
K-41974

OREGON

TIMBERLAND DEED OF TRUST

Dated as of January 12, 1990

from

CROWN PACIFIC, LTD.

to

STEWART TITLE OF OREGON

as Trustee

For the benefit of

BANKERS TRUST COMPANY

01/05/90

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Recording Requested By And
When Recorded Mail To:

O'MELVENY & MYERS
153 E. 53rd Street
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OREGON
TIMBERLAND DEED OF TRUST,
ASSIGNMENT OF RENTS AND
FIXTURE FILING FINANCING STATEMENT

THIS TIMBERLAND DEED OF TRUST, ASSIGNMENT OF RENTS AND FIXTURE FILING FINANCING STATEMENT ("Deed of Trust") is made as of January 12, 1990, by and among CROWN PACIFIC, LTD., an Oregon Subchapter (S) corporation ("Trustor"), whose address is 121 S.W. Morrison Street, Suite 900, Portland, Oregon 97204, and whose shareholders are Peter W. Stott, Tim L. Blixseth and Roger L. Krage ("Shareholders"); Stewart Title of Oregon ("Trustee"), whose address is 1300 SW Sixth Avenue, Suite 310, Portland, Oregon 97201; and BANKERS TRUST COMPANY, a New York banking corporation ("Agent"), whose address is Bankers Trust Plaza, New York, New York 10005, as agent for the banks named on Schedule A attached hereto and such other financial institutions as become parties to the Credit Agreement (defined in the following paragraph) in accordance with the provisions thereof (the "Banks"), for its benefit and the ratable benefit of the Banks (Agent and the Banks are collectively referred to herein as "Beneficiary").

THIS DEED OF TRUST is given, inter alia, for the purposes of securing the obligations of Trustor arising under that certain Amended and Restated Senior Secured Harvest Loan and Working Capital Facility Agreement among Trustor, the Banks and Agent dated as of even date herewith (the "Credit Agreement"), and of securing loans from the Banks as lenders to Trustor as borrower made pursuant to the Credit Agreement, the proceeds of which are to be used by Trustor for the purposes, inter alia, of refinancing all existing indebtedness of Trustor secured by land located in the counties of Crook, Deschutes, Douglas, Jefferson, Lake, Klamath and Multnomah,

State of Oregon and more particularly described in Exhibit A attached hereto and by this reference incorporated herein, including without limitation land hereafter acquired by Trustor and located in the State of Oregon (the term "Land" means (i) the land described in Exhibit A plus (ii) all land hereafter acquired by Trustor in the State of Oregon).

Capitalized terms not defined herein shall have the meaning given each term in the Credit Agreement. References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of this Deed of Trust, the Credit Agreement or any of the other Loan Documents.

FOR GOOD AND VALUABLE CONSIDERATION, including the obligations and indebtedness herein recited and secured and the trust herein created, the receipt and sufficiency of which is hereby acknowledged, Trustor hereby irrevocably grants, pledges, sets over, confirms, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Agent and the ratable benefit of the Banks, under and subject to the terms and conditions hereinafter set forth, all of the right, title, interest, estate, power and privilege now existing or hereafter acquired, of Trustor in and to:

A. The Land (which term shall include, unless the context otherwise requires, the Timber, the Minerals, the Mineral Rights, the Appurtenant Rights and the Development Rights (as such terms are hereinafter defined));

B. Any and all buildings, structures, fixtures and improvements now or hereafter erected on or appurtenant to the Land including all machinery, attachments, appliances, and other equipment (including leased equipment to the extent of Trustor's leasehold interest and the lease pursuant to which such equipment has been leased) now or hereafter incorporated into or attached to the Land or said buildings, structures, fixtures and improvements, and all support and ancillary facilities, all roads and miscellaneous storage and parking areas, including all replacements and substitutions of and additions and accessions to the foregoing (collectively the "Improvements"), all of which shall be deemed and construed for purposes of this Deed of Trust to be a part of the realty;

C. All crops and all trees, timber, whether severed or unsevered and including standing and down timber, stumps and cut timber remaining on the Land, and

logs, wood chips and other forest products, whether now located on or hereafter planted or growing in or on the Land or elsewhere or now or hereafter removed from the Land or elsewhere for sale or other disposition (collectively the "Timber");

D. All agreements, contracts, arrangements or other Contractual Obligations, whether now existing or hereafter entered into, whereby Trustor or its predecessors in interest have granted, grant or will grant to third Persons the right to cut, harvest or otherwise remove Timber from the Land or elsewhere (to the extent Trustor has an interest in such rights) (collectively the "Cutting Rights Agreements") and all timber sales agreements, log sales agreements, purchase orders, purchase and sale agreements and other Contractual Obligations, whether now existing or hereafter entered into, whereby Trustor, as seller, is or may become obligated to cut, harvest or otherwise remove Timber harvested from the Land or elsewhere or to otherwise obtain Timber and to sell, exchange or deliver such Timber to third Persons (collectively the "Timber Sales Agreements") and all agreements, contracts, arrangements or other Contractual Obligations, whether now existing or hereafter entered into, whereby third Persons have granted, grant or will grant to Trustor the right to cut, harvest or otherwise remove Timber from real property not owned by Trustor at the pertinent time and all other rights of Trustor to cut, harvest or otherwise remove Timber from real property not owned by Trustor at the time in question (collectively the "Harvesting Contracts"). The Cutting Rights Agreements, Timber Sales Agreements and Harvesting Contracts are collectively referred to as the "Timber Agreements";

E. All water, steam, thermal energy and other geothermal resources and all oil, gas, hydrocarbons, gravel, phosphate, limerock, coal and other mineral resources and subterranean substances, and all existing or hereafter acquired surface and subsurface water and water rights and shares of stock evidencing the same, and all products thereof in, on, under or pertaining to the Land (the "Minerals") and all surface access and mining or drilling rights in, on, under or pertaining to the Land and all royalty, leasehold and other rights of Trustor pertaining thereto, and all agreements providing for the payment to Trustor of royalties (including overriding royalties) or other payments derived from any part of the Land and all production payments, farm-out agreements, unit agreements and other similar agreements and rights pertaining thereto (collectively the "Mineral

Rights") and all royalty, leasehold and other contractual rights of Trustor pertaining to the Minerals;

F. All revenues, rents, issues, profits, royalties, proceeds, income, accounts receivable and other benefits derived from any lease, sublease, license, franchise, tenancy, concession and rental, hiring and occupancy agreements and other agreements (including all guarantees, modifications, amendments, supplements, replacements, renewals and extensions thereof) now or hereafter existing and covering, affecting or connected with all or any portion of the Land or the Improvements, the Timber or the Mineral Rights or the use, hiring, management, harvesting, maintenance, operation or occupancy thereof (collectively the "Leases"); and (B) all cash or security deposits, advance rentals, and deposits or payments of similar nature thereunder; and (C) all revenues, rents, issues, profits, royalties, proceeds, income, accounts receivable and other benefits under all agreements providing for the payment of royalties (including overriding royalties) derived from any part of the Trust Estate (as defined below) and all issues and profits from the sale or other disposition of Timber or of Minerals or Mineral Rights or from any leasing of the Trust Estate (all such revenues, rents, issues, profits, royalties, proceeds, income, accounts receivable, cash or security deposits, advance rentals and other benefits and payments are collectively referred to as the "Rents");

G. Any and all present and future amendments, modifications, supplements, extensions and renewals to any of the contracts, agreements, arrangements and Contractual Obligations described in Paragraphs D through F inclusive, and all guaranties of the obligations of any third Persons thereto (collectively the "Related Rights");

H. All easements, rights-of-way and rights now owned or hereafter acquired by Trustor and used or usable in connection with or appurtenant to the Land or the Improvements, including, without limiting the generality of the foregoing, all easements, reciprocal easement agreements, rights and rights-of-way to enter, use, occupy and have access to all portions of the Improvements that may be located off the Land, if any, and all rights to the use of logging roads and common drive entries, and all tenements, hereditaments, easements and appurtenances of and to the Land (collectively the "Appurtenant Rights");

I. All air rights, development rights, zoning rights or other similar rights or interests which benefit or are appurtenant to the Land or the Improvements or any or all thereof and any proceeds arising therefrom (collectively the "Development Rights");

J. Any and all permits, entitlements, licenses, orders, approvals, exemptions, authorizations, certifications, franchises, building permits, subdivision approvals, timber harvesting plan reviews and approvals, site plan reviews, environmental approvals (including an environmental impact statement or report if required under applicable law for Trustor's acquisition or disposition of the Land or harvesting of the Timber or operation of the Prineville Sawmill or for any other operations of Trustor), sewer and waste discharge permits, water appropriative rights and permits, zoning and land use entitlements and other authorizations, whether now existing or hereafter issued to or obtained by or on behalf of Trustor or any Affiliate of Trustor that relate to or concern in any way the acquisition, ownership, development, occupancy, use, operation, maintenance, management, restoration or disposition of all or any part of the Land, the Improvements, the Timber, the Minerals, the Mineral Rights, the Appurtenant Rights or the Development Rights and are given or issued by any Governmental Agency or quasi-governmental authority as the same may be modified, amended or supplemented from time to time (collectively the "Authorizations");

K. All interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Land, the Improvements, the Timber, the Minerals and Mineral Rights, Leases, Rents, Timber Contracts, Related Rights, Authorizations, the Appurtenant Rights and the Development Rights (collectively the "Oregon Real Property") and all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate in the Oregon Real Property;

L. All revenues, issues, profits, royalties, proceeds, income, accounts receivable and other benefits derived from the Trust Estate (as such term is defined below) or any part thereof other than Rents (collectively the "Revenues");

M. All other claims or demands, both in law and in equity, including claims or demands with respect to the proceeds of insurance, which Trustor now has or may hereafter acquire in the Trust Estate (as hereinafter

defined) or any part thereof, and any and all awards heretofore or hereafter 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, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages or any other damage to any part of the Trust Estate for which compensation shall be given.

The entire estate, property and interest hereby conveyed to Trustee and described above and any and all proceeds thereof may hereafter be collectively referred to as the "Trust Estate". The lien or charge of this Deed of Trust attaches to both fee and leasehold interests of Trustor in the Trust Estate.

FOR THE PURPOSE OF SECURING:

(a) payment of indebtedness in the aggregate principal amount of One Hundred Thirteen Million Dollars (\$113,000,000), evidenced by promissory notes dated of even date herewith, executed by Trustor, which have been or will be delivered to and are payable to the order of the Banks, pursuant to the Credit Agreement (the "Notes"), with interest thereon at the rates established in the Credit Agreement, which rates are variable interest rates (the Notes and any and all modifications, supplements, extensions, renewals and replacements thereof are collectively referred to as the "Notes") and pursuant to which final payment of principal and interest will be due on or before January 12, 1994;

(b) performance and payment of every obligation, covenant and agreement of Trustor contained herein or contained in the Credit Agreement, the Notes, those letters of credit issued by the Working Capital Banks under Section 2.1.2.1 of the Credit Agreement (the "Letters of Credit"), that certain Amended and Restated Harvest Deposit Agreement, dated as of even date herewith, by and among United States National Bank of Oregon as account agent, Trustor and Agent, for its benefit and the ratable benefit of the Banks (the "Harvest Deposit Agreement"), that certain Amended and Restated Operating Account Deposit Agreement, dated as of even date herewith, by and among United States National Bank of Oregon as account agent, Trustor and Agent, for its benefit and the ratable benefit of the Banks (the "Operating Account Deposit Agreement"), that certain Amended and Restated Reserve Deposit Agreement, dated as of even date herewith, by and among United States National Bank of Oregon as account agent, Trustor and Agent, for its benefit and the ratable benefit of the

Banks (the "Reserve Deposit Agreement") and that certain Amended and Restated Tax Deposit Agreement, dated as of even date herewith by and among First Interstate Bank of Oregon as account agent, Trustor and Agent, for its benefit and the ratable benefit of the Banks (the "Tax Deposit Agreement"), that certain Security Agreement, dated as of even date herewith, executed by Trustor, as debtor and Agent, for its benefit and the ratable benefit of the Banks, as secured party (the "Security Agreement"), that certain Assignment of Rents and Leases, dated as of even date herewith, from Trustor, as assignor, to Agent, for its benefit and the ratable benefit of the Banks, as assignee, affecting the Land (referred to as the "Oregon Assignment of Rents"), that certain Assignment of Rents and Leases, dated as of even date herewith, from Trustor, as assignor, to Agent, for its benefit and the ratable benefit of the Banks as assignee (the "Washington Assignment of Rents"), (the Oregon Assignment of Rents and the Washington Assignment of Rents are collectively referred to as the "Assignments of Rents"), that certain Assignment of Contracts and Authorizations, dated as of even date herewith, from Trustor, as assignor, to Agent, for its benefit and the ratable benefit of the Banks, as assignee (the "Assignment of Contracts") those certain Timber Maintenance Agreements, dated as of even date herewith, between Trustor and Agent, for its benefit and the ratable benefit of the Banks (individually referred to as the "Oregon Timber Maintenance Agreement" and the "Washington Timber Maintenance Agreement" and collectively referred to as the "Timber Maintenance Agreements"), that certain Assignment in Trust dated as of even date herewith between Trustor, as assignor, and Agent, for its benefit and the ratable benefit of the Banks, as assignee with respect to the assignment of the U.S. Forest Service Agreement (the "Assignment in Trust"), that certain Washington Timberland Deed of Trust, Assignment of Rents and Fixture Filing Financing Statement, dated as of even date herewith between Trustor, Stewart Title Guaranty Co. as Trustee, and Agent, for its benefit and the ratable benefit of the Banks (the "Washington Deed of Trust"), and all supplements, amendments and modifications to any of the foregoing or in any extensions, renewals and replacements of any of the foregoing, or any other instruments, agreements and documents of Trustor incorporated by reference therein or herein;

(c) payment of all sums advanced by Beneficiary, Agent or any of the Banks to protect the Trust Estate or advanced under this Deed of Trust or the other Loan Documents (as hereinafter defined), which sums (other

than the Loans as defined in the Credit Agreement) shall bear interest at the rate per annum in effect from time to time on the Notes after an Event of Default (the "Agreed Rate");

(d) compliance with and performance of each and every provision of any deed restrictions or any declaration of covenants, conditions and restrictions pertaining to the Trust Estate to be performed or complied with by Trustor.

The foregoing obligations and indebtedness, and all other payment and performance obligations of Trustor from time to time owed or owing to the Banks or Agent under the Credit Agreement, the Notes, this Deed of Trust or any of the other Loan Documents (defined below), may hereinafter be collectively referred to as the "Obligations".

This Deed of Trust, the Washington Deed of Trust, the Notes, the Credit Agreement, the Harvest Deposit Agreement, the Operating Deposit Agreement, the Reserve Deposit Agreement, the Tax Deposit Agreement (the Deposit Agreements are collectively referred to as the "Deposit Agreements"), the Security Agreement, the Assignments of Rents, the Assignment of Contracts, the Timber Maintenance Agreements, the Assignment in Trust, certain UCC-1 Financing Statements and UCC-1A and UCC-2 Financing Statements, Effective Financing Statements, and any other document or instrument now or hereafter executed by Trustor, granting to Agent a security interest in, or Lien on, or present interest in, the Trust Estate or any part thereof or interest therein may hereinafter be collectively referred to as the "Loan Documents."

Notwithstanding anything to the contrary contained herein, this Deed of Trust does not secure the Environmental Indemnity.

TRUSTOR HEREBY WARRANTS AND COVENANTS that, except for Real Property to be acquired after the date hereof (the "After-acquired Property"), it has good and marketable title to the Trust Estate, is lawfully and indefeasibly seized and possessed in fee simple of the Trust Estate and has the full right and power to convey the same; that the Trust Estate is unencumbered, except for the Permitted Liens; and that Trustor will forever defend the title to the Trust Estate (subject only to Permitted Liens) against the claims of all persons whomsoever.

TRUSTOR FURTHER WARRANTS AND COVENANTS that this Deed of Trust is not and will not at any time constitute a residential trust deed (as that term is defined in ORS §

86.705). The interest rate or rates, payment terms or balances due under the Notes may be indexed, adjusted, renewed or renegotiated in accordance with the provisions of the Notes and the Credit Agreement.

TO PROTECT THE SECURITY OF THIS DEED OF
TRUST, TRUSTOR HEREBY COVENANTS AND AGREES
AS FOLLOWS:

ARTICLE I
COVENANTS AND AGREEMENTS

1.01. Payment and Performance of Secured Obligations. Trustor shall pay when due the principal of and the interest and premiums on the indebtedness evidenced by the Notes; the principal of and interest on any future advances to Trustor secured by this Deed of Trust; and the principal of and interest on any other indebtedness of Trustor secured by this Deed of Trust. Trustor shall pay all charges, fees and other sums required to be paid by it in the other Loan Documents. Trustor shall strictly and promptly perform all of its obligations hereunder.

1.02. Maintenance, Repair. (a) Trustor (i) shall manage and operate the Trust Estate in accordance with good forest management practices and shall operate and keep the improvements in good condition and repair; (ii) shall not remove, demolish or materially alter any of the Improvements or any part thereof (except logging roads and the current capital improvements program at the Prineville Sawmill), except upon the prior written consent of Agent; (iii) shall complete promptly and in a good and workmanlike manner any Improvement (including roads and erosion control devices) now or hereafter constructed and promptly restore, replace or rebuild in like manner any portion of the Improvements which may be damaged or destroyed from any cause whatsoever (whether or not insured against or insurable or affected by the exercise of the power of eminent domain) to the same condition such portion was in immediately prior to such damage or destruction, and pay when due all claims for labor performed and materials furnished therefor; (iv) shall comply with all laws, ordinances, rules, regulations, covenants, conditions and restrictions (including those relating to silviculture, land use and development, water rights and use, noise and pollution) now or hereafter affecting the Trust Estate or any part thereof or interest therein; (v) shall not commit or permit any waste or deterioration of the Trust Estate or any part thereof or interest therein except as permitted by the Timber Maintenance Agreements; (vi) shall comply with the provisions of the Timber Maintenance Agreements and every material Authorization; (vii) shall not commit, suffer or

permit any act to be done in or upon the Trust Estate or any part thereof or interest therein in violation of any law, ordinance, rule or regulation or of the Timber Maintenance Agreements or of any Authorizations; (viii) shall maintain memberships in forest protective associations where any of the Trust Estate falls within a forest protective district under the jurisdiction of any such associations; (ix) shall pay as due any forest patrol or similar fire control assessments of the Oregon State Forester or a forest protective association described in Clause (viii) above; and (x) shall within 30 days from any determination that an operation on the Trust Estate or any part thereof has resulted in an additional hazard, obtain a release of such additional hazard from the Oregon State Forester by performing all necessary burning or other work to reduce the hazard or by paying a fee designated by the Oregon State Forester for such release. In making repairs and replacements, any component of the Improvements so replaced shall be promptly replaced with a comparable component which shall have a value and utility at least equal to the value and utility of the replaced component (as reasonably determined by Trustor), shall be free from any lien, security agreement or other encumbrance, and shall be subject to the lien or charge of this Deed of Trust.

(b) Trustor shall not commit or suffer any strip or waste of the Land and shall not cut or remove or permit to be cut or removed from the Land any Timber except pursuant to a timber cutting or harvesting agreement approved by Agent and assigned to Agent, for its benefit and the ratable benefit of the Banks, and except pursuant to the provisions of Section 1.23 hereof, the Credit Agreement, the Assignments of Rents, the Assignment of Contracts, the Timber Maintenance Agreements and the Security Agreements.

1.03. Required Insurance.

(a) Trustor shall comply with the provisions of Section 5.7 of the Credit Agreement with respect to the maintenance of insurance covering the Trust Estate. If Trustor fails to comply with said provisions and Beneficiary, Agent or any of the Banks expends sums in consequence thereof, the sums so expended by Beneficiary, Agent or any of the Banks, with interest thereon at the Agreed Rate accruing from the date paid by Beneficiary, Agent or any of the Banks until reimbursed by Trustor, shall be added to the indebtedness secured by this Deed of Trust and be a lien or charge on the Trust Estate.

(b) In addition to the insurance required by Section 5.7 of the Credit Agreement, Trustor shall at all times maintain or cause to be maintained the following types of insurance coverage:

(i) broad form of public liability insurance in the amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the Aggregate, naming Agent, for the benefit of the Banks, and Trustor as insureds or as additional insureds;

(ii) workers' compensation and employer's liability insurance;

(iii) fire and casualty insurance on all material Improvements on an "all risks" basis with extended coverage, with loss payable to Agent, for the benefit of the Banks pursuant to a standard form first mortgagee endorsement and/or lender's loss payable endorsement acceptable to Agent, without contribution, substantially equivalent to the Oregon standard mortgagee endorsement, in amounts and with companies reasonably acceptable to Agent;

(iv) broad-form B logging property damage insurance, with limits of not less than \$1,000,000 per occurrence, including coverage for third-party fire-fighting expenses for which Trustor is legally liable regardless of negligence.

(c) Trustor shall also maintain or cause to be maintained such additional insurance (excluding fire insurance except to the extent required by Section 5.7 of the Credit Agreement) covering such casualties, risks, perils, liabilities, losses, damage and other hazards as may be reasonably required by Agent from time to time, in such amounts and with such companies and with such mortgagee clauses and lender's loss payable endorsements, as may be reasonably acceptable to Agent from time to time.

(d) Not later than the date of this Deed of Trust, and upon each renewal or replacement of Trustor's insurance coverage, Trustor shall furnish to Agent either (at Agent's option) an original of all policies of insurance required under this Section 1.03 or a certificate of insurance (executed by authorized officials of the companies issuing such insurance or by agents or attorneys-in-fact of the issuer authorized to issue said certificates, in which event such certificates shall be accompanied by notarized affidavits, agency agreements or powers of attorney evidencing the authority of the signatory to issue such certificates on behalf of the insurer named therein) for each policy required under this Section 1.03 setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the period of coverage. At least fifteen (15) days prior to the expiration of each required policy, Trustor shall deliver

to Agent evidence of the payment of premium and the renewal or replacement of such policy continuing insurance in form as required by this Deed of Trust. All such policies shall contain a provision that, notwithstanding any contrary agreement between Trustor and the insurance company, such policies will not be cancelled, allowed to lapse without renewal, surrendered or materially adversely amended, which term shall include any reduction in the scope or limits of coverage, without the insurer giving at least fifteen (15) days' prior written notice to Agent.

(e) Upon the occurrence and during the continuation of an Event of Default, Agent may require that Trustor deposit with Agent, in monthly installments on the first day of each month, an amount equal to one-twelfth (1/12th) of the estimated aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust. In such event Trustor further agrees to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Agent. Upon receipt of such bills, statements or other documents evidencing that a premium for a required policy is then payable, and provided Trustor has deposited sufficient funds with Agent pursuant to this Section, Agent shall pay such amounts as may be due thereunder out of funds so deposited with Agent. If at any time and for any reason the funds deposited with Agent are or will be insufficient to pay such amounts as may then be due or subsequently become due, Agent shall notify Trustor and Trustor shall deposit within ten (10) days an amount equal to such deficiency with Agent. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary, Agent or any of the Banks to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Agent pursuant to this Section, nor shall anything contained herein modify the obligation of Trustor to maintain and keep such insurance in force at all times. Agent may commingle any funds impounded pursuant to this Section 1.03 with its own funds. Upon the occurrence of an Event of Default, Agent shall apply any balance of such funds to the payment of any insurance premiums, Notes or other Obligations secured hereby, provided that said insurance premiums, Notes or other Obligations secured hereby are due and payable according to the terms thereof or as a result of acceleration of the maturity thereof by Agent. Should Trustor fail to deposit with Agent (exclusive of that portion of said payments which has been applied by Agent to the Notes and other Obligations secured hereby) sums sufficient to fully pay such insurance premiums at least ten (10) days before delinquency thereof, Beneficiary, Agent or any Bank may, at its election, but without any obligation to do so, advance any amounts required to make up the deficiency, which advances, if any, shall be repayable to Beneficiary or Agent or any such Bank

as herein elsewhere provided. The receipt, use or application of any such funds paid by Trustor to Agent hereunder shall not be construed to affect the maturity of the Notes or any of the rights or powers of Beneficiary or Agent or any Bank under the terms of the Loan Documents or any of the obligations of Trustor or any guarantor under the Loan Documents. Upon payment in full of the Loan and the Notes and the other Obligations secured hereby, Agent shall return to Trustor any unused funds impounded pursuant to this Section.

(f) Trustor shall give prompt written notice to Agent of the happening of any casualty to or in connection with the Trust Estate whether or not covered by insurance. If the Trust Estate shall be damaged or destroyed by an insured peril or otherwise, Trustor may, upon written notice to Agent, settle, adjust or compromise any and all claims not in excess of \$75,000. Trustor shall consult with Agent in settling, adjusting or compromising any claim for more than \$75,000 but less than the aggregate outstanding principal amount of the Notes, provided that Agent may settle, adjust or compromise any such claim after five Business Days' notice to Trustor. Trustor may settle, adjust or compromise any claim for more than the aggregate outstanding principal amount of the Notes, provided that if Trustor has not settled, adjusted or compromised any such claim within 75 days after the occurrence of the damage or destruction, then Agent may settle, adjust or compromise such claim after five Business Days' notice to Trustor. Trustor shall deposit all Insurance Proceeds received by it in the Harvest Deposit Account, as prescribed by Section 2.5.1.1 of the Credit Agreement.

(g) Agent shall apply all Insurance Proceeds remaining after deduction of all expenses of collection and settlement thereof, including without limitation attorneys' and adjustors' fees and charges, as follows:

(i) With respect to Insurance Proceeds arising from damage to any Improvements, the Insurance Proceeds shall be applied to restoration of such Improvements, provided that no Event of Default exists under this Deed of Trust or the Credit Agreement and Agent determines, in its reasonable judgment, that (a) the damage or destruction can be repaired in a timely manner and (b) the Insurance Proceeds are sufficient, or Trustor can provide sufficient additional funds, to repair the damage and destruction in a timely manner. If all of these conditions are met, Trustor shall cause all Insurance Proceeds to be deposited into the Harvest Deposit Account pursuant to the terms of Section 2.5.1 of the Credit Agreement, for the purpose of payment of the costs of repairing or

replacing the damage and all continuing expenses; provided however, that Agent shall disburse the Insurance Proceeds so deposited only as repairs or replacements are effected and continuing expenses have theretofore been paid by Trustor or are then due and payable for materials theretofore installed or work theretofore performed upon the Trust Estate and properly includable in the cost of restoration thereof.

(ii) If any one or more of the conditions set forth in Clause (i) of Section 1.03(g) above are not met, or if the Insurance Proceeds arise from a casualty affecting other parts of the Trust Estate, Agent shall apply all Insurance Proceeds remaining after deduction of all expenses of collection and settlement thereof, including without limitation attorneys' and adjustors' fees and charges, to the repayment of the outstanding principal balance of the Notes, together with accrued interest, notwithstanding that the outstanding balance may not be due and payable, and of all Obligations of Trustor accrued under the Loan Documents. If the Insurance Proceeds are not sufficient to repay the Notes in full, then Agent shall apply the Insurance Proceeds deposited into the Harvest Deposit Account pursuant to the terms of Section 2.5.1 of the Credit Agreement to the partial payment of the Notes and other Obligations; provided that Beneficiary at its option may accelerate the Maturity Date of the Notes and declare the Notes and all the Obligations secured hereby immediately due and payable, and Trustor shall immediately pay any remaining balance of the Notes and Obligations, together with accrued interest. If there are Insurance Proceeds remaining after repayment of the Notes and the satisfaction of all Obligations in full, such remaining Insurance Proceeds shall be paid to Trustor, as Trustor may direct.

(h) If the casualty is to a material portion, in Consultant's opinion, of the Timber and there are no Insurance Proceeds available as a result of such damage or destruction and such unavailability results from the fact that the damage or destruction was not insured against, and not required to be insured against pursuant to the terms of this Deed of Trust or the Credit Agreement, Beneficiary may by notice to Trustor declare the outstanding balance of the Notes, together with accrued interest, immediately due and payable.

(i) Upon the occurrence and during the continuation of an Event of Default, Agent shall have the sole and

exclusive right, and Agent is hereby authorized and empowered by Trustor at Agent's option and Agent's sole discretion as attorney-in-fact for Trustor, to make proof of loss, to appear in and prosecute any action arising from any policy or policies of insurance, and to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance after five Business Days' notice to Trustor. Any expense incurred by Beneficiary, Agent or any of the Banks in connection with the foregoing will be paid promptly by Trustor upon demand by Agent, and until such payment is made by Trustor, the amount of all such expenses, from the date paid by Beneficiary, Agent or any of the Banks until fully reimbursed by Trustor, shall be added to the outstanding balance of the Notes.

1.04. Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the Obligations secured hereby, all right, title and interest of Trustor in and to all policies of insurance required by Section 1.03 shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate. Trustor shall execute any and all further documents necessary or required to evidence and/or effectuate any such assignment and hereby appoints Agent as its attorney-in-fact with full power of substitution to execute any such documents in the event Trustor fails to do so, and such appointment is coupled with an interest and is irrevocable.

1.05. Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary, Agent or any Bank is made a party to any litigation concerning the Notes, this Deed of Trust, any of the other Loan Documents, the Trust Estate or any part thereof or interest therein or the use, occupancy, maintenance, management or operation of the Trust Estate or any part thereof or interest therein by or through Trustor, then Trustor shall indemnify, defend and hold Beneficiary or Agent or any such Bank harmless from all claims, cost, loss, damage or liability by reason of said litigation, including court costs and reasonable attorneys' and consultants' fees and expenses incurred by Beneficiary or Agent or any such Bank as a result of any such litigation, whether or not any such litigation is prosecuted to judgment. If Agent commences an action against Trustor (or appeals a judgment) to enforce any of the terms of this Deed of Trust or of any other Loan Document upon the occurrence and during the continuation of an Event of Default and Agent employs an attorney or attorneys or consultant or consultants, Trustor shall pay the reasonable attorneys' and consultants' fees and expenses incurred by

Agent. Any expense incurred by Beneficiary, Agent or any Bank in connection with the foregoing shall be paid promptly by Trustor upon demand by Agent and until such payment is made by Trustor, the amount of all such expenses, from the date paid by Beneficiary or Agent or any such Bank until fully reimbursed by Trustor, shall bear interest at the Agreed Rate and shall be added to the indebtedness secured by this Deed of Trust and be a lien on the Trust Estate. Notwithstanding anything to the contrary, Trustor shall not be obligated to indemnify, defend and hold any of Beneficiary or Agent or any Bank harmless to the extent any claims, costs, fees, expenses, losses, damages or liability arise from (i) Beneficiary's or Agent's or any Bank's gross negligence or willful misconduct or (ii) claimants whose claims derive solely from or under Beneficiary, Agent or any Bank and do not involve any act or omission of, or circumstance regarding, Trustor.

(b) Trustor hereby waives any and all rights to claim or recover against Beneficiary, Agent or any Bank and its respective officers, employees, agents and representatives, for loss of or damage to Trustor, the Trust Estate or any part thereof, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust.

(c) Without waiving any rights Trustor may have to bring an action against Beneficiary, Agent or any Bank, all sums payable by Trustor pursuant to this Deed of Trust shall, except as otherwise expressly provided herein, 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 by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof or interest therein; (ii) any restriction or prevention of or interference by any third party with any use of the Trust Estate or any part thereof or interest therein; (iii) any title defect or encumbrance or any eviction from the Trust Estate or any part thereof or interest therein by title paramount or suspension, revocation or termination of any Authorization or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, Agent or any Bank or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, Agent or any Bank or by any court, in any such proceeding; (v) any claim which Trustor has or might have against Beneficiary, Agent or any Bank (except as expressly provided herein); (vi) any default or failure on the part of Beneficiary, Agent or any Bank 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 hereby 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 (except to the extent such waiver is contrary to public policy and is therefore not enforceable).

1.06. Taxes and Impositions.

(a) Trustor shall pay, on or before the due date, all real property taxes and assessments, water, sewer and other rents, charges, excises and levies, general and special, and all fees, rents and charges payable under the Authorizations, and all severance and other taxes and assessments of any kind or nature whatsoever (including nongovernmental levies or assessments resulting from covenants, conditions and restrictions affecting the Trust Estate), which are assessed or imposed upon the Trust Estate, and which create or may create a lien upon the Trust Estate (the foregoing are hereinafter collectively referred to as "Impositions").

(b)(1) If at any time after the date hereof there shall be assessed or imposed (i) a tax, fee, charge, rent or assessment on the Trust Estate in lieu of or in addition to the Impositions payable by Trustor pursuant to Section 1.06(a), or (ii) a license fee, tax or assessment imposed on Beneficiary, Agent or any Bank and measured by or based in whole or in part upon the amount of the outstanding principal balance of the Notes, then all such taxes, fees, charges, rents and assessments shall be deemed to be included within the term "Impositions", and Trustor shall pay and discharge the same as herein provided with respect to the payment of Impositions. Anything to the contrary herein notwithstanding, Trustor shall have no obligation to pay any franchise, estate, inheritance, income, excess profits or similar tax levied on Beneficiary, Agent or any Bank.

(2)(A) State Taxes Covered. The following shall constitute state taxes to which this Section 1.06 applies:

(i) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed.

(ii) A specific tax on a grantor which the taxpayer is authorized or required to deduct from

payments on the indebtedness secured by a deed of trust.

(iii) A tax on a trust deed chargeable against the beneficiary or the holder of the note secured.

(iv) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a grantor.

(B) Remedies. If any state tax to which this Section 1.06 applies is enacted subsequent to the date of this deed, this shall have the same effect as an Event of Default, and Beneficiary, Agent or any Bank may exercise any or all of the remedies available to it in the event of an Event of Default unless the following conditions are met:

(i) Trustor may lawfully pay the tax or charge imposed by the state tax, and

(ii) Trustor pays or offers to pay the tax or charge within 30 days after notice from Agent that the tax law has been enacted.

(c) Subject to the provisions of Section 1.06(d), Trustor shall deliver to Agent within thirty (30) days after the date upon which any such Imposition is due and payable by Trustor copies of official receipts of the appropriate taxing authority, or other proof satisfactory to Agent, evidencing the payment thereof.

(d) Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate proceedings, but this shall not be construed in any way as relieving, modifying or extending Trustor's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.06, unless Trustor has given prior written notice to Agent of Trustor's intent to contest or object to an Imposition, and unless, at Agent's sole option, (i) Trustor shall demonstrate to Agent's satisfaction that the proceedings to be initiated by Trustor shall conclusively operate to prevent the suspension, termination, nonrenewal or revocation of any Authorization and to prevent the sale of the Trust Estate to satisfy such Imposition prior to final determination of such proceedings; or (ii) Trustor shall furnish a good and sufficient bond or surety as requested by and in form, substance and amount and issued by a person satisfactory to Agent; or (iii) Trustor shall demonstrate to Agent's satisfaction that Trustor has provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such suspension, termination,

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nonrenewal, revocation or sale. If Trustor pays the Imposition, it shall have the right to contest or object to the amount or validity of such Imposition without Agent's consent.

(e) Upon the occurrence and during the continuance of an Event of Default, Agent may require that Trustor shall deposit with Agent, in monthly installments on the first day of each month, an amount equal to one-twelfth (1/12th) of the sum of the annual Impositions reasonably estimated by Agent, for the purpose of paying the installment of Impositions next due (funds deposited for this purpose shall hereinafter be referred to as "Impounds"). In such event Trustor further agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to Agent. Upon receipt of such bills, statements or other documents, and provided Trustor has deposited sufficient Impounds with Agent pursuant to this Section, Agent shall pay such amounts as may be due thereunder out of the Impounds so deposited with Agent. If at any time the Impounds deposited with Agent are or will be insufficient to pay such amounts as may then be or subsequently become due, Agent may notify Trustor and Trustor shall deposit within ten (10) days after such notice an amount equal to such deficiency with Agent. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary, Agent or any of the Banks to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Agent pursuant to this Section, nor shall anything contained herein modify the obligations of Trustor set forth in Section 1.06(a) hereof. Agent may commingle Impounds with its own funds. Upon the occurrence of an Event of Default, Agent shall apply any balance of the Impounds to the payment of any Imposition or the Notes and other Obligations secured hereby, provided that said Imposition or Notes and other Obligations secured hereby are due and payable according to the terms thereof or as a result of acceleration of the maturity thereof by Agent. Should Trustor fail to deposit with Agent (exclusive of that portion of said payments which has been applied by Agent to the Notes and other Obligations secured hereby) sums sufficient to fully pay such Impositions at least ten (10) days before delinquency thereof, Beneficiary, Agent or any Bank may, at its election, but without any obligation to do so, advance any amounts required to make up the deficiency, which advances, if any, shall be repayable to Beneficiary or Agent or any such Bank as herein elsewhere provided. The receipt, use or application of any such Impounds paid by Trustor to Agent hereunder shall not be construed to affect the maturity of the Notes or any of the rights or powers of Beneficiary or Agent or any Bank under the terms of the Loan Documents or any of the obligations of Trustor or any guarantor under the Loan Documents. Upon payment in full of

the Notes, and satisfaction of all other obligations, Agent shall return to Trustor any unused Impounds held by Agent pursuant to this Section.

(f) If requested by Agent, Trustor shall cause to be furnished to Agent a tax reporting service covering the Trust Estate of a type, duration and with a company reasonably satisfactory to Agent.

1.07. Utilities.

(a) Subject to Trustor's rights to contest any such charges pursuant to Section 1.07(b), Trustor shall pay or shall cause to be paid when due all utility charges which are incurred by Trustor for the benefit of the Trust Estate or which may become a charge or lien against the Trust Estate for gas, electricity, water, sewer or other services furnished to the Trust Estate or any part thereof and all other assessments or charges of a similar nature, whether public or private, affecting any part of the Trust Estate or related thereto, whether or not such taxes, assessments or charges are or actually become liens thereon.

(b) Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such utility charge by appropriate proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Trustor's covenant to pay any such utility charge at the time and in the manner provided in this Section 1.07, unless Trustor has given prior written notice to Agent of its intent to contest or object to a utility charge, and unless, at Agent's sole option, (i) Trustor shall demonstrate to Agent's satisfaction that the proceedings to be initiated by Trustor shall conclusively operate to prevent the suspension, termination, nonrenewal, or revocation of any material service and to prevent the sale of the Trust Estate to satisfy such utility charge prior to final determination of such proceedings; or (ii) Trustor shall furnish a good and sufficient bond or surety as requested by and in form, substance and amount and issued by a person satisfactory to Agent; or (iii) Trustor shall demonstrate to Agent's satisfaction that Trustor has provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such suspension, termination, nonrenewal, revocation or sale. If Trustor pays the utility charge, it shall have the right to contest or object to the amount or validity of such utility charge without Agent's consent.

1.08. Actions Affecting Trust Estate. With respect to the Trust Estate, Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof,

the other Loan Documents, any additional or other security for the obligations secured hereby, the interests of Beneficiary or Agent or any Bank or the rights, powers or duties of Trustee hereunder. Trustor shall pay all costs, fees and expenses, including costs of evidence of title, trustees' fees, court costs and reasonable attorneys' and consultants' fees paid or incurred by Beneficiary or Agent or any Bank in any action or proceeding in which Beneficiary, Agent or any Bank or Trustee may appear or be made a party, whether or not pursued to final judgment, and in any exercise of the power of sale contained herein, whether or not such sale is actually consummated.

1.09. Actions by Trustee or Beneficiary to Preserve Trust Estate. If Trustor fails to make any payment or perform any Obligation as and in the manner provided in this Deed of Trust, Agent and/or Trustee, each in its own discretion, without obligation so to do, without releasing Trustor from any Obligation and without notice to or demand upon Trustor, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Upon the occurrence and during the continuation of an Event of Default (without limiting their general powers, whether conferred herein, in another Loan Document or by law), Beneficiary, Agent or any Bank and Trustee shall have and are hereby given the right, but without the obligation, without releasing Trustor from any Obligation and without notice to or demand upon Trustor, (i) to enter upon and take possession of the Trust Estate or any part thereof, in which event prior notice shall be given to Trustor; (ii) to make additions, alterations, repairs and improvements (including those required by good forest management practice) to the Trust Estate or any part thereof which they or any of them may consider necessary or proper to keep the Trust Estate or any part thereof in good condition and repair, in which event prior notice shall be given to Trustor; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary, Agent, the Banks or Trustee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either may affect the security of this Deed of Trust or be prior or superior hereto; (v) in exercising such powers, to pay necessary expenses, including employment of an independent consulting engineer and counsel or other necessary or desirable consultants; and (vi) to take any and all actions to protect the rights of Beneficiary, Agent, the Banks or Trustee set forth herein or in the other Loan Documents or to sustain the lien or priority of this Deed of Trust. Trustor shall, immediately upon demand therefor by Agent and Trustee or either of them, pay to Beneficiary, Agent, any Bank and Trustee an amount equal to all respective costs and expenses

incurred by them in connection with the exercise by Agent, Beneficiary, the Banks or Trustee of any of the foregoing rights in respect of the Trust Estate or any part thereof or interest therein, including costs of evidence of title, court costs, appraisals, cruises of timberland, surveys and receiver's, trustee's and reasonable attorneys' fees, together with interest thereon from the date of such expenditures until fully reimbursed by Trustor, at the Agreed Rate, and such costs and expenses shall be added to the indebtedness secured by this Deed of Trust and be a lien or charge on the Trust Estate.

1.10. Transfer of Trust Estate by Trustor. The financial stability and managerial and operational ability of Trustor and of those persons or entities having a direct or beneficial interest in Trustor are a substantial and material consideration to Beneficiary in its agreements to enter into the transactions evidenced by the Loan Documents. Trustor understands that a transfer of the Trust Estate or change in the person operating or managing the Trust Estate may significantly and materially alter and reduce Beneficiary's security for Trustor's obligations under the Loan Documents. Therefore, in order to induce Beneficiary to enter into the transactions secured hereby, Trustor hereby agrees that, in the event of (a) any transfer of the Trust Estate or any part thereof or interest therein not permitted by the Credit Agreement or (b) the use, occupancy, management or operation of the Trust Estate or any part thereof by a person other than Trustor (or its agents approved by Agent) without the prior written consent of Agent, Agent shall have the absolute right at its option, by notice to Trustor, to declare all Obligations secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Agent may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to the provisions of this Deed of Trust. As used herein, "transfer" includes the sale, agreement to sell, lease, transfer, hypothecation, grant in trust, conveyance or other disposition of all or any portion of the Trust Estate, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Trust Estate, or the lease of all or any substantial portion of the Trust Estate or the sale or agreement to sell Timber or lumber or other forest products produced at the Prineville Sawmill or to allow the cutting or harvesting or other disposition of Timber or other disposition of lumber or other forest products. Prohibited "Transfers" shall also include the sale, agreement to sell, issuance, transfer, assignment, hypothecation, grant in trust, pledge, conveyance or other disposition of the legal or beneficial

ownership of (i) any interest of any stockholder in, or (ii) the shares of, Trustor.

1.11. Full Performance Required; Survival of Warranties. All representations, warranties and covenants of Trustor made to Beneficiary, Agent or any Bank in connection with the Obligations secured hereby or contained in the Loan Documents or incorporated by reference therein shall survive the execution and delivery of this Deed of Trust and shall remain continuing covenants, warranties and representations of the person making such so long as any portion of the Obligations secured by this Deed of Trust remains outstanding.

1.12. Eminent Domain. (a) If any proceeding or action be commenced for the taking of the Trust Estate or any part thereof or interest therein for public or quasi-public use under the power of eminent domain, or if the Trust Estate or any part thereof be damaged or its value diminished by reason of any taking or any public improvement or any inverse condemnation, or should Trustor receive any notice or other information regarding such proceeding, action, taking or damage, Trustor shall give prompt written notice thereof to Agent. Trustor shall have the right to commence, appear in and prosecute in its own name any such action or proceeding. Agent shall be entitled at its option, without regard to the adequacy of its security, to join Trustor in any such action and, in any case involving a taking or damage in excess of \$75,000, to commence, appear in and prosecute in the name of Trustor or in its own name any such action or proceeding. Trustor may, upon written notice to Agent, make any compromise or settlement in connection with such taking or damage not in excess of \$75,000. Trustor shall consult with Agent in settling or compromising any such taking or damage for more than \$75,000 but less than the aggregate outstanding principal balance of the Notes, provided that Agent may settle or compromise any such taking or damage after five Business Days' notice to Trustor. Trustor may settle or compromise any taking or damage for more than the aggregate outstanding principal amount of the Notes, provided that if Trustor has not settled or compromised such taking or damage within sixty (60) days after the occurrence thereof, then Agent may settle or compromise such taking or damage after five Business Days' notice to Trustor. All compensation, awards, damages, rights of action and proceeds awarded with respect to the Trust Estate by reason of any such taking or damage (including any sale in lieu of condemnation) (the "Condemnation Proceeds") are hereby assigned to Agent, for its benefit and the ratable benefit of the Banks, and Trustor agrees to execute such further assignments of the Condemnation Proceeds as Agent may reasonably require, and to deposit the Condemnation Proceeds in the Harvest Deposit Account, as prescribed by Section 2.5.1.1 of the Credit Agreement.

(b) After deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including without limitation consultants' and reasonable attorneys' fees, incurred by it in connection with any such action or proceeding, if the net Condemnation Proceeds are sufficient to pay in full the Notes and all other Obligations of Trustor, Agent shall apply the net Condemnation Proceeds to the repayment of the outstanding balance of the Notes, together with accrued interest thereon, notwithstanding that said outstanding balance may not be due and payable, and of all Obligations of Trustor secured hereby. If the Condemnation Proceeds are not sufficient to repay the Notes in full, Agent shall apply the net Condemnation Proceeds deposited into the Harvest Deposit Account in accordance with the provisions of the Harvest Deposit Account Agreement and in accordance with the applicable Subsection of Section 2.5 of the Credit Agreement to the partial payment of the Notes and other Obligations; provided that Agent at its option may accelerate the Maturity Date of the Notes and declare the Notes and all the other Obligations secured hereby immediately due and payable, and Trustor shall immediately pay any remaining balance of the Notes and Obligations, together with accrued interest. If there are Condemnation Proceeds remaining after repayment of the Notes and the satisfaction of all Obligations in full, such remaining proceeds shall be paid to Trustor as Trustor may direct.

(c) Any expense incurred by Beneficiary, Agent or any Bank in connection with the foregoing, and interest thereon at the Agreed Rate accruing from the date paid by Beneficiary or Agent or any such Bank until reimbursed by Trustor, shall be added to the indebtedness secured by this Deed of Trust and be a lien or charge on the Trust Estate.

1.13. Additional Security. No other security now existing, or hereafter taken, to secure the Obligations secured hereby shall be impaired or affected by the execution of this Deed of Trust; and all additional security shall be taken, considered and held as cumulative. The taking of additional security, execution of releases or partial releases of the security, or any extension of the time of payment of any indebtedness shall not diminish the force, effect or lien of this Deed of Trust and shall not affect or impair the liability of any maker, surety or endorser for the payment of such indebtedness. In the event Beneficiary at any time holds additional security from Trustor for any of the Obligations secured hereby, Agent may enforce the sale thereof or otherwise realize upon the same in accordance with the terms thereof, at the option of Agent, either before, concurrently with, or after a sale is made hereunder. In the event

Beneficiary at any time holds additional security from parties other than Trustor for any of the obligations secured hereby, Agent may enforce the sale thereof or otherwise realize upon the same in accordance with the terms thereof, at the option of Agent, either before, concurrently with, or after a sale is made hereunder.

1.14. Appointment of Successor Trustee.

(a) Agent may, from time to time, by a written instrument executed and acknowledged by Agent, mailed to Trustor and recorded in the county in which the Trust Estate is located, and by otherwise complying with the provisions of applicable law, substitute a successor or successors to any Trustee named herein or acting hereunder; and said successor or successors shall, without conveyance from the predecessor Trustee, succeed to all title, estate, rights, powers and duties of said predecessor.

(b) Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

(c) Upon receipt by Trustee of instructions from Agent, at any time or from time to time, Trustee shall (i) give any notice or direction or exercise any right, remedy or power hereunder or in respect of any part or all of the Trust Estate as shall be specified in such instruction and (ii) approve as satisfactory all matters required by the terms hereof to be satisfactory to Trustee or to Agent.

1.15. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. Subject to the terms of Section 1.10 above, the term "Trustor" shall mean Crown Pacific, Ltd., an Oregon corporation, and its permitted successors or assigns, whether or not named as Trustor herein.

1.16. Liens. Trustor shall promptly contest and bond or pay and discharge all Liens and claims of Liens (other than Permitted Liens) upon the Trust Estate or any part thereof or interest therein, in accordance with Section 6.2 of the Credit Agreement. In the event Trustor fails to comply with said provision and Beneficiary, Agent or any Bank expends sums in consequence thereof, the sums so expended by Beneficiary, Agent or such Bank with interest thereon at the Agreed Rate accruing from the date paid by Beneficiary, Agent or such Bank until reimbursed by Trustor, shall be added to the indebtedness secured by this Deed of Trust and be a lien or charge on the Trust Estate.

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1.17. Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Agent and, if no Event of Default shall have occurred and be continuing, with Trustor's consent and with presentation of this Deed of Trust and the Notes secured hereby for endorsement, and without affecting the personal liability of any person for payment or performance of the Obligations secured hereby or the effect of this Deed of Trust upon the remainder of the Trust Estate, Trustee may (i) reconvey any part of the Trust Estate, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.18. Beneficiary's Powers. Without affecting the Obligations herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Trust Estate not then or theretofore released as security for the full amount of all unpaid Obligations, Agent may, from time to time and without notice, (i) release any person so liable, (ii) extend the maturity or renew or alter any of the terms of any such Obligation, (iii) grant other indulgences or waivers, (iv) release or reconvey, or cause to be released or reconveyed, any part or all of the Trust Estate, (v) take or release any other or additional security for any Obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto.

1.19. Trade Names. At the request of Agent, Trustor shall execute a certificate in form satisfactory to Agent listing the trade names or fictitious business names under which Trustor intends to do business or to operate the Trust Estate and representing and warranting that Trustor does business under no other trade names or fictitious business names. Trustor shall immediately notify Agent in writing of any change in said trade names or fictitious business names, and will, upon request of Agent, execute any additional financing statements and other certificates necessary to reflect the change in trade names or fictitious business names.

1.20. Loan Documents. Trustor shall promptly comply with all terms, covenants and conditions required to be observed by it under any Loan Document.

1.21. Access to Land and Collateral.

(a) From time to time upon request by Agent, Trustor will promptly deliver to Beneficiary documents that are, or that evidence, govern, or create, collateral; and permit Beneficiary, Agent or any Bank and its agents and

designees, at all reasonable times, to enter on and inspect the Real Property.

(b) Subject to the provisions of Section 1.10 above, in any transfer by Trustor of any portion of the Real Property, Trustor shall reserve such easements for access, use, maintenance, utilities, and operation as may be necessary or desirable for access, use, maintenance, utilities and operation with respect to the remainder of the Real Property, in form and substance acceptable to Agent, and all such easements shall be included within and deemed to be a part of the Trust Estate, and Trustor shall execute, acknowledge, deliver and record or file such amendments or supplements to or spreaders of this Deed of Trust or such new deeds of trust as Agent may require to extend or spread the lien or charge of this Deed of Trust to such easements.

1.22. Authorizations. Trustor hereby agrees not to amend, supplement, cancel, surrender, allow to expire, terminate, release or waive any material Authorization or any provision thereof, issued to it and required for the use, occupancy, operation, management, repair or maintenance of any Real Property or for the management, cutting, harvesting or other disposition of the Timber, or permit any of the foregoing without the prior written consent of Agent. Consent to one amendment, supplement, cancellation, surrender, expiration, termination, release or waiver shall not be deemed to be a waiver of the right to require consent to other, further or successive amendments, supplements, cancellations, surrenders, expirations, terminations, releases or waivers. Any such amendment, supplement, cancellation, surrender, expiration, termination, release or waiver, whether oral or in writing, made without the prior written consent of Agent shall, to the extent permitted by law, not be valid or effective against Beneficiary. Trustor shall perform all of the requirements and covenants under the material Authorizations and shall not take any action or omit to take any action which would adversely affect, or permit the suspension, expiration, termination, non-renewal or revocation, of any such Authorizations. Trustor agrees promptly to notify Agent in writing with respect to any default or alleged default by Trustor under any such Authorization or the commencement of any investigations, hearings or proceedings that specifically involve any such Authorization and could lead to modification, suspension, termination, nonrenewal or revocation of any such Authorization. Trustor shall also promptly deliver to Agent copies of all notices, demands, complaints or other communications received or given by it with respect to any such default or alleged default or such investigation, hearing or proceeding. Upon receipt by Beneficiary, Agent or any Bank of any notice of default issued by the issuer of any

Authorization, Agent may give notice thereof to Trustor and if Trustor shall fail to correct such default within 30 days after the delivery of such notice, then Agent may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof is questioned or denied by Trustor; provided, that Agent shall not be required to give Trustor notice in an emergency or if the security for the Notes and other Obligations of Trustor would be jeopardized or impaired by the passage of time. Agent shall have the option, but not the obligation, to cure any such default and to perform any or all of Trustor's Obligations thereunder which are in default, and may enter the Trust Estate for such purposes, but no such action by Agent shall relieve Trustor of its Obligations under the Authorizations or this Deed of Trust. All sums expended by Beneficiary, Agent or any Bank in curing any such default shall be added to the indebtedness secured hereby, be a lien or charge on the Trust Estate and be immediately due and payable by Trustor upon notice from Agent and shall bear interest from the date of expenditure until fully reimbursed by Trustor at the Agreed Rate.

1.23. Limitations on Cutting.

(a) Trustor shall not cut or harvest or otherwise remove (or permit the cutting or harvesting or other removal) of any Timber except pursuant to the terms of the Timber Maintenance Agreements.

(b) Upon the occurrence of an Event of Default under Clauses (A), (B), (D), (E), (H), (I), (J), (M) or (N) of Section 7.1 of the Credit Agreement, Agent shall have the option to immediately terminate all rights of cutting, harvesting and removal of Timber under this Deed of Trust and the Timber Maintenance Agreements without the necessity of notice or any action on the part of Beneficiary, Agent or any Bank. Upon the occurrence and during the continuance of any other Event of Default, all rights of cutting, harvesting and removal of Timber under this Deed of Trust and the Timber Maintenance Agreements shall be suspended, without the necessity of notice or any action on the part of Beneficiary, Agent or any Bank. Upon acceleration of the Notes, Agent shall have the option to immediately terminate all rights of cutting, harvesting and removal of Timber under this Deed of Trust and the Timber Maintenance Agreements at the expiration of thirty days after the date of such acceleration, without the necessity of notice or any action on the part of any Person, unless sooner terminated by written notice from the Agent to Trustor.

1.24. Limitations of Use. Trustor shall not initiate, join in or consent to any change in any private

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restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses which may be made of the Land.

1.25. Spreading Lien. Trustor will, at the request of Agent, take all such actions, including the execution, acknowledgment and delivery to Agent for the benefit of Agent and the ratable benefit of the Banks, and the recordation, publication and filing of, such UCC financing statements, effective financing statements, fixture filing financing statements, deeds of trust, mortgages, assignments of rents and leases, assignments of contracts and Authorizations and security agreements, and amendments to the Loan Documents, and other instruments as may be required to perfect the Liens created in any After-acquired Property hereafter acquired by Trustor. Such actions shall be adequate to effect the following: (A) the mortgage Lien purported to be created in such After-acquired Property by any deed of trust in favor of Agent for its benefit and the ratable benefit of the banks shall be a valid, fully perfected first mortgage Lien of record, subject only to Permitted Liens; (B) the security interest purported to be created in such After-acquired Property by any security agreement in favor of Agent for its benefit and the ratable benefit of the Banks shall be a valid, fully perfected first Lien security interest of record, subject only to Permitted Liens; and (C) the assignment of Rents purported to be created in such After-acquired Property by any assignments of rents and leases or assignment of contracts and Authorizations in favor of Agent for its benefit and the ratable benefit of the Banks shall be a valid present assignment, subject only to Permitted Liens. Additionally, immediately upon receipt of any property received in exchange for the disposition of all or any portion of the Trust Estate, Trustor shall grant to Agent for its benefit and the benefit of the Banks the same Liens that encumbered the portion of the Trust Estate so disposed of and having the same priority and the same title insurance coverage.

ARTICLE II ASSIGNMENT OF RENTS, ISSUES AND PROFITS

2.01. Assignment to Beneficiary. Immediately following the execution of this Deed of Trust, Trustor will execute, deliver and record the Oregon Assignment of Rents in favor of Beneficiary. The lien of this Deed of Trust shall remain prior and superior to Beneficiary's interest under the Oregon Assignment of Rents.

2.02. Assignment to Trustee. Trustor hereby assigns and transfers to Trustee all the Rents of the Trust Estate or any part thereof, and hereby gives to and confers upon Trustee the right, power and authority to collect such

Rents. Trustor irrevocably appoints Trustee 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, Trustee or Beneficiary, for all such Rents, and apply the same to the indebtedness secured hereby; provided, however, that so long as an Event of Default shall not have occurred hereunder and be continuing, Trustor shall retain a license to collect such Rents in accordance with and subject to the provisions of the Oregon Assignment of Rents. Upon request of Beneficiary, Trustor shall execute and deliver to Beneficiary, in recordable form, a specific assignment of any Lease now or hereafter affecting the Trust Estate or any portion thereof to further evidence the assignment hereby made.

2.03. Collection Upon Default. Upon and during the occurrence of any Event of Default, Agent may, at any time by notice to Trustor, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, revoke Trustor's license and enter upon and take possession of the Trust Estate or any part thereof, in its own name sue for or otherwise collect such Rents, including those past due and unpaid, and shall apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby that shall then be due and payable including as a result of the acceleration of the maturity thereof, and in the order specified in Section 7.3 of the Credit Agreement. The collection of such Rents, or the entering upon and taking possession of the Trust Estate, or the application thereof as aforesaid, shall not (except as provided in Section 3.02(a) below) cure or waive any Event of Default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default. Trustor's license to collect Rents, provided that all such Rents received or collected shall be deposited in the appropriate Deposit Account, as prescribed in Section 2.5 of the Credit Agreement, shall be reinstated upon the cure of such Event of Default.

ARTICLE III DEFAULT

3.01. Event of Default. The occurrence of any one or more of the following shall constitute an Event of Default under this Deed of Trust:

- (a) The default by Trustor in the performance of any of its Obligations under this Deed of Trust, other than those specified in Clause (b) of this Section, or

any breach of any warranty or representation made by Trustor in this Deed of Trust;

(b) The default by Trustor in the performance of its obligations under Sections 1.02 (excepting Clauses (a) (ii) and (a) (viii) thereof), 1.06 (excepting Clauses (b) (2) and (d) thereof), 1.07, 1.08, 1.16, 1.19, 1.21(a), 1.24, 1.25 and 5.03 of this Deed of Trust, and such default shall continue and not be remedied by Trustor within 30 days after delivery to Trustor by Agent of a notice of such default or, in the case of any such default which cannot be cured within said 30-day period, Trustor shall fail to commence a cure within said 30 days and thereafter shall fail to diligently prosecute such cure; or

(c) Any Event of Default under the Credit Agreement, the Oregon Assignment of Rents or any other Loan Document.

3.02. Acceleration Upon Default, Additional Remedies. Upon the occurrence and during the continuance of an Event of Default, Beneficiary may exercise any one or more of the following rights and remedies:

(a) Beneficiary may declare all indebtedness evidenced by the Notes and all other Obligations owed by Trustor and secured hereby (including all interest thereon) to be immediately due and payable, in accordance with the Credit Agreement.

(b) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, by notice to Trustor, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and exclude Trustor and all persons claiming under Trustor whose claims are junior to this Deed of Trust, wholly or partly therefrom, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the Rents thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including, without limitation, attorneys' fees, upon any Obligations secured hereby, in the order specified in Section 7.3 of the Credit Agreement. The entering upon and taking possession of the Trust Estate, the collection of such Rents and application thereof as aforesaid, shall not

cure (except as aforesaid) 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 all or any portion of the Trust Estate or the collection, receipt and application of Rents, Trustee or Agent shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon the occurrence and during the continuation 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 and obtain a deficiency judgment if entitled by law thereto, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustor a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interests in the Trust Estate to be sold, which notice Trustee or Agent shall cause to be duly filed for record in the Official Records of the Counties in which the Trust Estate is located; or

(d) Exercise any and all other rights and remedies provided herein, in any other Loan Document or other document or agreement now or hereafter securing all or any portion of the Obligations secured hereby, or by law.

3.03 Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Agent shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Notes and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such notice from Agent, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as 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 of such Notice of Default and after Notice of Sale having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in said Notice 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 bidder for cash 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. Such purchaser or purchasers shall take title to the Trust Estate or the part thereof so sold free and discharged of the estates of Trustor therein, such purchaser or purchasers being hereby discharged from all liability to see to the application of the purchase money. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Beneficiary, Agent or any Bank but excluding Trustee, may purchase at such 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, Trustee shall apply the proceeds of sale, in the following priority, to payment of: (i) first, all sums expended or incurred by Trustee, Beneficiary, Agent or any Bank under the terms hereof or under the terms of the Credit Agreement or any other Loan Document, not then repaid, with accrued interest at the Agreed Rate; (ii) second, all other Obligations then secured hereby; and (iii) the remainder, if any, to the person or persons legally entitled thereto.

(c) Subject to ORS § 86.755(2) (or any successor statute), Trustee may postpone the 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 or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

3.04. Appointment of Receiver. Upon and during an Event of Default, Agent, 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 or the solvency of Trustor, 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. 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 herein 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. The receiver may serve without bond if permitted by law. Notwithstanding anything in the preceding to the contrary, should Trustor cure such

Event of Default following the appointment of a receiver and prior to the expiration of the reinstatement period prescribed in ORS § 86.753 (or any successor statute), then Agent shall apply to the court having jurisdiction to release said receiver.

3.05 Power to Borrow. If the revenues produced by the Trust Estate are insufficient to pay expenses, the receiver may borrow from Beneficiary, if Beneficiary, in its sole discretion, agrees to lend, or Beneficiary may borrow or advance, such sums as the receiver or Beneficiary may deem necessary for the purposes stated in Sections 3.02 and 3.04. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the Agreed Rate. Such sums shall become a part of the Obligations secured by this Deed of Trust and shall be payable by Trustor on demand.

3.06 Remedies Not Exclusive. Trustee and Beneficiary, Agent and the Banks, and each of them, shall be entitled to enforce payment and performance of any Obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any other Loan Document or additional security or any laws now or hereafter in force, notwithstanding that some or all of the Obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, security interest, 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, Beneficiary's or Agent's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Agent (for the benefit of the Banks) 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 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 remedy given hereunder or now or hereafter existing at law or in equity or by statute. The failure to insist at any time upon the strict observance or performance of any of the provisions of this Deed of Trust, or to exercise any right or remedy provided for herein, shall not impair any such right or remedy nor be construed as a waiver or relinquishment thereof. Every power or remedy given by any of the Loan Documents to Trustee or Agent 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 Agent and either of them may pursue inconsistent remedies.

3.07. Personal Property. Concurrently herewith, Trustor has executed and delivered to Beneficiary the Security Agreement with respect to certain Collateral described therein. In the event of any inconsistency between the provisions hereof and the provisions of the Security Agreement with respect to the Collateral, the provisions of the Security Agreement shall control. Upon the occurrence of an Event of Default, Beneficiary may proceed: (i) to exercise its rights hereunder with respect to all or any portion of the Trust Estate and all or any portion of the Collateral in any sequence at its sole option; and (ii) to exercise its rights under the Security Agreement with respect to all or any portion of the Collateral in accordance with the provisions of the Uniform Commercial Code.

3.08. Enforcement. All rights of action under this Deed of Trust and the other Loan Documents may be enforced by Agent, acting, where required, at the direction of the Banks, without the possession of this Deed of Trust or the other Loan Documents and without the production thereof at any trial or other proceeding relative thereto.

ARTICLE IV FIXTURE FILING

The Trust Estate shall, to the extent permitted by applicable law, be considered to be real property and forming the Oregon Real Property hereby conveyed. To the extent that any part of the Trust Estate is not so considered but is held to be personal property subject to the Uniform Commercial Code, then this Deed of Trust also constitutes a financing statement filed as a fixture filing, as defined in ORS § 79.4020(6), in the Official Records of the County Recorder of the county in which the Trust Estate is located, covering both such part of the Trust Estate and the types of property described in Exhibit B attached hereto and by this reference incorporated herein (the "**Personal Property**"). The Personal Property is attached or appurtenant to, or arises from, or is located on the Land, and Trustor is the debtor, and its name and address appear on the first page of this Deed of Trust. The secured party is Agent, for its benefit and the ratable benefit of the Banks, and information concerning its security interest may be obtained from Agent at the address for Agent set forth in Section 5.05 of this Deed of Trust. Some of the goods described in Exhibit B are or are to become fixtures on the Land. Trustor is the owner of the Land. This Deed of Trust is to be recorded in the real estate records.

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**ARTICLE V
MISCELLANEOUS**

5.01. Amendments. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

5.02. Trustor Waiver of Rights. Trustor hereby waives to the extent permitted by law, (i) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisal before sale of any portion of the Trust Estate, (ii) all rights of redemption, valuation, stay of execution and marshalling in the event of foreclosure of the liens and charges hereby created, and (iii) the benefit of any extension or moratorium law. Without limiting the generality of the preceding sentence, Trustor, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Trust Estate subsequent to the date of this Deed of Trust, hereby irrevocably waives any and all rights of redemption from sale under any order or decree of foreclosure of this Deed of Trust or under any power contained herein or under any sale pursuant to any statute, order, decree or judgment of any court.

5.03. Statements by Trustor. Trustor shall, within ten (10) days after written request therefor from Agent, deliver to Agent a written statement, duly acknowledged, stating to the best of its knowledge the unpaid principal of and interest on the Notes and the amounts of any other Obligations secured by this Deed of Trust and stating, without waiving any claim against Beneficiary with respect to any offset or defense specifically identified in such statement, whether any offset or defense exists against such principal and interest.

5.04. Reconveyance by Trustee. Upon written request of Agent stating that all indebtedness payable to Beneficiary secured hereby has been paid, and upon surrender of this Deed of Trust and the Notes to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without covenant or warranty, expressed or implied, all of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

5.05. Notices. All notices, requests, approvals, communications and demands to be made hereunder to the parties hereto shall be in writing and shall be delivered by hand, telecopied or telexed, or sent by registered or certified mail through the United States Postal Service, postage prepaid, return receipt requested, to the addresses shown below or such other addresses which the parties may provide to one another in the manner herein provided. (A copy of materials delivered by telecopy shall also be sent by registered or certified mail in the manner required by this Section, but delivery shall be deemed to have occurred upon receipt of the telecopy.) Such notices, requests and demands, if sent by mail, shall be deemed given five (5) days after deposit in the United States mail, and if delivered by hand, shall be deemed given when delivered and if telecopied or telexed, shall be deemed given upon receipt thereby.

To Beneficiary:

Bankers Trust Company
280 Park Avenue
New York, New York 10017
Attention: Donald R. Carse, Jr.,
Energy Finance Group
Telex Nos. 62922 BTNY, 233015 BTNY
Telecopy No. (212) 850-1079

With a copy to:

O'Melveny & Myers
153 E. 53rd Street
53rd Floor
New York, New York 10022-4611
Attention: Francis J. Burgweger, Jr., Esq.
Telex No. 129165 MOMSNYK
Telecopy No. (212) 326-2061

To Trustor:

Crown Pacific, Ltd.
1500 S.W. First Avenue, Suite 1170
Portland, Oregon 97201
Attention: Peter W. Stott
Telecopy No. (503) 228-4875

With a copy to:

Ball, Janik & Novack
One Main Place
101 S.W. Main Street, Suite 1100
Portland, Oregon 97204-3274
Attention: Robert S. Ball, Esq.
Telex No. (910) 386-8476
Telecopy No. (503) 295-1058

To Trustee:

Stewart Title of Oregon
1300 SW Sixth Avenue, Suite 310
Portland, Oregon 97201
Attention: Susan McLaughlin
Telecopy No. (503) 226-4203

5.06. Interpretation. The following rules of construction shall be applicable for all purposes of this Deed of Trust and all documents or instruments supplemental hereto, unless the context otherwise requires:

(a) Section References. All references herein to numbered Articles or Sections or to lettered Exhibits are references to the Articles and Sections hereof and the Exhibits annexed to this Deed of Trust, unless expressly otherwise designated in context.

(b) Include. The terms "include", "including", and similar terms shall be construed as if followed by the phrase "without limitation".

(c) Indebtedness. The term "indebtedness" shall be construed as if followed by the phrase "or any other sums secured hereby, or any part thereof".

(d) Gender. Words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(e) Person. The term "person" shall mean and include natural persons, firms, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Agencies.

(f) Drafter. No inference in favor of or against any party shall be drawn from the fact that such party has drafted any portion hereof.

(g) Incorporation. The cover page of and all recitals set forth in, and all Exhibits to, this Deed of Trust are hereby incorporated in this Deed of Trust.

(h) Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

5.07. Invalidity of Certain Provisions. Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof or any application of any provision is declared to be illegal, invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction, such illegality, invalidity or unenforceability shall not affect or impair the legality, validity or enforceability of the balance of the terms and provisions hereof or any other application of such term or provision or of the other Loan Documents, or of such term or provision in any other jurisdiction or the application of such term or provision in any other jurisdiction and such terms and provisions shall remain binding and enforceable. If the lien or charge of this Deed of Trust is invalid or unenforceable as to any part of the Obligations secured hereby, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially secured portion of the Obligations shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the Obligations, and all payments made on the Obligations, 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 Obligations which is not secured or fully secured by the lien of this Deed of Trust.

5.08. Subrogation. To the extent that proceeds of the Notes are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

5.09. Attorneys' Fees. If the Notes are not paid when due after the expiration of any grace period, or if any Event of Default occurs, Trustor promises to pay all costs of enforcement and collection, including, but not limited to, court costs, reasonable consultants' fees and reasonable attorneys' fees, whether or not such enforcement and collection

includes the filing of a lawsuit. All provisions in this Deed of Trust and the other Loan Documents for payment of costs and fees in connection with enforcement or collection or other proceeding shall be construed to include all such fees (including fees of legal assistants and costs and disbursements) incurred in interpreting the Loan Documents or any other instruments or in rendering advice or representing Trustee, Beneficiary, Agent or any of the Banks prior to litigation and incurred at trial, on any appeal, and on any petition for review, in addition to all other sums provided by law.

5.10. Maximum Interest Rate. None of the terms and provisions contained herein or in any of the other 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 applicable law. In the event that Beneficiary, Agent or any Bank collects monies which are deemed to constitute interest which would otherwise increase the effective interest rate on the Obligations secured by this Deed of Trust to a rate in excess of the maximum rate permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of such maximum rate shall, at the option of Agent, be credited to the payment of the principal of the Obligations secured by this Deed of Trust or returned to Trustor.

5.11. Choice of Law. It is the intent of the parties that the Obligations secured by this Deed of Trust be and are secured by deeds of trust encumbering properties located in the States of Oregon and Washington. Furthermore, it is the intent of the parties that Beneficiary may exercise its remedies in one state without adversely affecting its remedies under the laws of the other state. The residence and principal place of business of Trustor is the State of Oregon. This Deed of Trust has been negotiated and executed in the State of Oregon. The parties hereby agree that the laws of the State of Oregon (other than its choice of law doctrine) (with respect to any state's laws, herein called its "internal law") will be applicable, to the greatest extent possible, (i) for the purposes of interpreting and determining the validity and enforceability of the rights and obligations of the parties under this Deed of Trust, including without limitation determining Beneficiary's right to maintain the Obligations in full force and effect in one state after foreclosure of part of the Trust Estate in the other state or to obtain or enforce in any state a deficiency judgment in connection with or after foreclosure of either one or both of the Deeds of Trust and (ii) for the determination of the procedure for exercise in the State of Oregon of Beneficiary's and the Trustee's rights and remedies contained in the Oregon Deed of Trust. The law of the

State of Washington will be applicable only for the determination of the procedure for exercise in the State of Washington of Beneficiary's and Trustee's rights and remedies contained in the Washington Deed of Trust, but not for any other purpose. By way of illustration but not limitation: (i) Washington's anti-deficiency statute (RCW 61.24.100) shall not be applicable in the State of Oregon for any purpose under this Deed of Trust or under any of the other Loan Documents nor shall it preclude or limit any right or remedy otherwise available to Beneficiary or the Trustee in the State of Oregon or elsewhere under this Deed of Trust or any of the other Loan Documents; (ii) to the extent a deficiency judgment is available under the laws of the State of Oregon or Washington after a foreclosure of the Trust Estate, or any portion thereof, or any other realization thereon by Beneficiary, Trustee or Agent, Beneficiary shall have the right to seek or enforce such a deficiency judgment against Trustor in the State of Oregon or Washington, as the case may be, as well as in other states, irrespective of the situs of such foreclosure; (iii) without limiting the generality of the foregoing, Trustor hereby waives, to the maximum extent permitted by law, any rights it may have under Revised Code of Washington Sections 61.12.120 and 61.24.100 with respect to the Trust Estate and the enforcement or realization by Beneficiary or Trustee of their respective rights and remedies under this Deed of Trust or any of the Loan Documents or with respect to the Trust Estate; and (iv) Trustor hereby agrees that no action, proceeding or judgment initiated, pursued or obtained by Beneficiary or Trustee in the State of Oregon with respect to the Trust Estate, this Deed of Trust or any of the Loan Documents shall be considered a "foreclosure" for purposes of Section 61.24.100 or an "action" for the purposes of Section 61.12.120 of the Revised Code of Washington.

5.12. Statute of Limitations. Except insofar as now or hereafter prohibited by law, the right to plead, use or assert any statute of limitations as a plea or defense or bar of any kind, or for any purpose, to any indebtedness or obligation secured or to be secured hereby, or to any complaint, demand or other pleading or proceeding filed, instituted or maintained for the purpose of enforcing this Deed of Trust or any other Loan Document or any rights hereunder or thereunder, is hereby waived by Trustor and its successors or assigns.

5.13. Trust Irrevocable; No Claim. The trust created hereby is irrevocable by Trustor. No claim that Trustor now or may in the future have against Beneficiary, Agent or any Bank shall relieve Trustor from performing any of its obligations contained herein or secured hereby; provided that the preceding clause shall not constitute a waiver of such claim.

5.14. Corrections. Trustor shall, upon request of Agent, promptly correct any defect, error or omission which may be discovered in the contents hereof or in the execution or acknowledgment hereof, and shall execute, acknowledge and deliver such further instruments and do such further acts as may be necessary or as may be reasonably requested by Agent to carry out more effectively the purposes hereof, to subject to the lien, charge and security interest hereby created any of Trustor's properties, rights or interest covered or intended to be covered hereby, or to perfect and maintain such lien, charge and security interest.

5.15. Further Assurances. Trustor hereby agrees to do or to cause to be done such further acts and things and to execute and deliver or to cause to be executed and delivered such additional assignments, agreements, powers and instruments, as Agent may reasonably require to carry into effect the purposes of this Deed of Trust or better to assure and confirm unto Beneficiary, Agent and the Banks the rights, powers and remedies granted to each hereunder.

5.16. Counterparts. This Deed of Trust may be executed in several original counterparts. Each counterpart shall be deemed to be an original for all purposes, and all counterparts shall together constitute but one and the same instrument; provided, however, Beneficiary and Trustee shall also have the option to exercise all rights and remedies available to Beneficiary and Trustee hereunder and under applicable law as though each counterpart hereof were a separate deed of trust, or other security instrument covering only the portions of the Trust Estate located in the county wherein such counterpart is recorded.

5.17. Beneficiary Not a Joint Venturer or Partner. Trustor and Beneficiary acknowledge and agree that in no event shall Beneficiary, Agent or any Bank be deemed to be a partner or joint venturer with Trustor. Without limitation of the foregoing, neither Beneficiary, Agent, nor any Bank shall be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Deed of Trust or pursuant to any other instrument or document evidencing or securing any of the indebtedness or the Obligations secured hereby, or otherwise.

ARTICLE VI ENVIRONMENTAL INDEMNITY

6.01 Environmental Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

"Environmental Action" means any and all of the following:

a. Any notice of violation, complaint, claim, citation, demand, order (including consent order), inquiry, report, action or proceeding, whether absolute or contingent, matured or unmatured, brought or issued by any Governmental Agency or any other Person regarding the Property respecting:

- (i) any Environmental Laws;
- (ii) public health risks;
- (iii) the environmental condition of the Property or any portion thereof, including without limitation damage, alleged damage, injury or alleged injury to fish, wildlife, biota, air, surface or subsurface soil or water, drinking water supplies or other natural resources; or

(iv) the actual or alleged use, exposure, release, generation, manufacture, sale, transportation, handling, storage, treatment, recycling, reclamation, reuse, emission, spill, leak, release, threatened release, disposal or presence of Hazardous Substances on, in, under, to or from the Property regardless of whether such notice of violation, complaint, claim, citation, demand, inquiry, report, action or proceeding pertains to the Property or to materials or substances that, while used, generated, manufactured, transported to or from, handled, stored, treated or present on the Property, were transported off-site for treatment, storage, recycling, reclamation, reuse and/or disposal.

b. Any lien or restriction on use or development placed on the Property under any Environmental Law or any judicial or administrative proceeding or action with respect to such a lien or restriction on use or development.

"Environmental Laws" means any and all federal, state and local statutes, laws, codes, rules, regulations, ordinances, orders, standards, permits, licenses and requirements (including without limitation any consent decree, consent order, judicial decision and order, resolution, standard, permit, license and requirement imposed by any Governmental Agency) that relate to the environment or the protection of human health or safety and are in force or

effect, together with all amendments thereto and reauthorizations thereof in force or effect from time to time, including without limitation any common law or statutory tort, nuisance or absolute liability theories, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., and all amendments thereto and reauthorizations thereof ("CERCLA"); the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., and all amendments thereto and reauthorizations thereof ("RCRA"); the Hazardous Materials Transportation Act, 49 U.S.C. § 1802 et seq. and all amendments thereto and reauthorizations thereof; the Clean Air Act, 42 U.S.C. § 7401 et seq., and all amendments thereto and reauthorizations thereof; the Clean Water Act, 33 U.S.C. § 1251 et seq., and all amendments thereto and reauthorizations thereof; and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., and all amendments thereto and reauthorizations thereof; Oregon Revised Statutes, Chs. 466 and 468 and all amendments thereto and reauthorizations thereof; Revised Code of Washington, Title 70 and 1988 Initiative 97 (to be codified as RCW 70.105C and referred to herein as the "Washington Model Toxics Control Act") and all amendments thereto and reauthorizations thereof; and all rules and regulations promulgated to interpret or implement any of the foregoing.

"Environmental Liability" means all injuries, damages (including consequential damages), losses, liabilities, demands, claims, penalties, fines, costs (including the cost of complying with any judicial or other governmental order including consent orders), judgments, litigation, suits, proceedings or expenses of any kind or nature whatsoever (including without limitation, attorneys' (including legal assistants) fees in consultation and at trial and appellate levels and experts' and consultants' fees, costs, disbursements and expenses incurred in investigating, defending against or prosecuting any penalty, claim, litigation, demand, complaint, investigation or proceeding) that may at any time be imposed upon, incurred by or asserted or awarded against Agent or any of the Banks or any of their parent and/or subsidiary corporations, and their Affiliates, shareholders, directors, officers, employees, agents, successors and assigns (all the foregoing collectively called "Environmental Affiliates") in connection with or arising from:

(i) the actual or alleged use, reuse, generation, manufacture, sale, transportation, handling, storage, treatment, recycling, reclamation, presence, emission, spill, leak, release, threatened release or disposal of any Hazardous Substance on, in, under, to, from or affecting all or any portion of the Property, or any surrounding areas, occurring at any time before the transfer of the Property (or the relevant portion of the Property) by foreclosure

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or deed in lieu of foreclosure (the "Foreclosure Date") or any exposure to or release of any such Hazardous Substance occurring at the time;

(ii) any violation or claim of violation of any Environmental Laws arising out of or relating to the use or condition of the Property prior to the Foreclosure Date except any such violation caused solely by the gross negligence or willful misconduct of Beneficiary or Agent;

(iii) any Environmental Actions arising out of or relating to the use or condition of the Property prior to the Foreclosure Date; and

(iv) the imposition of any lien on the Property for damages caused by, or the recovery of any costs incurred for the investigation and/or remediation and/or cleanup of, any release or threatened release of Hazardous Substances arising out of or relating to the use or condition of the Property prior to the Foreclosure Date.

"Hazardous Substances" means, without limitation, any and all of the following:

a. substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws, as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances," or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitibility, corrosivity, reactivity, carcinogenicity, reproductive toxicity or "EP toxicity," and asbestos in any form or condition, polychlorinated biphenyls, toluene, petroleum and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal energy;

b. "hazardous substances," as defined by CERCLA, Oregon Revised Statutes 466.50 or the Washington Model Toxics Control Act;

c. "hazardous wastes," as defined by RCRA; and/or

d. any pollutant, contaminant, hazardous, dangerous or toxic chemical, material or substance within the meaning of any Environmental Law;

e. petroleum, crude oil or any fraction thereof;

f. natural gas, natural gas liquids, liquefied natural gas (all the foregoing collectively called "Natural Gas" Products), synthetic gas or mixtures of Natural Gas Products and synthetic gas; and

g. any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2011 et seq., and all amendments thereto and reauthorizations thereof.

6.02 Environmental Covenants.

(a) Compliance with Environmental Laws. Trustor shall maintain and operate the Property in compliance with all Environmental Laws. Without limiting the generality of the foregoing:

(i) Environmental Authorizations. Trustor shall maintain in effect all required Authorizations respecting the Property, and Trustor and Persons harvesting Timber on the Property shall comply therewith.

(ii) Use of Property. The Property shall not be used for the principal purpose of generating, manufacturing, using, reusing, selling, treating, recycling, reclaiming, handling, storing or transporting any Hazardous Substance. Without limiting the generality of the foregoing, any Hazardous Substance used, reused, generated, manufactured, sold, treated, recycled, reclaimed, handled, stored, transported to or from, or present on the Property shall be so used, reused, generated, manufactured, treated, recycled, reclaimed, handled, stored or transported to or from and shall be present in compliance with all Environmental Laws and shall not be released or disposed of upon, under, into, above or about the Property.

(iii) Underground Storage Tanks. Trustor shall satisfy all requirements of all applicable Environmental Laws for the registration, operation, maintenance, removal and financial assurance requirements respecting underground storage tanks that were installed or may be installed in the future at the Property.

(b) Environmental Actions. Trustor shall promptly notify Beneficiary in writing and promptly provide Beneficiary

with true, accurate and complete copies of any and all Environmental Actions upon Trustor's receipt of same. Trustor shall promptly cure and have dismissed with prejudice all Environmental Actions to the satisfaction of Agent, and Trustor shall keep the Property free of any encumbrances arising from any Lien, judgment, cost, demand or liability imposed pursuant to any and all Environmental Actions.

(c) Trustor's Failure to Comply. If Trustor fails to comply with the requirements of any applicable Environmental Laws at the times and in the manner required above, Agent may, at its election, but without the obligation to do so, cause any work to be performed at, to or upon the Property or any portion thereof or take any and all other actions as Agent deems necessary to fully cure said failure of compliance. Any amounts disbursed by Agent (including without limitation court costs and reasonable attorneys' fees) shall be deemed part of the Indebtedness secured hereby.

(d) No Reliance on Environmental Reports. Trustor may not rely upon any environmental investigations or findings made by Agent or any of the Banks or their consultants without the prior written consent of Agent.

6.03 Environmental Indemnities. Trustor shall indemnify, defend and hold Agent and the Banks and their respective Environmental Affiliates harmless from and against any Environmental Liability. To the extent that Agent and the Banks and their respective Environmental Affiliates are strictly liable under any Environmental Laws or Environmental Actions, Trustor's obligation to Agent and the Banks and their respective Environmental Affiliates under this indemnity shall likewise be without regard to fault on the part of Trustor or Agent or the Banks with respect to the violation or condition that results in liability to Agent or the Banks.

6.04 Survival of Indemnity. The indemnity contained in Section 6.03 shall not be discharged by and shall survive any transfer of the Property or any part thereof or interest therein by foreclosure of this Deed of Trust or by a deed in lieu of foreclosure (but then only in respect of the period prior to such foreclosure or deed in lieu of foreclosure), any exercise by Agent or Beneficiary of any rights or remedies under the Security and Assignment Documents, the repayment of the Notes or release and reconveyance of this Deed of Trust, whether by payment of the Obligations, issuance of a written release, or otherwise, as the personal indemnification obligation and liability of Trustor.

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IN WITNESS WHEREOF, Trustor has executed this
Timberland Deed of Trust, Assignments of Rents and Fixture
Filing Financing Statement as of the 12th day of January, 1990.

CROWN PACIFIC, LTD.,
an Oregon corporation

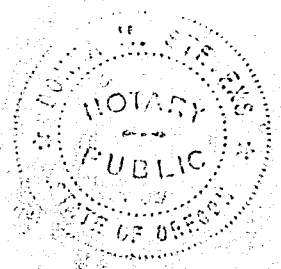
By: 

Name: Roger D. Krage
Title: Secretary

STATE OF OREGON)
COUNTY OF MULTNOMAH) ss.

On this 9th day of January, 1990, before me personally appeared Roger L. Krage, to me known to be the Secretary of Crown Pacific, Ltd., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

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



Donna M. Stevens
NOTARY PUBLIC in and for the State
of Oregon
My appointment expires: 1/22/91

EXHIBIT A
TO
DEED OF TRUST
DESCRIPTION OF THE LAND

The legal descriptions of land located in counties other than the county to which this document is submitted for recording have been intentionally omitted.

**THE FOLLOWING PROPERTY LOCATED IN
KLAMATH COUNTY, OREGON:**

TOWNSHIP 23 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN:

- Section 2: SW-1/4 NW-1/4, NW-1/4 SW-1/4
 Section 3: Government Lots 1, 2, 3 and 4, SW-1/4 NW-1/4, SE-1/4 SW-1/4, SE-1/4
 Section 4: N-1/2, N-1/2 SW-1/4, SE-1/4 SW-1/4, NW-1/4 SE-1/4
 Section 5: N-1/2, W-1/2 SW-1/4
 Section 9: SE-1/4 NW-1/4, SW-1/4, NE-1/4 SE-1/4, S-1/2 SE-1/4
 Section 10: E-1/2, E-1/2 W-1/2, SW-1/4 SW-1/4
 Section 11: S-1/2 NW-1/4, W-1/2 SW-1/4
 Section 14: W-1/2 NW-1/4, SW-1/4 SW-1/4, E-1/2 SE-1/4
 Section 15: N-1/2, SW-1/4, W-1/2 SE-1/4
 Section 20: N-1/2, E-1/2 SE-1/4
 Section 21: N-1/2 N-1/2, SW-1/4 SW-1/4
 Section 22: W-1/2 NE-1/4, NW-1/4, N-1/2 SW-1/4, SE-1/4
 Section 23: E-1/2 E-1/2, NW-1/4 NW-1/4
 Section 24: W-1/2 SW-1/4
 Section 25: SE-1/4 SW-1/4 and that portion of W-1/2 NW-1/4 lying North and West of U.S. Hwy. 97
 Section 26: NE-1/4 NE-1/4, S-1/2 NE-1/4, W-1/2 SE-1/4, that portion of the SE-1/4 SW-1/4 lying Easterly of the irrigation ditch, that portion of the SE-1/4 SE-1/4 lying Northwesterly of U.S. Highway 97.
 Section 28: W-1/2
 Section 29: NE-1/4, SE-1/4 SW-1/4, SW-1/4 SE-1/4, E-1/2 SE-1/4
 Section 32: E-1/2 NE-1/4
 Section 33: N-1/2 NW-1/4, SW-1/4 NW-1/4, SW-1/4 SW-1/4, NW-1/4 SE-1/4
 Section 34: E-1/2 SE-1/4, SW-1/4 SE-1/4
 Section 35: E-1/2, E-1/2 W-1/2, SW-1/4 NW-1/4 lying Southeasterly of the irrigation ditch, W-1/2 SW-1/4
 Section 36: NE-1/4, E-1/2 NW-1/4, SW-1/4 NW-1/4, SW-1/4, W-1/2 SE-1/4

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 through 9, 16 through 20, E-1/2
 Section 32: All
 Section 33: All
 Section 34: All
 Section 35: All
 Section 36: All

TOWNSHIP 24 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN
 Section 2: Government Lots 2, 3 and 4, SW-1/4 NE-1/4, S-1/2 NW-1/4, SW-1/4, W-1/2 SE-1/4
 Section 3: All
 Section 8: Government Lots 1, 2, 7 and 8, E-1/2 SE-1/4
 Section 9: All
 Section 10: All
 Section 11: W-1/2 NE-1/4, W-1/2, SE-1/4
 Section 14: NE-1/4, N-1/2 NW-1/4, SW-1/4 NW-1/4, NW-1/4 SW-1/4
 Section 16: All
 Section 20: SE-1/4 NW-1/4, N-1/2 SW-1/4, SW-1/4 SW-1/4
 Section 21: All
 Section 28: N-1/2, NE-1/4 SW-1/4, NW-1/4 SE-1/4

TOWNSHIP 24 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN
 Section 1: Government Lots 2 and 3, SE-1/4 NW-1/4, NE-1/4 SW-1/4, SW-1/4 NE-1/4
 Section 2: Government Lots 3 and 4, SW-1/4 NW-1/4
 Section 3: Government Lots 1 and 2, S-1/2 NE-1/4, S-1/2 NW-1/4, N-1/2 SW-1/4, SW-1/4 SW-1/4, NW-1/4 SE-1/4
 Section 4: SE-1/4 NE-1/4, E-1/2 SE-1/4
 Section 9: N-1/2, N-1/2 S-1/2
 Section 10: W-1/2 NW-1/4, NW-1/4 SW-1/4

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 7 EAST OF THE WILLAMETTE MERIDIAN
 Section 25: W-1/2 SE-1/4, SE-1/4 SE-1/4

TOWNSHIP 25 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN
 Section 2: NE-1/4

TOWNSHIP 25 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN
 Section 25: SE-1/4 SE-1/4
 Section 36: All

TOWNSHIP 27 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN
 Section 21: N-1/2 SW-1/4 lying Easterly of the Burlington Northern
 Railway Right-of-way

SAVING AND EXCEPTING portions lying within rights of way for Railroads
 and Highways.

EXHIBIT B
DESCRIPTION OF COLLATERAL

As used in this Exhibit B, the term "Real Property" means that certain real property, including all improvements thereon, more particularly described in Exhibit A attached hereto. All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in that certain Amended and Restated Senior Secured Harvest Loan and Working Capital Facility Agreement dated as of January 12, 1990 by and among Crown Pacific, Ltd. ("Debtor"), Bankers Trust Company, the banks named on Schedule A attached hereto, and Bankers Trust Company, as Agent ("Lender"), (the "Credit Agreement") or the Deeds of Trust (as such term is defined in the Credit Agreement).

The Collateral is described as follows:

1. All of Debtor's right, title and interest in and to the following, to the extent that any part thereof constitutes or is held to be personal property:

a. Any and all buildings, structures, fixtures and improvements now or hereafter erected on or appurtenant to the Real Property, including all machinery, attachments, appliances, and other equipment (including leased equipment to the extent of Debtor's leasehold interest and the lease pursuant to which such equipment has been leased) now or hereafter incorporated into or attached to the Real Property or said buildings, structures, fixtures and improvements, and all support and ancillary facilities, all roads and miscellaneous storage and parking areas, including all replacements and substitutions of and additions and accessions to the foregoing (collectively the "Improvements");

b. All crops and all trees, timber, whether severed or unsevered and including standing and down timber, stumps and cut timber remaining on the Real Property and logs, wood chips and other forest products, whether now located on or hereafter planted or growing in or on the Real Property or elsewhere or now or hereafter removed from the Real Property or elsewhere for sale or other disposition (collectively "Timber") to the extent that such Timber does not constitute real property under applicable law;

c. All royalty and other contractual rights (excluding leaseholds) of Debtor pertaining to all water, steam, thermal energy and other geothermal resources and all oil, gas, hydrocarbons, gravel, phosphate, limestone, coal and other mineral resources and subterranean substances, and all

existing or hereafter acquired surface and subsurface water and water rights and shares of stock evidencing the same, and all products thereof in, on, under or pertaining to the Real Property (the "Minerals") and all surface access and mining or drilling rights in, on, under or pertaining to the Real Property, to the extent that the foregoing do not constitute Real Property under applicable law, and all royalty and other rights of Debtor pertaining thereto (excluding leaseholds), and all agreements providing for the payment to Debtor of royalties (including overriding royalties) or other payments derived from any part of the Real Property and all production payments, farm-out agreements, unit agreements and other similar agreements and rights pertaining thereto (collectively the "Mineral Rights");

d. All air rights, development rights, zoning rights or other similar rights or interests which benefit or are appurtenant to the Real Property or the Improvements or any or all thereof and any proceeds arising therefrom (collectively the "Development Rights"); and

e. All interests, estates or other claims, both in law and in equity, which Debtor now has or may hereafter acquire in the Real Property, the Improvements, the Timber, the Minerals and Mineral Rights and the Development Rights and all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate therein.

2. Any and all permits, entitlements, licenses, orders, approvals, exemptions, authorizations, certifications, franchises, building permits, subdivision approvals, timber harvesting plan reviews and approvals, site plan reviews, environmental approvals (including an environmental impact statement or report if required under applicable law for Debtor's acquisition or disposition of the Real Property or harvesting of the Timber or for any other operations of Debtor), sewer and waste discharge permits, water appropriative rights and permits, zoning and land use entitlements and other authorizations, whether now existing or hereafter issued to or obtained by or on behalf of Debtor that relate to or concern in any way the acquisition, ownership, development, occupancy, use, operation, maintenance, management, restoration or disposition of all or any part of the Real Property, the Improvements, the Timber, the Minerals, or the Mineral Rights or Development Rights and are given or issued by any Governmental Agency or quasi-governmental authority, as the same may be modified, amended or supplemented from time to time (collectively the "Authorizations");

3. All inventory of logs, lumber, wood chips and other forest products now existing or hereafter acquired at, or in connection with the operation of, the Prineville Sawmill;

4. All agreements, contracts, arrangements or other Contractual Obligations, whether now existing or hereafter entered into, whereby Debtor or its predecessors in interest have granted, grant or will grant to third Persons the right to cut, harvest or otherwise remove Timber from the Real Property or elsewhere (to the extent Debtor has an interest in such rights) (collectively the "Cutting Rights Agreements") and all timber sales agreements, log sales agreements, purchase orders, purchase and sale agreements and other Contractual Obligations, whether now existing or hereafter entered into, whereby Debtor, as seller, is or may become obligated to cut, harvest or otherwise remove Timber harvested from the Real Property or elsewhere or to otherwise obtain Timber and to sell, exchange or deliver such Timber to third Persons (collectively the "Timber Sales Agreements") and all agreements, contracts or other Contractual Obligations whether now existing or hereafter entered into, whereby third Persons have granted or will grant to Debtor the right to cut, harvest or otherwise remove Timber from real property not owned by Debtor at the pertinent time and all other rights of Debtor to cut, harvest or otherwise remove Timber from real property not owned by Debtor at the time in question (collectively, the "Harvesting Contracts"). The Cutting Rights Agreements, Timber Sales Agreements and Harvesting Contracts are collectively referred to as the "Timber Agreements";

5. Any and all present and future amendments, modifications, supplements, extensions and renewals to any of the contracts, agreements, arrangements and Contractual Obligations described in clauses 2 through 4 inclusive, and all guaranties of the obligations of any third Persons thereto (collectively the "Related Rights");

6. All revenues, issues, profits, royalties, proceeds, income, accounts receivable and other benefits (excluding rents) derived from the Timber, the Timber Agreements, the Minerals, the Mineral Rights, the Development Rights, the Related Rights and from all of the personal property described in this Exhibit B (collectively the "Revenues");

7. All of Debtor's present and future right, title and interest in that certain Log Purchase And Sale Agreement dated April 6, 1988 executed by Debtor, as seller, and by DAW Forest Products Company, L.P., as buyer, the Prineville Log Purchase Agreements and the Scott Paper Wood Fiber Supply Agreement;

8. All of Debtor's present and future rights to receive payments of money, services or property, including, without limitation, rights to receive capital contributions from Debtor's shareholders, amounts payable on account of the issuance of common or preferred stock of Debtor, Net Cash Flow

from the operation of the Prineville Sawmill, accounts receivable from operation of the Prineville Sawmill and of the Timberland and any other property of Debtor, deposit accounts, chattel paper, notes, drafts, contract rights, instruments, general intangibles and principal, interest and payments due on account of Timber or Minerals sold or otherwise disposed of or lumber milled, sold or otherwise disposed of, services rendered, loans made or credit extended, together with Debtor's title or interest in all documents evidencing or securing the same;

9. All proceeds in whatever form from sale, exchange or disposition of the aforesaid Collateral;

10. Debtor's rights under all insurance policies covering the Timberland, the Prineville Sawmill or any other part of the Collateral, and all proceeds, loss payments and premium refunds payable regarding the same;

11. All causes of action, claims, compensation, awards, damages, recoveries and proceeds for any condemnation or taking of the Timberland, the Prineville Sawmill or any other part of the Collateral under the power of eminent domain, or for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to the Timberland, the Prineville Sawmill or any other part of the Collateral, or for any loss or diminution in value of the Timberland, the Prineville Sawmill or any other part of the Collateral;

12. All Debtor's rights in proceeds of the Loans evidenced by the Notes;

13. The following accounts at the Main Office of United States National Bank of Oregon, a national banking association P.O. Box 4412, Portland, Oregon 97208: the Operating Deposit Account, Account No. 010-0661-222; the Harvest Deposit Account, Account No. 010-0673-425, the Reserve Account, Account No. 010-0673-151; and the following account at the Head Office of First Interstate Bank of Oregon, N.A., a national banking association, P.O. Box 2753, Portland, Oregon 97208: the Tax Deposit Account, Account No. 003-0-601772;

14. All plans prepared for the harvesting or cutting of Timber;

15. All trademarks and brands used by Debtor in connection with the Timber;

16. All computer software and programs used or useable by Debtor in connection with the aforesaid Collateral, including without limitation programs for Timber and other inventory control;

17. All vehicles (both on- and off-road) and all rolling stock owned or leased by Debtor excluding those vehicles leased or acquired by Debtor from SSW;

18. The U.S. Forest Service Agreement;

19. Any and all causes of action, claims, demands, compensation, awards, damages, recoveries and proceeds which Debtor may have against Scott Paper arising out of the Scott Paper Purchase Agreement; and

20. The following account at the Main Office of United States National Bank of Oregon, a national banking association, 321 SW Sixth Avenue, Portland, Oregon 97208: Escrow Account No. 42607.

21. The proceeds of all the foregoing.

SCHEDULE A TO DEED OF TRUST

NAMES OF THE BANKS

Bankers Trust Company,
Bankers Trust Plaza
Attn: Donald R. Carse, Jr.
Energy Finance Group
New York, New York 10005
Telecopy: (212) 850-1079

United States National Bank of Oregon,
321 Southwest Sixth Avenue
P.O. Box 4412
Portland, Oregon 97208
Attn: Sally J. Williams, A.V.P.
Commercial Services
Telecopy: (503) 275-5795

The Bank of Tokyo, Ltd.
411 S.W. 6th Avenue
Portland, Oregon 97204
Attn: Mr. Mike Kringle
Vice President and Manager
Domestic Loan Department
Telecopy: (503) 227-5372

Union Bank of Finland Ltd.
437 Madison Avenue
New York, New York 10022
Attn: Ms. Ritva Laukkanen
Vice President
Credit and Marketing
Telecopy: (212) 421-4420

STATE OF OREGON: COUNTY OF KLAMATH: ss.
Filed for record at request of Klamath County Title Co. the 11th day
of Jan. A.D., 19 90 at 2:14 o'clock PM., and duly recorded in Vol. M90,
on Page 716
of Mortgages
By Evelyn Biehn County Clerk
Pauline Muelendore

FEE \$ 313.00

Return: K.C.T.C.

01/05/90