankruptcy law, in eminent domain, under the probate code, or in connection with any state or federal tax lien, then Trustor promises to pay reasonable attorneys' fees for services performed by Beneficiary's attorneys, and all reasonable costs and expenses incurred incident to such employment.

IN WITNESS WHEREOF, Trustor has caused this Deed of Trust to be executed as of the day and year first above written and Beneficiary has accepted the same.

NOTICE TO BORROWER (TRUSTOR)

DO NOT SIGN THIS LOAN AGREEMENT (DEED OF TRUST) BEFORE YOU READ IT. THIS LOAN AGREEMENT (DEED OF TRUST) PROVIDES FOR THE PAYMENT OF A PREMIUM IF, UNDER SPECIFIED CIRCUMSTANCES, THE LOAN IS REPAYED PRIOR TO THE DATE PROVIDED FOR REPAYMENT IN THIS LOAN

14794

AGREEMENT (DEED OF TRUST). THIS LOAN AGREEMENT (DEED OF TRUST)
ALSO AUTHORIZES THE LENDER TO REFUSE TO ACCEPT REPAYMENT OF THE
LOAN UNDER ALL OTHER CIRCUMSTANCES PRIOR TO THE DATE PROVIDED FOR
REPAYMENT IN THE LOAN AGREEMENT (DEED OF TRUST).

CAVENHAM FOREST INDUSTRIES INC.
A Delaware Corporation

Witness

Witness

By

Russell A. Carson
Russell A. Carson
Vice President

8747E/609B

State of California)

County of San Francisco)

) ss.

14795

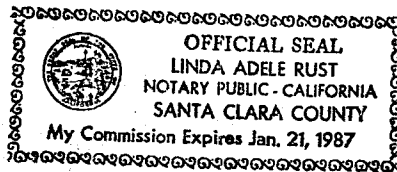
Personally appeared before me, the undersigned authority in and for the said County and State, within my jurisdiction, the within named Russell A. Carson, who acknowledged that he is the Vice President of Cavenham Forest Industries Inc., a Delaware corporation, and that for and on behalf of the said corporation, and as its act and deed, he signed, sealed and delivered the above and foregoing Deed of Trust for the purposes mentioned on the day and year therein mentioned, after first having been duly authorized by said corporation so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 14 day of August, 1986.

Linda Adele Rust
NOTARY PUBLIC

My Commission Expires:

1-21-87



8747E/609B

14796

EXHIBIT B

TO
DEED OF TRUST
CAVENHAM FOREST INDUSTRIES INC.

LIST OF MISSISSIPPI COUNTIES

Amite
Claiborne
Copiah
Covington
Forrest
Franklin
Hancock
Harrison
Jackson
Jasper
Jefferson
Jefferson Davis
Lamar
Lawrence
Lincoln
Madison
Marion
Pearl River
Perry
Pike
Rankin
Simpson
Smith
Stone
Walthall

8747E/609B

EXHIBIT "A"

ALL THAT REAL PROPERTY SITUATED IN THE STATE OF OREGON,
COUNTY OF KLAMATH, DESCRIBED AS FOLLOWS:

14797

EXHIBIT "A"

14798

In Township 29 South, Range 7 East of the Willamette Meridian, in
the County of Klamath, State of Oregon:

Section 9	: All
Section 10	: All
Section 11	: All
Section 12	: W $\frac{1}{2}$, SE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$
Section 13	: All
Section 14	: All
Section 15	: All
Section 16	: All
Section 21	: All
Section 22	: All
Section 23	: All
Section 24	: All
Section 25	: All
Section 26	: All
Section 27	: All
Section 28	: All
Section 33	: All
Section 34	: All
Section 35	: All
Section 36	: All

In Township 30 South, Range 7 East of the Willamette Meridian, in
the County of Klamath, State of Oregon:

Section 1	: All
Section 2	: All

14799

Section 3	: All
Section 4	: All
Section 9	: All
Section 10	: All
Section 11	: All
Section 12	: All
Section 13	: All
Section 14	: All
Section 15	: All
Section 16	: NE $\frac{1}{4}$ NE $\frac{1}{4}$
Section 22	: E $\frac{1}{2}$
Section 23	: All
Section 24	: All
Section 25	: All
Section 26	: All
Section 27	: E $\frac{1}{2}$
Section 34	: All
Section 35	: All
Section 36	: All

In Township 31 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

Section 1	: Government Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$
Section 2	: All
Section 3	: All
Section 4	: Government Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$
Section 7	: Government Lots 2, 3 and 4
Section 8	: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$

14800

Section 9	: All
Section 10	: All
Section 11	: All
Section 12	: W $\frac{1}{2}$, EXCEPTING THEREFROM a strip of land of varying width in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, Township 31 S., R 7 EWM., as described in Quitclaim Deed from Crown Zellerbach Corporation to Investors Acquisition Corporation dated November 12, 1971 recorded June 26, 1972 in Volume M-73 at page 8024.
Section 13	: NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$
Section 14	: All
Section 15	: All
Section 16	: E $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 17	: N $\frac{1}{2}$ N $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$, W $\frac{1}{2}$
Section 18	: Government Lots 1, 2, 3 and 4
Section 19	: Government Lots 1, 2, 3 and 4
Section 20	: All
Section 21	: All
Section 22	: All
Section 23	: All
Section 24	: W $\frac{1}{2}$ W $\frac{1}{2}$, SE $\frac{1}{4}$
Section 25	: All
Section 26	: All
Section 27	: E $\frac{1}{2}$ E $\frac{1}{2}$
Section 34	: NE $\frac{1}{4}$ NE $\frac{1}{4}$
Section 35	: All
Section 36	: All

continued ..

In Township 32 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

- Section 1 : Government Lots 1, 2, 3 and 4, S $\frac{1}{2}$ N $\frac{1}{2}$, SW $\frac{1}{4}$
- Section 2 : All
- Section 3 : S $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 10 : NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 11 : All
- Section 12 : W $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$
- Section 13 : All
- Section 14 : All
- Section 23 : All
- Section 24 : All
- Section 25 : N $\frac{1}{2}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 26 : W $\frac{1}{2}$ SW $\frac{1}{4}$
- Section 35 : All
- Section 36 : N $\frac{1}{2}$, SE $\frac{1}{4}$
- : All

In Township 33 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

- Section 1 : Government Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$
- Section 11 : E $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$
- Section 12 : W $\frac{1}{2}$
- Section 13 : W $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 14 : E $\frac{1}{2}$
- Section 23 : E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
- Section 24 : NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$
- Section 26 : N $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$

In Township 28 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

- Section 23 : W $\frac{1}{2}$ NW $\frac{1}{4}$

In Township 29 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

Section 7

: E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, Government Lots 2, 3, 4, E $\frac{1}{2}$ of Government Lot 1, E $\frac{1}{2}$ W $\frac{1}{2}$ of Government Lot 1, LESS that portion deeded to Delford Lang described as beginning at a point on the North boundary of said Government Lot 1, 174.98 feet East of the Northwest corner; thence continuing East along said North line a distance of 382.6 feet; thence South parallel to the West boundary of said Lot 1 a distance of 382.6 feet; thence West parallel to said North boundary a distance of 382.6 feet; thence Northerly a distance of 382.6 feet, to the point of beginning.

Section 8

: All

Section 9

: All

Section 10

: All

Section 11

: All

Section 12

: All

Section 13

: All

Section 14

: All

Section 15

: All

Section 16

: All

Section 17

: All

Section 18

: All

Section 19

: All

Section 20

: All

Section 21

: All

Section 22

: All

Section 23

: All

Section 24

: All

Section 25

: All

Section 26	: All
Section 27	: All
Section 28	: All
Section 29	: All
Section 30	: All
Section 31	: All
Section 32	: All
Section 33	: All
Section 34	: All
Section 35	: All
Section 36	: All

In Township 30 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

Section 1	: All
Section 2	: All
Section 3	: All
Section 4	: All
Section 5	: All
Section 6	: All
Section 7	: All
Section 8	: All
Section 9	: All
Section 10	: All
Section 11	: $N\frac{1}{2}$, $N\frac{1}{2}SW\frac{1}{4}$, $SW\frac{1}{4}SW\frac{1}{4}$, $SE\frac{1}{4}$
Section 12	: All
Section 13	: $N\frac{1}{2}$, $N\frac{1}{2}SW\frac{1}{4}$, $NW\frac{1}{4}SE\frac{1}{4}$

- Section 14 : NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$
- Section 15 : S $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 16 : N $\frac{1}{2}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 17 : All
- Section 18 : All
- Section 19 : All
- Section 20 : N $\frac{1}{2}$, SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 21 : N $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 29 : W $\frac{1}{2}$
- Section 30 : All
- Section 31 : NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ and Government Lot 1
- Section 32 : E $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$

In Township 31 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

- Section 30 : E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ and Government Lots 1, 2, 3 and 4
- Section 31 : Government Lots 5 and 6 and the W $\frac{1}{2}$ of Government Lots 1 and 2, the W $\frac{1}{2}$ E $\frac{1}{2}$ of Government Lots 1 and 2, the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Government Lot 1.

In Township 32 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

- Section 3 : SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ and Government Lots 2, 3 and 4.
- Section 4 : S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ and Government Lots 1 and 2
- Section 5 : E $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 8 : N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 9 : All
- Section 10 : W $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$
- Section 16 : NE $\frac{1}{4}$, W $\frac{1}{2}$

Section 18

: E $\frac{1}{2}$ W $\frac{1}{2}$ and Government Lots 1, 2, 3 and 4

Section 21

: W $\frac{1}{2}$ NW $\frac{1}{4}$

In Township 29 South, Range 9 East of the Willamette Meridian in the County of Klamath, State of Oregon:

Section 7

: All

Section 8

: All

Section 9

: W $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$

Section 16

: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 17

: All

Section 18

: All

Section 19

: All

Section 20

: All

Section 21

: W $\frac{1}{2}$ W $\frac{1}{2}$

Section 29

: All

Section 30

: All

Section 31

: All

Section 32

: N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ and Government Lot 1

In Township 30 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

Section 6

: NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ and Government Lots 1, 2, 3 and 4

Section 7

: E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ and Government Lots 1, 2, 3 and 4

Section 8

: NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 17

: W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 18

: NE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ and Government Lots 1, 2 and 3

EXHIBIT "A"

14806

TOGETHER WITH all of the right, title and interest of Cavenham Forest Industries Inc., in and to any other lands in said County and State, not hereinabove described, title to which may be either fee or easement, and which lands are roads.

ALSO EXCEPTING THEREFROM, those lands set out on the attached
1 sheets and labeled "Excluded Properties" said further
excluded lands being more particularly described as follows :

1000W 071186

KLAMATH COUNTY, OREGON

TRACT: 29S08E

EXCLUDED PROPERTIES

14808

ACRES

Section 7:

That portion of the following described parcel commonly known as Yamsay
Siding: 50.00

EX, EXW, GL 2, 3, 4. EX of GL 1, EXW of GL 1, EXW of GL 1, LESS that portion deeded to DELFORD LANG described as beginning at a point on the North boundary of said GL 1, 174.98 feet East of the Northwest corner; thence continuing East along said North line a distance of 382.6 feet; thence South parallel to the West boundary of said Lot 1 a distance of 382.6 feet; thence West parallel to said North boundary a distance of 382.6 feet; thence Northerly a distance of 382.6 feet, to the POINT OF BEGINNING. Said exception contains 3.36 acres, more or less.

Section 18:

That portion of the following described parcel commonly known as Yamsay
Siding: 50.00

All of Section 18.

All being in Township 29 South, Range 8 East, W.M.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of August _____ A.D., 19 86 at 9:30 o'clock A M., and duly recorded in Vol. M86
of Mortgages _____ on Page 14759

FEE \$201.00

Evelyn Biehn, County Clerk
By *Ram Smith*

EXCLUDED PROPERTIES - 1