

35178

Vol. 91 Page 19549

KLAMATH, OR

K-42911
FIRST AMENDMENT TO
SECOND DEED OF TRUST
AND SECURITY AGREEMENT
(Crown Pacific - Parent, Oregon and Washington)

This FIRST AMENDMENT ("First Amendment") is made as of the 12th day of August, 1991, by Crown Pacific, Ltd., an Oregon corporation (the "Grantor") and Capital Consultants, Inc. agent ("Beneficiary").

RECITALS.

A. By a Second Deed of Trust dated as of August 12, 1991, Grantor made, for the benefit of Beneficiary a Second Deed of Trust and Security Agreement covering real property located in the counties of Skagit, Island, Snohomish, Whatcom and King, State of Washington, and Crook, Lake, Klamath, Jefferson, Deschutes and Multnomah, State of Oregon (the "Deed of Trust"). Terms with initial capitals shall, unless otherwise defined in this First Amendment, have the meanings given them in the Deed of Trust.

B. As of the date that the Deed of Trust was executed, Grantor undertook to correct an error contained in the Deed of Trust as more particularly set forth in a letter from Grantor to Beneficiary dated August 12, 1991. This First Amendment is intended to effect correction of such error.

Now therefore in consideration of the premises and for other good and valuable consideration, the parties agree:

AGREEMENT.

1. Amendment of Deed of Trust. Section 8.2 of the Deed of Trust is hereby deleted in its entirety and the following is substituted therefore:

"8.2 Partial Release - Individual Tract Sales. Grantor shall have the right to transfer one or more of the individual tracts comprising the Property, and/or the Timber or cutting rights to Timber located on the Property, in each case free of the lien of this Deed of Trust if (a) for any Transfer made while the obligations evidenced by the First Priority Loan Documents remain secured by the Property, Grantor complies with the provisions thereof in making such transfer or (b) for any transfer made thereafter, as of the time of such Transfer, no Event of Default has occurred and is continuing hereunder and if, as applicable, the conditions to Beneficiary's obligation to release such tract stated at either Section 8.2.1 or 8.2.2, or the conditions to a permitted sale of Timber or cutting rights stated at Section 8.2.3, have been satisfied. Upon transfer of any such tract and provided that the requirements to Beneficiary's obligation to release such tract as set forth above have been met, Beneficiary shall execute and deliver to Trustee a suitable Partial Reconveyance of this Trust Deed and suitable statements of partial release of any financing statements on file.

8.2.1 Cash Sales. If the entire purchase price payable to Grantor in respect of a tract is payable in cash, in kind, or both at Closing (defined at Section 8.3) of the sale of such tract:

(a) Grantor shall have provided Beneficiary not less than 30 days advance written notice of such sale, which notice shall specify the anticipated amount or value of consideration payable to Beneficiary in respect of such tract, the anticipated Closing date of such sale, and the anticipated manner in which the consideration is to be paid.

(b) At Beneficiary's written request, given not less than fourteen days following Beneficiary's receipt of Grantor's written notice of the sale given pursuant to subparagraph (a), above, Grantor shall furnish to Beneficiary, on or before the Closing date of such sale, an amendment of the appraisal provided to Beneficiary pursuant to Section 1 of the Reimbursement Agreement that states, as requested by Beneficiary (i) the Appraised Value (as defined at Section 1 of the Reimbursement Agreement) of such tract and (ii) the Appraised Value, as of the time of such sale, of (A) the Property (exclusive of such tract), (B) the property then covered by the Second Deed of Trust, and (C) if applicable, the property then covered by the Crown Supplemental Deed of Trust (as such term is defined in the Reimbursement Agreement).

(c) The sale of any such tract shall be at not less than the Appraised Value assigned thereto by the appraisal amendment delivered pursuant to subparagraph (b)(i), above, or if Lender did not request that an appraisal amendment be delivered, then the sale of such tract shall be at not less than the Appraised Value assigned thereto by either (i) the most recent appraisal report or amendment establishing Appraised Value, or (ii) an updated appraisal amendment delivered at Grantor's election.

(d) If, at the time of such sale, there is any amount outstanding under the Note, Grantor shall have paid to Beneficiary, contemporaneously with such Closing, an amount equal to (i) the amount or value of consideration paid to Grantor with respect to such tract (including cash and the fair market value of property exchanged), less (ii) the reasonable and ordinary costs of sale (which shall include reasonable attorneys fees) incurred by Grantor in connection with such sale, plus, (iii) such additional amount, if any, as may be necessary, after application pursuant to Section 8.3 of the amount paid by Grantor to Beneficiary thereunder to amounts then due under the Note, to render the sum of (A) the then outstanding principal balance of the obligation payable to the Banks under the Credit Agreement, plus (B) the greater of (1) \$5,000,000, (2) the then outstanding principal obligation under the Note or (3) the then outstanding principal obligation under the CP Washington Note, equal to or less than sixty-five percent of the sum of the Appraised Value (as of the time of such sale or, if Lender did not request that an appraisal amendment be delivered, then as of the most recent appraisal report or amendment establishing Appraised Value) of (x) the Property (exclusive of the tract sold), plus (y) the property then covered by the Second Deed of Trust, plus (z) if applicable, the property then covered by the Crown Supplemental Deed of Trust (as such term is defined in the Reimbursement Agreement).

(e) If, at the time of such sale, there is no amount outstanding under the Note, Grantor shall have deposited in an escrow account, in the name of Grantor and Beneficiary, an amount equal to the sum that would have been payable to Beneficiary under Section 8.2.1(d) had there been any amount outstanding under the Note, with instructions to the escrow holder to (i) invest such sum as directed by Grantor from time to time, and either (ii) pay such sum, together with the earnings thereon, to Beneficiary upon receipt of a certificate from Beneficiary stating that Beneficiary has been required to make an advance under the Note, or (iii) if, on or before August 31, 1996, the escrow holder has received no demand from Beneficiary pursuant to clause (ii), to pay such sum, together with the earnings thereon, to Grantor on September 1, 1996.

(f) Grantor shall have paid to Beneficiary all costs and expenses including, without limitation, Beneficiary's reasonable attorneys fees, to prepare and record or file any such partial reconveyance and/or release.

8.2.2 Installment Sales. If the entire purchase price payable to Grantor in respect of a tract is not payable in cash, in kind, or both at Closing of such sale:

(a) Each of the conditions stated at Section 8.2.1 (a), (b), (c) and (e) shall have been satisfied.

(b) If, at the time of such sale, there is any amount outstanding under the Note, then

(i) The portion of the purchase price payable to Grantor in respect of such tract following closing bears interest at a rate less than the interest rate applicable under the Note from time to time, then Grantor shall have agreed to pay to Beneficiary, on and as of the date of each installment payment paid to Beneficiary pursuant to the assignment described in Section 8.2.2(b)(iv), an additional amount equal to the difference between the payment due and the amount that would have been due had such portion of the purchase price borne interest at a rate equal to the interest rate applicable under the Note during such period.

(ii) Grantor shall have paid to Beneficiary, contemporaneously with such Closing, an amount equal to (A) the amount or value of consideration paid to Grantor at Closing with respect to such tract (including cash and the fair market value of property exchanged), less (B) the reasonable and ordinary costs of sale (which shall include reasonable attorneys fees) incurred by Grantor in connection with such sale.

(iii) Immediately following Closing of such sale, the sum of (A) the then outstanding principal balance of the obligation payable to the Banks under the Credit Agreement, plus (B) the greater of (1) \$5,000,000, (2) the then outstanding principal obligation under the Note after application of the payment required to be made by this Section 8.2.2, or (3) the then outstanding principal balance under the CP Washington Note after such application, shall be equal to or less than sixty-five percent of the sum of the Appraised Value (as of the time of such sale or, if Lender did not request that an appraisal amendment be delivered, then as of the most recent appraisal report or amendment establishing Appraised Value) of (X) the Property,

including the tract sold, plus (Y) the property then covered by the Second Deed of Trust, plus (Z) if applicable, the property then covered by the Crown Supplemental Deed of Trust (as such term is defined in the Reimbursement Agreement).

(iv) Grantor shall have assigned to Beneficiary, by such agreements and instruments as shall be in form and substance acceptable to Beneficiary, all of Grantor's right, title and interest in (A) additional amounts payable to Grantor in respect of the purchase price of such tract (together with any interest accruing thereon), which amounts shall be payable by the obligor thereof directly to Beneficiary, together with (B) any mortgage, deed of trust, security interest, lien, guarantee or other agreement, document or instrument given to Grantor to secure payment of such obligation.

(c) If, at the time of such sale, no amount is outstanding under the Note, Grantor shall have obtained Beneficiary's prior written consent to such sale, and Grantor and Beneficiary shall have arranged for all proceeds of such sale to be deposited in escrow, to be held and paid as provided at Section 8.2.1(e).

8.2.3 Timber Sales and Cutting Rights. If, at the time of any sale of Timber or cutting rights, any amount is outstanding under the Note, Grantor shall pay to Beneficiary, on or before the first day of each month and as a prepayment under the Note, an amount equal to (A) the amount paid Grantor during the preceding month in respect of Timber or cutting rights to Timber sold, less (B) the reasonable and ordinary costs to Grantor, if any, of harvesting such Timber (as evidenced by a cost summary, in form and substance reasonably satisfactory to Beneficiary, submitted by Grantor to Beneficiary with each such payment). If, at the time of any sale of Timber or cutting rights, no amount is outstanding under the Note, amounts otherwise payable to Beneficiary pursuant to this Section shall be deposited in escrow to be held and paid as provided at Section 8.2.1(e)."

2. Ratification. Except to the extent expressly modified hereby, the Deed of Trust is ratified and confirmed in all respects.

IN WITNESS WHEREOF, this Trust Deed has been duly executed by Grantor as of the day and year first hereinabove written.

GRANTOR:

CROWN PACIFIC, LTD.

By _____

Title _____

BENEFICIARY:

CAPITAL CONSULTANTS, INC., Agent

By

Title

Karen J. Blomquist
Vice President

STATE OF OREGON)

) ss.

County of Multnomah)

On this 17 day of September, 1991, before me personally appeared ROGER L. KRAGE who, being duly sworn, did say that he/she is the Secretary of CROWN PACIFIC, LTD., and that said instrument was signed on behalf of said corporation by authority of its board of directors; and he/she acknowledged said instrument to be its voluntary act and deed.

Rosa R. DeWitt
 ROSA R. DeWITT
 NOTARY PUBLIC - OREGON
 My Commission Expires 04/15/94

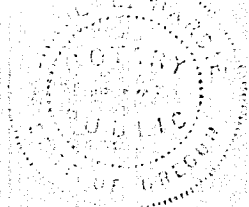
Rosa R. DeWitt
 NOTARY PUBLIC FOR Oregon
 My Commission Expires: 04/15/94

STATE OF OREGON)

) ss.

County of Multnomah)

On this 17th day of Sept, 1991, before me personally appeared Karen J. Blomquist who, being duly sworn, did say that he is the Vice President of Capital Consultants, Inc. Agent and that said instrument was signed on behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.



Carol L. Hordie
 NOTARY PUBLIC FOR Oregon
 My Commission Expires: 6/10/94

After recording, please return to:

Robin B. Parisi, Esq.
 Lane Powell Spears Lubersky
 800 Pacific Building
 520 S.W. Yamhill Street
 Portland, Oregon 97204-1383
 Telephone (503) 226-6151

KLAMATH COUNTY

DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

Township 23 South, Range 9 East of the Willamette Meridian

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

Township 23 South, Range 10 East of the Willamette Meridian

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

KLAMATH COUNTY Continued

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: Governments Lots 1 thru 9, 16 thru 20, E $\frac{1}{2}$
 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 $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
 Section 3: All
 Section 8: Government Lots 1, 2, 7 and 8, E $\frac{1}{2}$ SE $\frac{1}{4}$
 Section 9: All
 Section 10: All
 Section 11: W $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$, SE $\frac{1}{4}$
 Section 14: NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$
 Section 16: All
 Section 20: SE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$
 Section 21: All
 Section 28: N $\frac{1}{2}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

Township 24 South, Range 9 East of the Willamette Meridian

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

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 $\frac{1}{2}$

Township 25 South, Range 7 East of the Willamette Meridian

Section 25: W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{2}$ SE $\frac{1}{4}$

Township 25 South, Range 8 East of the Willamette Meridian

Section 2: NE $\frac{1}{4}$

Township 25 South, Range 11 East of the Willamette Meridian

Section 25: SE $\frac{1}{2}$ SE $\frac{1}{4}$
 Section 36: All

Township 27 South, Range 8 East of the Willamette Meridian

Section 21: N $\frac{1}{2}$ SW $\frac{1}{4}$ lying Easterly of the Burlington
 Northern Railway Right-of-way

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

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 26th day
 of Sept. A.D., 1991 at 11:34 o'clock A.M., and duly recorded in Vol. M91
 of Mortgages on Page 19549

Evelyn Biehn, County Clerk

FEE \$43.00

By Pauline M. Mulholland