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Klamath County, Oregon

Vol. 1788 Page 5292

K-40283
MORTGAGE AND SECURITY AGREEMENT

THIS INDENTURE, made this 5th day of April, 1988,
between CROWN PACIFIC, LTD., an Oregon corporation, whose
address is 110 N. Marine Drive, Portland, Oregon 97217
("Mortgagor"), and CAPITAL CONSULTANTS, INC., AGENT, whose
address is 2300 S.W. First Avenue, Portland, Oregon 97201
("Mortgagee");

WITNESSETH:

WHEREAS, the Mortgagor is justly indebted to the
Mortgagee in the sum of Five Million and No/100 Dollars
(\$5,000,000.00), which sum, with interest thereon, is to be
repaid according to the terms of a certain note of even date
herewith, providing for the payment thereof on the 29th day of
September, 1988.

NOW THIS INDENTURE WITNESSETH, that Mortgagor, for the
better securing the payment to Mortgagee of the said
indebtedness, with the interest thereon, and also for and in
consideration of the sum of One Dollar (\$1.00) to Mortgagor in
hand paid by Mortgagee, does hereby assign, grant, sell,
release, set over and convey unto Mortgagee and grants a
security interest to Mortgagee in and to all of the
following-described property, (the "Property") to-wit:

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GRANTING CLAUSES

I. All of the right, title and interest of Mortgagor now owned or hereafter acquired in and to all those certain lots, pieces or parcels of real property located in the Counties of Bonner and Boundary, State of Idaho, more particularly described in EXHIBIT A attached hereto and by this reference incorporated herein;

II. All of the right, title and interest of Mortgagor now owned or hereafter acquired in and to the land and all timber under 11" DBH of every kind, size and species, now or hereafter growing, standing or lying or being on the said land located in Klamath and Lake Counties, State of Oregon, more particularly described in EXHIBIT A attached hereto and by this reference incorporated herein; and

III. All of the right, title and interest of Mortgagor in and to all timber of every kind, size and species, and all natural increase thereof, now or hereafter in perpetuity growing, standing or lying or being on the property located in Wheeler, Jefferson and Crook Counties, State of Oregon, more particularly described in EXHIBIT A attached hereto and by this reference incorporated herein, and all timber as and when severed and removed from such property ("Timber");

TOGETHER WITH all timber of every kind, size and species, and all natural increase thereof, now or hereafter growing, standing, lying or being on the Property and all timber as and when severed and removed from the Property ("Timber") (this

clause does not apply to the property described in item II.
above);

TOGETHER WITH all rents, issues, profits, payments, royalties, income and other benefits from the Property (collectively the "Rents");

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

TOGETHER WITH all right, title and interest of Mortgagor in and to all options, agreements and contracts for the purchase and sale of all or any part or parts of the Property or interest therein;

TOGETHER WITH all easements, rights-of-way and rights used in connection with the Property 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 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 on the Property (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 Mortgagor 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 hereinafter defined, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

To the extent any of the property is personal property, Mortgagor, as debtor, grants a security interest therein to Mortgagee, as secured party, pursuant to the applicable Uniform Commercial Code (the "UCC"), on the terms and conditions contained herein except that where any provision hereof is in conflict with the UCC, the UCC shall control.

The entire estate, property and interest hereby conveyed by Mortgagor to Mortgagee is herein sometimes referred to as the "Trust Estate."

FOR THE PURPOSE OF SECURING:

A. Payment of indebtedness in the total principal amount of Five Million and No/100 Dollars (\$5,000,000.00) with interest thereon (the "Indebtedness"), evidenced by that

certain Promissory Note of even date herewith (the "Note") executed by Mortgagor, which has been delivered to and is payable to the order of Mortgagee, and which by this reference is hereby made a part hereof, and any and all modifications, extensions and renewals thereof. The Note is guaranteed by Peter W. Stott ("Guarantor").

B. Performance of all obligations and agreements of Mortgagor contained in this Mortgage, the Note 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 Mortgagee.

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

This Mortgage 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 property situated in the county where such Counterpart is recorded (other than the Counterpart recorded in Wheeler County, Oregon, where the EXHIBIT A includes a description of all encumbered property in the States of Oregon and its Counterpart recorded in Bonner County, Idaho, where EXHIBIT A includes a description of all encumbered property in the State of Idaho). This is

Counterpart number 3 for recording in Klamath County,
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 Mortgage is necessary or desirable.

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

This Mortgage is given and accepted on the following
terms and conditions, which Mortgagor will promptly and faith-
fully observe and perform:

1. Payment and Performance.

Mortgagor shall pay to Mortgagee promptly when due all
amounts payment of which is secured by this Mortgage and shall
strictly perform all Obligations imposed upon Mortgagor by this
Mortgage, the Note and any other agreements among the parties
related to this transaction.

2. Timber Provisions.

2.1 Prohibition on Cutting. Mortgagor shall not
without prior written consent from the Mortgagee cut or remove
any Timber whatsoever (whether merchantable or unmerchantable)
from any of the Property.

2.2 Compliance with Timber Law. Mortgagor, as applicable, shall

(a) Comply in all respects with the Oregon Forest Practices Act and the similar Idaho acts, all rules and regulations issued by the Oregon Board of Forestry and/or the Idaho Board of Forestry, and any other state and federal laws or regulations applicable to Mortgagor's ownership, use or operations on the Property, including without limitation the rules and regulations of the Oregon Wildlife Division, and comparable State of Idaho acts, rules and regulations;

(b) Maintain memberships in forest protective associations where any of the Property falls within a forest protective district under the jurisdiction of any such association;

(c) Pay as due any forest patrol assessments of the State Forester or a forest protective association described in (b); and

(d) Within thirty (30) days from any determination that an operation on the Property has resulted in an additional hazard, obtain a release of such additional hazard from the State Forester by performing all necessary burning or other work to reduce the hazard or by paying a fee designated by the State Forester for such release.

2.3 General Timber Management Obligations. Mortgagor covenants and agrees that, until the payment in full of all amounts secured by this Mortgage:

(a) The Property shall be operated as a timber producing tract, having due regard to soil conditions, stand arrangements and other factors relevant to the conduct of sound silvicultural and harvesting practices.

(b) Mortgagor shall not permit grazing of live-stock on the Property in such a way as to be materially injurious to forest regeneration, soils or forest growth, or use fire for eradication of noxious growth or for any other reason whatsoever except with the prior written consent of the Mortgagee.

(c) All measures shall be taken which are reasonably necessary to protect the Timber from loss by fire, which measures shall be at least equal to fire control practices generally followed on timber-producing property in the same general area, including the adoption of suitable prevention and control measures, the maintenance of adequate fire-fighting equipment, proper disposal of slash and slabs and full cooperation with local, state and federal agencies on matters of fire prevention and control.

(d) An adequate system of existing roads and roadways shall be maintained in such manner as to permit

reasonable access of mobile fire-fighting equipment to all parts of the Property.

(e) All reasonable measures shall be taken to insure proper regeneration of Timber on the Property.

(f) There shall be maintained at all times in accordance with sound silvicultural practices all reasonable and effective measures to prevent the development of and to control the spread of disease and insect infestation on the Property.

(g) Mortgagor will furnish to Mortgagee, as well as to the agents of Mortgagee, full access to the Property and to all of Mortgagor's personnel, books, maps, aerial photographs, financial and other records, scaling sheets, timber cruises, documents, facilities, forest management plans and projections relating to the Property as requested from time to time by Mortgagee.

(h) Mortgagee may appoint a consulting forester of Mortgagee's choice to make such inspections and to perform other services deemed reasonably necessary to insure compliance with the provisions of this Mortgage. Mortgagor agrees to pay for such inspections and other services.

3. Possession and Maintenance of the Property.

3.1 Possession. Until in default, Mortgagor may remain in possession and control of and operate and manage the Property.

3.2 Compliance with Governmental Requirements.

Mortgagor shall promptly comply with all laws, ordinances and regulations of all governmental authorities applicable to the ownership, use, occupancy or management of the Property, including without limitation the timber-related laws described in 2.2 above. Mortgagor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Mortgagee's interest in the Property is not jeopardized.

3.3 Duty to Protect. Mortgagor shall do all other acts, in addition to those set forth in this Mortgage, that from the character and use of the Property are reasonably necessary to protect and preserve the security.

4. Taxes and Liens.

4.1 Payment. Mortgagor shall pay when due all taxes and assessments levied against or on account of the Property, including without limitation any harvest or severance taxes, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Mortgagor shall maintain the Property free of any liens having priority over or equal to the interest of Mortgagee under this Mortgage, except for the lien of taxes and assessments not due and except as otherwise provided in Section 4.2.

4.2 Right to Contest. Mortgagor may withhold payment of any tax, assessment or claim in connection with a good faith

dispute over obligation to pay, so long as Mortgagee's interest in the Property is not jeopardized. If the Property is subject to a lien that is not discharged within fifteen (15) days, Mortgagor shall deposit with Mortgagee cash, a sufficient corporate surety bond or other security satisfactory to Mortgagees in an amount sufficient to discharge the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale under the lien. In any contested proceedings, Mortgagor will defend itself and Mortgagee and will name Mortgagee as an additional obligee under any surety bond, and Mortgagor shall satisfy any final adverse judgment before enforcement against the Property.

4.3 Evidence of Payment. Mortgagor shall promptly furnish evidence of payment of taxes and assessments to Mortgagees on Mortgagee's demand and shall authorize the appropriate county official to deliver to Mortgagee at any time a written statement of the taxes and assessments against the Property.

5. Warranties of Mortgagor.

5.1 Title. Mortgagor warrants that it holds merchantable title to the Property in fee simple free of all encumbrances other than those set forth in the attached EXHIBIT A.

5.2 Defense of Title. Subject to the exceptions in the paragraph above, Mortgagor warrants and will forever defend the title against the lawful claims of all persons. In the

event any action or proceeding is commenced that questions Mortgagor's title or the interest of Mortgagee under this Mortgage, Mortgagor shall defend the action at its expense.

5.3 Hazardous Waste. To the best of Mortgagor's knowledge, Mortgagor warrants that no hazardous substance or toxic pollutant has been deposited or stored on any of the Property by the Mortgagor or otherwise in contravention of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.) or of any other similar federal, state or local law, rule or regulation. Mortgagor will not permit or conduct either the generation, treatment, storage or disposal of hazardous waste, as defined in the Resource Conservation and Recovery Act, on, in, at or about the Property or the disposal on the Property of petroleum or any hazardous substance, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act, and will perform all remedial actions reasonably necessary as the result of the presence of any such hazardous wastes, petroleum or hazardous substances on, at or near the Property, regardless of by whom caused other than if caused by Mortgagee. Mortgagor shall be personally liable for any loss, damage or liability suffered by the Mortgagee due to the presence of any such hazardous waste, petroleum or hazardous substance at, on or near the Property, and Mortgagor shall be liable for compliance (and for costs associated therewith) with any directive or order by any governmental entity relating to the presence of

any such hazardous waste, petroleum or hazardous substance on, at or near the Property, regardless of by whom caused other than if caused by Mortgagee. Mortgagor will deliver promptly to the Mortgagee, (i) copies of any documents received from the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning the Mortgagor's ownership, use or operations upon the Property; and (ii) copies of any documents submitted by the Mortgagor to the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning the Property.

6. Condemnation.

6.1 Application of Net Proceeds. If all or any part of the Property is condemned, Mortgagee may elect to require that all or any portion of the net proceeds of the condemnation be applied on the indebtedness secured by this Mortgage. The "net proceeds" shall mean the total amount available after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Mortgagor and Mortgagee in connection with the taking by condemnation. Sale of all or any part of the Property to a purchaser with the power of eminent domain in the face of a threat or the probability of the exercise of the power shall be treated as a taking by condemnation to which this Section shall apply.

6.2 Proceedings. If any proceedings in condemnation are filed, Mortgagor shall promptly take such steps as may be necessary to defend the suit and obtain the award.

7. Transfer by Mortgagor.

Mortgagor shall not option, sell, agree to sell, assign, convey, subcontract or otherwise transfer any part or all of the Property or Timber or any interest in the Property or Timber, including without limitation any agreements for the cutting or removal of timber, without the prior written consent of Mortgagee, which consent will not be unreasonably withheld.

8. Release On Full Performance.

Upon payment of all of the indebtedness due pursuant to the Note and performance of all of the Obligations imposed upon Mortgagor under this Mortgage, Mortgagee shall, if requested, execute and deliver to Mortgagor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file.

9. Default.

The following shall constitute events of default:

(a) Failure of Mortgagor to pay any portion of the indebtedness secured by this Mortgage when it is due.

(b) Failure of Mortgagor to comply with any term or obligation of this Mortgage (other than the payment of

money) for thirty (30) days after notice from Mortgagee to Mortgagor.

(c) Failure of Mortgagor to pay or perform any Obligation.

10. Rights and Remedies On Default.

10.1 Remedies. Upon the occurrence of any event of default and at any time thereafter, Mortgagee may exercise any one or more of the following rights and remedies:

(a) Mortgagee may declare the entire indebtedness secured by this Mortgage immediately due and payable.

(b) Mortgagee may obtain a decree foreclosing Mortgagor's interest in all or any part of the Property.

(c) Mortgagee may obtain a judgment for any deficiency remaining in the indebtedness due to Mortgagee after application of all amounts received from the exercise of the rights provided in this Section.

(d) With respect to all or any part of the Property that constitutes personalty, Mortgagee may exercise the rights and remedies of a secured party under the Uniform Commercial Code.

(e) Mortgagee shall have the right, without notice to Mortgagor, to take possession of the Property and collect the income, including amounts past due and unpaid, and apply the net proceeds, over and above Mortgagee's costs, against the indebtedness secured by this Mortgage.

In furtherance of this right, Mortgagee may require any tenant or other user to make payments of rent or use fees directly to Mortgagee. If the income is collected by or in the name of Mortgagor, then Mortgagor irrevocably designates Mortgagee as Mortgagor's attorney in fact to endorse instruments received in payment thereof in the name of Mortgagor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Mortgagee in response to Mortgagee's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Mortgagee may exercise its rights under this paragraph either in person, by agent or through a receiver.

(f) Mortgagee shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to harvest and sell timber and logs from the Property if necessary to prevent loss of value thereto because of fire, insect infestation, blowdown or similar cause, to collect the income from the Property and to apply the proceeds, over and above cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Mortgagee's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the indebtedness by a substantial amount.

Employment by Mortgagee shall not disqualify a person from serving as a receiver.

(g) With respect to any personal property subject to a security interest in favor of Mortgagee, Mortgagee may exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code.

(h) Mortgagee shall have any other right or remedy provided in this Mortgage, the Note or any other instrument delivered by Mortgagor in connection therewith or available at law, in equity or otherwise.

10.2 Rights of Receiver or Mortgagee-in-Possession.
Upon taking possession of all or any part of the Property, the receiver or Mortgagee may:

(a) Use, operate, manage, control and conduct operations on the Property and make expenditures for all maintenance and improvements as in its judgment are proper;

(b) Collect the income from the Property and apply such sums to the expenses of use, operation and management;

(c) At Mortgagee's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Mortgagee deems appropriate.

If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Mortgagee (if

10.5 Attorneys' Fees; Expenses. In the event suit or action is instituted to enforce any of the terms of this Mortgage, the prevailing party shall be entitled to recover its reasonable attorneys' fees at trial, on any appeal and on any petition for review, in addition to all other sums provided by law. Whether or not any court action is involved, all reasonable expenses incurred by Mortgagee that are necessary at any time in Mortgagee's opinion for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the same interest rate as provided in the Note after default. Expenses covered by this paragraph include (without limitation) the cost of searching records and obtaining title reports, surveyors' reports, attorneys' opinions and title insurance.

10.6 Application of Proceeds from Property. All proceeds realized from the exercise of Mortgagee's rights and remedies shall be applied as follows:

(a) To pay the costs of exercising such rights and remedies, including the cost of any sale, the costs and expenses of any receiver or mortgagee-in-possession and the costs and expenses provided for in Section 10.5.

(b) To pay all amounts owed by Mortgagor payment of which is secured by this Mortgage;

(c) The surplus, if any, shall be paid to the clerk of the court in the case of a foreclosure by a

Mortgagee, in its sole discretion, agrees to lend) or otherwise, or Mortgagee may borrow or advance, such sums as the receiver or Mortgagee may deem necessary for the purposes stated in this paragraph. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the same interest rate as provided in the Note after default. Such sums shall become a part of the indebtedness secured by this Mortgage and shall be payable by Mortgagor on demand.

10.3 Sale of the Property. In exercising their rights and remedies, Mortgagee may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Mortgagee may bid at any public sale on all or any portion of the Property.

10.4 Waiver; Election of Remedies. A waiver by either party of a breach of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Mortgagee to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Mortgagee under this Mortgage are cumulative and not exclusive. An election to make expenditures or to take action to perform an obligation of Mortgagor shall not affect Mortgagee's right to declare a default and exercise its remedies under this Mortgage.

judicial proceeding, otherwise to the person or persons legally entitled thereto.

11. Miscellaneous

11.1 Time of Essence. Time is of the essence of this Mortgage.

11.2 Binding upon Successors and Assigns. Subject to the limitations stated in this Mortgage on transfer of Mortgagor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns.

11.3 Expenditure by Mortgagees. If Mortgagor fails to comply with any provision of this Mortgage, Mortgagee may elect to take the required action on Mortgagor's behalf, and any amount that Mortgagee expends in so doing shall be added to the indebtedness secured by this Mortgage. Except in cases of an emergency, Mortgagee will not make any expenditures under this provision without giving Mortgagor notice thereof. Amounts so added shall be payable on demand with interest from the date of expenditure at the rate of fifteen percent (15%) per annum. Such action by Mortgagee shall not constitute a cure or waiver of the default or any other right or remedy that Mortgagee may have on account of Mortgagor's default.

11.4 Notices. Any notice under this Mortgage shall be in writing and shall be effective either when delivered in person or, if mailed, when deposited as registered or certified mail, postage prepaid, addressed to the party at the

address stated in this Mortgage. Any party may change its address for notices by written notice to the other.

11.5 Invalid Provisions to Affect No Others. If any of the provisions contained in the Note secured by this Mortgage or in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions in this Mortgage and the Note shall not be affected thereby.

11.6 Changes in Writing. This Mortgage and any of its terms may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Mortgagor or Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

11.7 Mortgagor's Liability Limited. Notwithstanding any provision herein contained to the contrary, the liability of the Mortgagor shall be limited to the property described in the Granting Clauses set forth on pages 2, 3 and 4 of this Mortgage and Security Agreement and the proceeds from the sale thereof and the rents, issues, profits, income and proceeds therefrom, provided, however, that the provisions contained in this paragraph 11.7 shall not impair, modify, change, release or limit in any manner whatsoever the absolute and unconditional liability of Peter W. Stott under and pursuant to

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the Guaranty of Note and Mortgage of even date herewith given
by Peter W. Stott to and for the benefit of Mortgagee.

IN WITNESS WHEREOF, the Mortgagor has executed this
Mortgage as of the day and year first above written.

CROWN PACIFIC, LTD.

By *Peter W. Stott* PresidentBy *Rogers* SecretaryMORTGAGOR

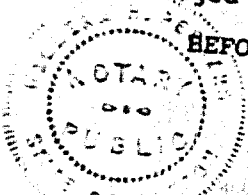
STATE OF OREGON,

County of Multnomah.

) ss.
)

On this 6th day of April, 1988, personally appeared
Peter Stott and Rogers, who,
each being first duly sworn, did say that the former is the
President and that the latter is the
Secretary of CROWN PACIFIC, LTD., a corporation, and that the
foregoing instrument was signed in behalf of said corporation
by authority of its Board of Directors, and each of them
acknowledged said instrument to be its voluntary act and deed.

BEFORE ME:



William H. [Signature]
Notary Public for Oregon
My commission expires 1/11/91

After recording, please return to:

Frank H. Spears, Esq.
Spears, Lubersky, Bledsoe,
Anderson, Young & Hilliard
800 Pacific Building
520 SW Yamhill St.
Portland, OR 97204

EXHIBIT A

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The following real property located in Klamath County, Oregon

TOWNSHIP 23 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN

Section 1: Government Lots 1, 2, 3 and 4, S-1/2 NE-1/4, SW-1/4 NW-1/4,
S-1/2
Section 2: SE-1/4 SE-1/4
Section 11: NE-1/4 NE-1/4
Section 12: N-1/2, NE-1/4 SE-1/4
Section 13: NE-1/4 NE-1/4
Section 24: E-1/2 E-1/2, SW-1/4 SE-1/4
Section 25: NW-1/4 NE-1/4, NE-1/4 NW-1/4
Section 36: N-1/2 NE-1/4, SW-1/4 NE-1/4

TOWNSHIP 23 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN

Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 30: All
Section 31: Government Lots 1 thru 9, 16 thru 20, E-1/2
Section 32: All
Section 33: All
Section 34: All
Section 35: All
Section 36: All

TOWNSHIP 24 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN

Section 2: All
Section 3: All
Section 4: All
Section 5: All
Section 8: All
Section 9: All
Section 10: All
Section 11: All
Section 15: All
Section 16: All
Section 17: N-1/2

TOWNSHIP 25 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN

Section 25: SE-1/4 SE-1/4
Section 36: All

The foregoing real property located in Klamath County, Oregon, is subject to the following permitted exceptions:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records; unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose.
5. The assessment roll and the tax roll ~~disclose~~ that the within described premises were specially assessed as farm land. Taxes for the year 1987-88, and possibly prior years have been deferred pursuant to ORS 308.370 to 308.403. These, plus earned interest are due and payable when said reason for the deferment no longer exists.
6. Rights of the public in and to any portion of said premises lying within the limits of roads and highways.
7. Reservations and restrictions, including the terms and provisions thereof, contained in various Patents recorded on herein described property, as to mineral rights.
8. Right of Way, including the terms and provisions thereof, as disclosed by deed from Oregon Land Corporation to Central Pacific Railway Company, recorded September 27, 1924, in Volume 64 page 444, Deed records of Klamath County, Oregon.
9. Easement, including the terms and provisions thereof, given by Ralph E. Gilchrist, et ux to The Pacific Telephone and Telegraph Company, dated July 9, 1929, recorded August 29, 1929, in Volume 87 page 633, Deed records of Klamath County, Oregon.
10. Easement, including the terms and provisions thereof, given by Gilchrist Timber Company to The Pacific Telephone and Telegraph Company, dated July 26, 1929, recorded August 29, 1929, in Volume 87 page 634, Deed records of Klamath County, Oregon.

11. Transmission Line Easement, including the terms and provisions thereof, given by Brooks-Scanlon, Inc., to the United States of America, dated November 21, 1951, in Volume 251 page 320, Deed records of Klamath County, Oregon.
12. Reservations and restrictions in deed from Gilchrist Timber Company, to the State of Oregon, by and through its State Highway Commission, dated February 15, 1952, recorded March 30, 1953, in Volume 253 page 525, Deed Records of Klamath County, Oregon.
13. Access Restrictions in deed from Brooks-Scanlon, Inc., to the State of Oregon, by and through its State Highway Commission, dated May 12, 1952, recorded May 23, 1952, in Volume 254 page 630, Deed records of Klamath County, Oregon.
14. Right of Way 10 feet in width, including the terms and provisions thereof, to construct, maintain and operate pipeline for transmission of oil and gas granted to Cascade Natural Gas corporation, recorded November 12, 1965, in Volume M65 page 3551, Deed records of Klamath County, Oregon.
15. Easement, including the terms and provisions thereof, given by Brooks-Scanlon, Inc., to United States of America, dated November 2, 1966, recorded November 28, 1966, in Volume M66 page 11989, Deed records of Klamath County, Oregon.

Consent and Subordination Agreement, given by Gilchrist Timber Company, dated May 12, 1967, recorded May 18, 1967, in Volume M67 page 3716, Deed records of Klamath County, Oregon.
16. Grant of Easement, including the terms and provisions thereof, given by Brooks-Scanlon, Inc., to Pacific Northwest Bell Telephone Company, dated August 21, 1968, recorded September 25, 1968, in Volume M68 page 8697, Deed records of Klamath County, Oregon.
17. Right of Way Easement Deed, including the terms and provisions thereof, given by Brooks Scanlon, Inc., to the United States, dated March 20, 1969, recorded April 4, 1969, in Volume M69 page 2450, Deed records of Klamath County, Oregon.
18. Easement, including the terms and provisions thereof, given by BrooksScanlon, Inc., to K. E. Sandner, dated June 2, 1971, recorded May 4, 1972, in Volume M72 page 4738, Deed records of Klamath County, Oregon.
19. Easement created by instrument, including the terms and provisions thereof, in favor of United States of America, dated June 15, 1972, recorded July 11, 1972, in Volume M72 page 7511, Deed records of Klamath County, Oregon for 125 foot wide electric transmission line easement across NE-1/4 NW-1/4 Sec. 25, Twp. 23 S. R. 10 E.W.M.

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20. Reservations and restrictions in Patent, recorded July 1, 1982, in Volume M82 page 8360, Deed records of Klamath County, Oregon.
21. Easement, including the terms and provisions thereof, given by Diamond International Corporation, to the United States of America, dated September 9, 1982, recorded September 27, 1982, in Volume M82 page 12768, Deed records of Klamath County, Oregon.
22. Right of Way Construction and Use Agreement, including the terms and provisions thereof, from Diamond International Corporation to the United States of America, recorded November 22, 1982, in Volume M82 page 15513, Deed records of Klamath County, Oregon.
23. Right of Way Easement, for Electric Line, including the terms and provisions thereof, given by Diamond International, to Midstate Electric Cooperative, Inc., dated April 12, 1983, recorded May 5, 1983, in Volume M83 page 7103, Deed records of Klamath County, Oregon, over the NE-1/4 NE-1/4 Sec. 1 Twp. 23 S.R. 10 E.W.M.
24. Easement, including the terms and provisions thereof, given by Diamond Group Inc., to William L. Childers, dated February 20, 1985, recorded April 10, 1985, in Volume M85 page 5164, Deed records of Klamath County, Oregon.
25. Reservations and restrictions in Patent, recorded August 14, 1985, in Volume M85 page 12781, Deed records of Klamath County, Oregon.
26. Easement, including the terms and provisions thereof, given by Diamond Group Inc., to Pacific Northwest Bell Telephone Company, dated March 9, 1988, recorded October 9, 1988, in Volume M88 page 3288, Deed records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 8th day
 of April A.D. 88 at 9:52 o'clock AM., and duly recorded in Vol. M88
 of Mortgages on Page 5292.

FEE \$130.00

Evelyn Biehn

County Clerk

By Bernetha H. Helock