

K-43517
ASSIGNMENT OF LEASES AND RENTS
(Gilchrist Deed of Trust)

Vol. M-11 Page _____

THIS ASSIGNMENT OF LEASES AND RENTS (this "Assignment") is made as of the 4th day of October, 1991, by CROWN PACIFIC, LTD., an Oregon corporation, with an address at 121 SW Morrison, Suite 900, Portland, Oregon 97204 ("Assignor") to CAPITAL CONSULTANTS, INC., Agent, an Oregon Corporation, with an address at 2300 S. W. First Avenue, Portland, Oregon ("Lender").

RECITALS.

84
2
PM 2 48
A. Assignor is indebted to Lender under and pursuant to the Note referred to at Section 1.1, and Assignor's obligations thereunder are secured by, among other things, a deed of trust dated as of August 12, 1991, and covering (together with certain other property) certain real and personal property located in Klamath and Lake Counties, Oregon (the "Release Property").

11
100
16
B. Assignor is the sole general partner in the Crown Pacific (Oregon) Limited Partnership (the "Partnership") and, pursuant to an agreement establishing the Partnership, manages substantially all of the Partnership real property assets, consisting in substantial part of timber and timberland. The Partnership is a shareholder in Assignor.

C. By reason of the transactions described in Recital D, Assignor will acquire an interest in the timber located on the Property (as such term is defined at Section 1.1), and the Partnership will acquire all right, title and interest to the balance of the Property. Pursuant to the Loan Agreement (defined at Section 1.2) Crown must acquire from the Partnership all of the Partnership's remaining right, title and interest in the Property on or before December 1, 1992.

D. In connection with a corporate reorganization of Assignor to occur simultaneously with (1) the Partnership's acquisition of certain assets of Gilchrist Timber Company, and (2) execution and delivery of this Assignment, Assignor has requested that Beneficiary reconvey to Assignor the Release Property and, in consideration, therefor, has proposed that Assignor grant to Beneficiary a security interest in all of Assignor's right, title and interest, from time to time, in the Property.

ASSIGNMENT.

FOR VALUE RECEIVED, Assignor hereby grants and assigns to LENDER all of Assignor's right, title and interest in each and every lease now existing or that is hereafter entered, including, without limitation, the lease or leases more particularly

hereafter entered, including, without limitation, the lease or leases more particularly described in Exhibit B, and that pertain to all or a portion of that certain real property located in Klamath County, Oregon, as more particularly described in Exhibit A (the "Property");

TOGETHER WITH all modifications, extensions and renewals thereof and all guarantees of the lessee's obligations thereunder. Said lease or leases and all modifications, extensions and renewals thereof are together referred to as the "Leases."

OBLIGATIONS SECURED.

So long as there shall exist no Event of Default under this Assignment, Assignor shall have the right to collect upon, but not prior to accrual, all rents, issues and profits from the Leases and to retain, use and enjoy the same.

The foregoing assignment for security is made for the purpose of securing the following obligations:

1. Obligations Secured; Master Assignment.

1.1 This Assignment, the Note and Deed of Trust. Assignor shall pay to Lender promptly when due all indebtedness evidenced by and arising under that certain promissory note given by Assignor to Lender, dated August 12, 1991, in the principal amount of THIRTY-NINE MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$39,500,000.00) with a maturity date of June 30, 1994, (the "Note"), and all other amounts, payment of which is secured by this Assignment or by that certain Trust Deed dated today, covering the property described in Exhibit A and the personal property and interests more particularly described in said Deed of Trust (the "Property"), and given by Assignor to Lender (the "Deed of Trust"), including, without limitation, amounts payable by Assignor pursuant to the terms of this Assignment or of the Deed of Trust.

This Assignment also secures the interest that accrues on the Note, and late payment charges and prepayment premiums payable following default and at the time of a judicial or nonjudicial foreclosure sale under the Note. Any modifications, extensions, or renewals of the Note including, without limitation, (i) modifications of the required principal and/or interest payment dates, deferring or accelerating said payment dates in whole or in part, and/or (ii) modifications, extensions, or renewals at a different rate of interest, shall be secured by this Assignment whether or not any such modification, extension, or renewal is evidenced by a new or additional promissory note or notes.

1.2 Other Obligations. Assignor shall perform each of its agreements herein contained or contained in the Note or Deed of Trust, and/or in any and

all documents and instruments executed by Assignor for purposes of evidencing or securing the repayment of the Note, and/or that certain Loan Agreement dated as of March 22, 1991, as amended by that certain First Amendment to Loan Agreement dated August 12, 1991 and that certain Second Amendment to Loan Agreement of even date herewith, which documents, instruments and Loan Agreement are incorporated herein by this reference (the "Loan Documents"), and Assignor shall pay each fee, and all costs and expenses payable by Assignor as herein or therein set forth.

2. Performance Under the Leases. Assignor shall perform each obligation of the Leases by the lessor thereunder to be performed, at its sole cost and expense, and shall enforce or secure the performance of each obligation of the Leases by the lessee(s) thereunder to be performed. Except with Lender's prior written consent, Assignor shall not modify any of the Leases, accept prepaid rents thereunder, or waive or release any lessee thereunder of or from its obligations or any of them.

3. Defense of Certain Actions. At its sole cost, Assignor shall defend any and all actions in any manner connected with the Leases or the obligations thereunder, and shall pay all of Lender's costs, including attorney's fees (whether incurred before or at trial, or in connection with any appeal or petition for review), in any such action in which Lender may appear.

4. Lender's Right to Cure. If Assignor shall fail to perform any obligation required to be performed under this Assignment, then Lender, without notice to Assignor, and without releasing Assignor from any obligations hereunder, may make or do the same in such manner and to such extent as Lender may deem necessary to protect the security granted hereby. Without limiting the generality of the foregoing, Lender may defend any action purporting to affect the security granted hereby or the rights or power of Lender hereunder or under the Leases, may perform each obligation of Assignor in the Leases contained and, in exercising any such powers, may pay necessary costs and reasonable attorney's fees, which amount shall be secured by this Assignment and shall be repaid by Assignor as provided at Section 6.

5. Notices to Lender. Assignor shall give prompt notice to Lender of any notice of default on the part of Assignor, with respect to any of the Leases, received from the lessee thereunder, and shall concurrently provide Lender with an accurate and complete copy thereof.

6. Payment of Sums Advanced by Lender. Assignor shall pay immediately upon demand all sums expended by Lender under the authority of this Assignment, which sums shall bear interest at the rate provided for in the Note, and shall be secured by this Assignment and by the Deed of Trust.

7. Assignor's Representations and Warranties. Assignor represents and warrants to and for the benefit of Lender that:

7.1 Solvency of Tenants. To the best of Assignor's knowledge and belief, no tenant under any of the Leases has suffered or incurred any material, adverse change in its finances, business operations, affairs or prospects within the last 180 days.

7.2 The Leases. The copy of the Leases provided by Assignor to Lender before execution hereof is true, correct and complete and contains all riders, exhibits and amendments thereto. All information Assignor has furnished to Lender concerning the Leases and the lessees and sublessees thereunder, including, without limitation, the amount of rent payable thereunder, the amount held by Assignor thereunder as prepaid rent or deposits, and the expiration date thereof, is true, correct and complete in all material respects. The Leases, in the form provided to Assignor, are in full force and effect, and unmodified, and are enforceable by Assignor and any successor of Assignor in accordance with their terms against the lessee thereunder. Assignor is not in default under any provision of the Leases, nor does there exist any state of facts that with notice, the passage of time, or both, could ripen into a default on the part of Assignor. No lessee under the Leases has any claim under the Leases, including claim of offset, against Assignor, nor any defense to the enforcement thereof in accordance with its terms by Assignor or any successor of Assignor. Assignor has not assigned, hypothecated or pledged the Leases or rents accruing thereunder other than pursuant to the Deed of Trust and this Assignment.

8. Event of Default. Any of the following shall constitute an Event of Default under this Assignment:

8.1 Nonpayment. If for any payment due under the Note or any amount due under the Deed of Trust or this Assignment, the entire amount due (including principal, interest and any applicable premiums and late charges) is not paid within five (5) days of the date upon which notice of default in the making of such payment was given to Assignor.

8.2 Breach of Other Covenant. If Assignor fails to perform any other obligation contained in the Note, the Deed of Trust, this Assignment or any of the Loan Documents within thirty (30) days after notice from Lender (or Lender's representative) specifying the nature of the default or, if the default cannot be cured within thirty (30) days, failure within such time to commence and pursue with reasonable diligence curative action. No notice of default and opportunity to cure shall be required or given if during the preceding twelve (12) calendar months Lender has already sent a notice to Assignor concerning default in performance of the same obligation.

8.3 Misinformation. Falsity in any material respect of the representations and warranties given in Section 7 or of any representation, warranty or information furnished to Lender in connection with the Note, the Trust Deed, this Assignment or any Loan Document.

8.4 Event of Default Under Other Loan Documents. If there occurs an event of default under the Deed of Trust or any other Loan Document as the term "event of default" is therein defined.

8.5 Bankruptcy. Immediately upon the occurrence of any of the following without any action or notice by Lender, (i) the Assignor, or, if Assignor is a partnership, any general partner or joint venturer (collectively the "Parties in Interest") becomes insolvent, makes a transfer in fraud to, or an assignment for the benefit of, creditors, or admits in writing its inability, or is unable, to pay debts as they become due; or (ii) a receiver, custodian, liquidator or Assignor's is appointed for all or substantially all of the assets of a Party in Interest or for the Property in any proceeding brought by a Party in Interest, or any such receiver or Assignor's is appointed in any proceeding brought against a Party in Interest or the Property and such appointment is not promptly contested or is not dismissed or discharged within 120 days after such appointment, or a Party in Interest consents or acquiesces in such appointment; or (iii) a Party in Interest files a petition under the Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof; or (iv) a petition against a Party in Interest is filed commencing an involuntary case under any present or future Federal or state bankruptcy or similar law and such petition is not dismissed or discharged within 120 days after the filing thereof; or (v) any composition, rearrangement, liquidation, extension, reorganization or other relief of debtors now or hereafter existing is requested by a Party in Interest.

8.6 Adverse Court Action. A court of competent jurisdiction enters a stay order with respect to, assumes custody of or sequesters all or a substantial part of, the Property, or the Property is taken on execution or by other process of law, and such order, custody, sequestration, execution or other process is not dismissed or discharged within 30 days after its occurrence.

8.7 Default Under Leases. Default by Assignor under any of the Leases or under any agreement, license, permit or lease affecting any portion of the Property or under any loan agreement between Assignor and another person.

9. Lender's Remedies Upon an Event of Default. Upon or at any time after the occurrence of an Event of Default, Lender may declare all sums secured hereby immediately due and payable, and may, at its option, without notice either in person or by agent, with or without bringing any action, or by a receiver to be appointed by a court, enter, take possession of, manage and operate the Property or any part thereof;

make, cancel, enforce or modify the Leases; obtain and evict tenants; fix or modify rents; do any other act that LENDER deems proper to protect the security hereof; and either with or without taking possession of the Property, in its own name sue for or otherwise collect and receive all rents, issues and profits arising under, from or pursuant to the Property or Leases, or any part thereof, including any such rents, issues and/or profits as may be past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, as provided in this Section 9. The entering and taking possession of the Property, the collection of said rents, issues and profits and the application thereof pursuant to this Section 9, shall not cure or waive any Event of Default or waive, modify or affect any notice of default under this Assignment or the Deed of Trust, or invalidate any act done pursuant to such notice. Lender is hereby authorized to apply moneys collected pursuant to this Section 9, in its discretion, to any or all of the following purposes:

(a) To the payment of any taxes assessed upon the Property, whether or not the same be delinquent;

(b) To the payment of any assessments or other governmental charges assessed against the Property, whether or not the same be delinquent;

(c) To the payment of any insurance premiums paid or incurred by the Lender, or any expenditure which, in the judgment of the Lender, is proper for the care of the Property;

(d) To the payment of any interest accrued on the Note;

(e) To the payment, on account of the principal, of the Note, whether or not there be any payments on account of principal due at the time and whether or not the Lender has exercised the right secured by the Trust Deed to declare the entire principal due by reason of any default thereunder; and

(f) To all other amounts or obligations secured by this Assignment;

and upon notice and demand Assignor shall further transfer and assign to Lender, in form satisfactory to Lender, Assignor's remaining interest in the Leases or any of them. Assignor will not assign the whole or any part of the rents, income or profits arising from the Property without the written consent of the Lender and any assignment thereof without such consent shall be void.

10. Effect of Event of Default Under Other Loan Documents. Any Event of Default under this Assignment shall constitute a default under the Note and Deed of

Trust entitling Lender to all rights and remedies therein contained, including specifically the right to declare a default thereunder and to elect to sell the Property, or foreclose the Deed of Trust as provided therein or by law.

11. Lender's Obligations Limited. Lender shall not be obligated to perform nor by accepting this Assignment does it undertake to perform any obligation under any of the Leases or this Assignment, and Assignor shall indemnify, defend and hold Lender harmless from and against any liability, loss or damage under the Leases or this Assignment and all claims that may be asserted against Lender by reason of any alleged obligation to perform any of the terms in the Leases. Should Lender incur any such liability, loss or damage under the Leases or this Assignment, or in the defense of any such claims, the amount thereof, including costs and reasonable attorney's fees (whether incurred before or at trial, or in connection with any appeal or petition for review), shall be secured hereby and by The Deed of Trust, and Assignor shall reimburse Lender therefor immediately upon demand.

12. Assignment Conditional. Upon the payment in full of the indebtedness secured by this Assignment, this Assignment shall be void and of no effect, but the affidavit of any officer of Lender stating that any part of said indebtedness remains unpaid shall be conclusive evidence of the validity, effectiveness and continuing force of this Assignment, and any person may and is hereby authorized to rely thereon.

13. Miscellaneous Provisions.

13.1 Assignment Binding on Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the heirs, legatees, devisees, transferees, administrators, executors, successors and assigns of Assignor and Lender. If ownership of Assignor's interest in the Property and/or Leases becomes vested in a person other than Assignor, Lender, without notice to Assignor, may deal with Assignor's successor with reference to this Assignment, the Trust Deed and the Note by way of forbearance or extension without releasing Assignor from the obligations of this Assignment, the Trust Deed or liability under the Note.

13.2 Indemnity. Assignor shall hold Lender harmless from any and all loss and expense, including but not limited to attorneys' fees and court costs, in any suit, action or proceeding brought against Lender by a third party resulting from or attributable to (a) Assignor's ownership of the Property or the Leases, (b) Assignor's failure to perform any obligation hereunder, under the Deed of Trust, the Note, any of the Leases or under any other Loan Document, (c) Assignor's breach of any representation, warranty or covenant contained herein or in the Deed of Trust, Note or any Loan Document, or (d) Lender's ownership of the Note, except suits, actions and proceedings based upon a claim that Lender improperly entered into this Assignment, the Trust Deed or Note or loaned money thereunder.

13.3 Notice. Any notice under this Assignment shall be in writing. Any notice to be given or document to be delivered under this Assignment shall be effective when either delivered in person or deposited as registered or certified mail, postage prepaid, addressed to the party at the address first stated in this Assignment. Assignor or Lender may by notice to the other designate a different address.

13.4 Expenses and Attorneys' Fees. If Lender shall take any action, judicial or otherwise, to enforce the Note or any provision of this Assignment or if Lender shall be required to appear in any proceeding to protect and maintain the priority of its interest in the Leases, Lender shall be entitled to recover from Assignor all expenses that it may reasonably incur in taking such action, including but not limited to costs incurred in searching records, the cost of title reports and surveyors' reports, and attorneys' fees, whether incurred in a suit or action or any appeals from a judgment or decree therein or in connection with nonjudicial action. Assignor shall reimburse Lender for expenses so incurred on demand with interest, as provided at Section 6.

13.5 Applicable Law. This Assignment shall be governed by the laws of the State of Oregon.

13.6 Time of Essence. Time is of the essence of this Assignment.

13.7 Headings. The headings to the sections and paragraphs of this Assignment are included only for the convenience of the parties and shall not have the effect of defining, diminishing or enlarging the rights of the parties or affecting the construction or interpretation of any portion of this Assignment.

13.8 Severability. If any provision of this Assignment shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Assignment, but this Assignment shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

13.9 Entire Agreement. This Assignment, the Deed of Trust, the Note and the Loan Documents contain the entire agreement of the parties with respect to the matters covered, and no other previous agreement, statement or promise made by any

206C5

party to this Assignment that is not contained in its terms or in the terms of the Note, Deed of Trust or other Loan Documents shall be binding or valid.

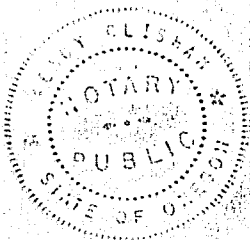
IN WITNESS WHEREOF, this Trust Deed has been duly executed by Grantor the day and year first hereinabove written.

CROWN PACIFIC, LTD.

By *Roger Krag*
Title *Sec.*

STATE OF OREGON)
) ss.
County of Multnomah)

On this 2nd day of ^{October} ~~August~~, 1991, before me personally appeared Roger
L. Krage who, being duly sworn, did say that he 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 acknowledged said instrument to be its
voluntary act and deed.



Orendy L. L.
NOTARY PUBLIC FOR *Oregon*
My Commission Expires: *11-30-91*

TOWNSHIP 24 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN

- Section 11: SE $\frac{1}{4}$
Section 12: S $\frac{1}{4}$
Section 13: Entire Section
Section 14: N $\frac{1}{4}$, SW $\frac{1}{4}$, N $\frac{1}{2}$ SE, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 15: E $\frac{1}{4}$, SW $\frac{1}{4}$
Section 16: SE $\frac{1}{4}$, that portion of the W $\frac{1}{2}$ which lies east of the Great Northern Railroad right-of-way
Section 22: E $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{4}$
Section 23: E $\frac{1}{4}$ E $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{4}$ W $\frac{1}{4}$
Section 24: Entire Section
Section 25: Entire Section
Section 26: E $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$
Section 27: W $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 28: E $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 33: NE $\frac{1}{4}$ NE $\frac{1}{4}$
Section 35: NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 36: Entire Section

TOWNSHIP 24 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN

- Section 7: Lots 13, 14, and 15
Section 18: NE $\frac{1}{4}$, Lots 1 through 20 inclusive, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
Less Highway Right of way
Section 19: Entire Section

EXHIBIT B

20607

Assigned Leases

No Current Leases

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title co. the 4th day
of Oct. A.D., 19 91 at 2:48 o'clock P.M., and duly recorded in Vol. M91,
of Mortgages on Page 20597.

FEE \$58.00

Evelyn Biehn, County Clerk

By Paula Mueller

KCTC