

1. PARTIES: The parties to this Release Agreement are Diana L. Smith, SELLER, and Rough & Ready Lumber Co., an Oregon corporation, BUYER.

2. RECITALS: On May 1, 1991 the parties hereto executed a Memorandum of Agreement, which agreement was recorded May 7, 1991, in the Microfilm Records of Klamath County, Oregon, in Volume M91 of Deeds, Pages 8543-8545. Both parties have fully performed all obligations required of them to be performed under the terms of said Memorandum of Agreement and the parties desire to release of record, any interest in the agreement or the real property subject thereto.

NOW, THEREFORE, in consideration of the full performance of the above-referred to agreement and the mutual releases herein set forth, the parties hereto do covenant and agree as follows:

a. Diana L. Smith does hereby acknowledge full performance by Rough & Ready Lumber Co. of all obligations required to be performed by said corporation under the terms of the aforementioned Memorandum of Agreement and does hereby release Rough & Ready Lumber Co. from any further obligation thereunder.

b. Rough & Ready Lumber Co. does hereby acknowledge full performance by Diana L. Smith of all obligations required to be performed by her, including the repayment in full of the loan obligation, under the terms of the aforementioned Memorandum of Agreement and does hereby release Diana L. Smith from any further obligation thereunder. Rough & Ready Lumber Co. further releases the Guarantor, James D. Smith, from any further liability with respect to his obligations under the agreement.

c. Rough & Ready Lumber Co. does hereby release of record any interest it may have under the terms of the aforementioned Memorandum of Agreement, in the real property subject of said agreement, situate in Klamath County, Oregon, more particularly described as follows:

N1/2 SE1/4 of Section 3, Township 38 South, Range 15 East of the Willamette Meridian, Klamath County, Oregon.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this 20 day of August, 1991.

Diana L. Smith
 Diana L. Smith
 SELLER

Rough & Ready Lumber Co., an Oregon corporation
 by Donald W. Johnson
 Authorized Officer
 BUYER

STATE OF OREGON, County of Josephine) ss. August 20, 1991

The foregoing instrument was acknowledged before me by Donald W. Johnson, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the foregoing instrument, an authorized officer of

MOUNTAIN TITLE COMPANY, has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

RELEASE - Page 1.

SECRET

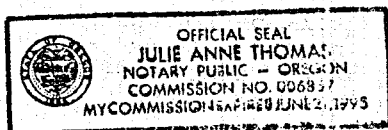
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Rough & Ready Lumber Co., an Oregon corporation, on behalf of the corporation.

Gerrie Smith Bellamy
Notary Public for Oregon
My Commission Expires: 2/9/92

STATE OF OREGON, County of JACKSON) ss. 9-16, 1991

The foregoing instrument was acknowledged before me by Diana L. Smith, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the foregoing instrument, and that she executed the same.



Julie Anne Thomas
Notary Public for Oregon
My Commission Expires: 6-21-95

AFTER RECORDING RETURN TO:

Schultz, Salisbury, Cauble
& Versteeg, P. O. Box 378
Grants Pass, OR 97525

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of

Mountain Title Co.
on this 24th day of Sept. A.D., 19 91
at 3:36 o'clock P M. and duly recorded
in Vol. M91 of Deeds Page 19332

Evelyn Biehn County Clerk
By Dorlene Mulvender
Deputy.

Fee, \$33.00