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K-44643

Vol. m92 Page 29574

TRUST DEED

DATED: November 30, 1992

BETWEEN: Western Timber Co.
10260 SW Greenburg Road
Suite 900
Portland, OR 97223

GRANTOR

AND: Fleet Bank, N.A., as Agent for Principal
Mutual Life Insurance Company, Aetna
Life Insurance Company, The Northwestern
Mutual Life Insurance Company, Chemical
Bank, Seattle-First National Bank and
Bank of America Oregon

Attn: Ms. Susan Freedman
Vice President
Corporate Trust
One Constitution Plaza
Hartford, CT 06115
(203) 244-5360

BENEFICIARY

AND: First American Title Insurance
Company of Oregon

TRUSTEE

Under a Credit and Security Agreement dated as of November 30, 1992 between the Lenders (as defined therein), Grantor and the entities listed on Schedule 1 attached hereto (the "Credit Agreement"), Grantor and the entities listed on Schedule 1 (Grantor and such entities listed on Schedule 1 being collectively referred to as "Borrowers") are indebted to Lenders in the principal amount of \$58,627,000 which is repayable with interest according to the terms of promissory notes given to evidence such indebtedness in the aggregate principal amount of \$58,627,000, dated the same as this deed, under which the final payment of principal and interest will be due on December 15, 2004. The promissory notes, and any note or notes given in renewal, modification, substitution or addition to the promissory notes originally issued, are referred to as "the Note." Beneficiary is the agent of Lenders under the Credit Agreement pursuant to the terms of an Intercreditor Agreement dated as of November 30, 1992 between Lenders and Beneficiary. Capitalized terms used in this deed and not defined herein shall have the meaning given such terms in the Credit Agreement.

The term "Indebtedness" as used in this deed shall mean (a) the principal and interest payable under the Note,

PDX1-28142.1 28807 0134

After recording, return to:
Karen Yurka
Stoel Rives Boley Jones & Grey
900 SW Fifth, Suite 2300
Portland, OR 97204

(b) the Obligations (as defined in the Credit Agreement),
 (c) any future amounts that Lenders may in their discretion
 loan to Grantor or any of the Borrowers, with interest thereon,
 (d) any other amounts now or hereafter owing to Lenders or
 Beneficiary by Borrowers under the Credit Agreement (excepting
 sums owed under Section 10.5 of the Credit Agreement), (e) any
 amounts expended or advanced by Lenders or Beneficiary to
 discharge obligations of Grantor or expenses incurred by
 Lenders, Beneficiary or Trustee to enforce obligations of
 Grantor, as permitted under this deed, with interest thereon as
 provided below, and (f) any amounts with interest thereon at
 the rate specified in Section 14.4 below, payable by Borrowers
 under Section 10.5 of the Credit Agreement to the extent
 Beneficiary specifically elects by written notice to Grantor
 to include such amounts in the Indebtedness.

FOR VALUE RECEIVED, Grantor conveys to Trustee in trust the
 real property in Baker, Benton, Douglas, Jackson, Lane, Lincoln
 and Union Counties, Oregon (i) described on the attached
 Exhibit A, together with all existing and subsequently erected
 or affixed improvements and fixtures and all timber, logs and
 other forest products now or hereafter growing thereon and
 (ii) the timber, logs and forest products now or hereafter
 located on or growing on the real property in Douglas, Klamath,
 and Lane Counties, Oregon described on attached Exhibit B.

Grantor presently assigns to Beneficiary all of
 Grantor's right, title and interest in and to all rents,
 revenues, income, issues and profits (the "Income") from the
 real property, timber, logs and forest products described
 above, together with all of Grantor's right, title and interest
 in the Land Sale Contracts described on attached Exhibit D (the
 "Contracts"), and all payments now or hereafter due under the
 Contracts, whether now or hereafter due.

Grantor grants Beneficiary a security interest in the
 Income, the Contracts and in all oil, gas, minerals and other
 valuable deposits, timber, and other forest products (standing
 or down, severed or unsevered) and in all equipment,
 furnishings, fixtures and other articles of personal property
 owned or leased by Grantor, now or subsequently located on or
 used in connection with the real property described in
 Exhibits A and B, all accessions, parts or additions to, all
 replacements of and all substitutions for any of such property,
 and all proceeds (including insurance proceeds) therefrom.

The real and personal property described above is
 referred to as the "Property."

This trust deed, the assignment of the Income, and
 the security interest are given to secure payment of the

Indebtedness and performance of all obligations of Grantor under this deed and Borrowers under the Credit Agreement and are given and accepted on the following terms and conditions, which Grantor will promptly and faithfully observe and perform:

1. PAYMENT AND PERFORMANCE

Grantor shall pay to Lenders or Beneficiary, promptly when due, all amounts payment of which is secured by this deed, and shall strictly perform all obligations imposed upon Grantor by this deed and the Credit Agreement.

2. POSSESSION AND MAINTENANCE OF THE PROPERTY

2.1 Possession. Until the occurrence of an Event of Default, Grantor may remain in possession and control of and operate and manage the Property and collect the Income from the Property.

2.2 Duty to Maintain. Grantor shall operate and maintain the Property in accordance with good forestry practice, shall use good conservation practices to safeguard the timber, vegetation, water and other resources of the Property, and shall promptly perform all repairs and maintenance necessary to preserve its value.

2.3 Nuisance, Waste. Grantor shall not conduct or permit any nuisance and shall not commit or suffer any strip or waste on the Property, or cut or remove any timber from the Property except as provided in Section 2.6 below.

2.4 Beneficiary's Right to Enter. Beneficiary and its agents and representatives may enter upon the Property at all reasonable times to attend to Beneficiary's interest and to inspect the Property, including the right to conduct such environmental testing as Beneficiary determines is appropriate.

2.5 Duty to Protect. Grantor shall do all other acts, in addition to those set forth in this deed, that from the character and use of the Property are reasonably necessary to protect and preserve the security. Without limiting the foregoing, Grantor shall exercise the highest degree of care to prevent fires on the Property, shall maintain all fire fighting equipment required by law, and shall use all reasonably available personnel and equipment to control and extinguish any fire occurring on or threatening the Property.

2.6 Timber Harvesting. Until an Event of Default has occurred, Grantor shall be entitled to log and remove timber from the Property in accordance with the terms of this Section 2.6. All logging shall be conducted in a manner

designed to minimize erosion and other damage to the Property. Grantor shall perform all slash disposal and reforestation required by applicable laws and the terms of applicable cutting permits and shall pay all severance and harvest taxes. All merchantable sawlogs removed from the Property shall be branded with one or more designated, dedicated brands that are not used by Grantor for logs produced from other properties during the same fiscal year. Grantor shall maintain a system of truck tickets indicating the date and destination of each truck of logs removed from the Property. Grantor shall keep in good condition and repair all roads now on the Property used in its logging operations. Upon the occurrence and during the continuance of an Event of Default, Grantor shall not, without the consent of Beneficiary, cut or remove any timber or forest products from the Property.

3. TAXES AND LIENS

3.1 Right to Contest. Grantor may withhold payment of any tax or assessment levied against or on account of the Property or claim for work done on or for services rendered or material furnished to the Property in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Property is not jeopardized and such tax, assessment or claim is being contested by appropriate proceedings, promptly initiated and conducted in good faith and with due diligence and reserves, proper in accordance with generally accepted accounting principles, have been made therefor. In any contest proceedings, Grantor will defend itself and Beneficiary and will name Beneficiary as an additional obligee under any surety bond, and Grantor shall satisfy any final adverse judgment before enforcement against the Property.

3.2 Evidence of Payment. Grantor shall promptly on demand furnish evidence of payment of taxes and assessments to Beneficiary and shall authorize the appropriate county official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

3.3 Tax Status. If the Property is currently qualified for special tax assessments or tax deferrals due to use of the Property for forest purposes, Grantor shall perform all acts and maintain all records necessary for the continued qualification of the Property for such special tax assessment or tax deferral.

4. PROPERTY DAMAGE INSURANCE

4.1 Application of Proceeds. Grantor shall promptly notify Beneficiary of loss or damage of the Property in

accordance with the Credit Agreement. Beneficiary may make proof of loss if Grantor fails to do so within 15 days of the casualty. Grantor may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration or replacement of the Property. If Grantor elects to apply the proceeds to restoration or replacement Grantor shall restore or replace in a reasonable manner. Any proceeds which have not been paid out within 180 days after their receipt and which have not been committed to the restoration or replacement of the Property shall be used to prepay the Indebtedness and applied in the manner specified in the Credit Agreement. If Beneficiary holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor.

4.2 Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this deed at any trustee's sale or any foreclosure sale of the Property.

5. WARRANTIES OF GRANTOR

5.1 Title. Grantor warrants that it holds merchantable title to the Property in fee simple free of all encumbrances other than the encumbrances listed on attached Exhibit C (the "Permitted Encumbrances").

5.2 Defense of Title. Subject to the Permitted Encumbrances, Grantor warrants and will forever defend the title against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Beneficiary or Trustee under this deed, Grantor shall defend the action or proceeding at its expense.

5.3 Not Residential Trust Deed. Grantor warrants that this deed is not and will not at any time constitute a "residential trust deed" (as that term is defined in ORS 86.705(3) or its successor statutes). Grantor warrants that Grantor is engaging in this transaction exclusively for business, commercial, or investment purposes.

6. CONDEMNATION

6.1 Application of Net Proceeds. If all or any part of the Property is condemned, Lenders may elect to require that all or any portion of the net proceeds of the condemnation be applied on the Indebtedness. The "net proceeds" shall mean the total amount available after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Grantor, Beneficiary, and Trustee in connection with the taking by condemnation. Sale of all or any part of the Property to a

purchaser with the power of eminent domain in the face of a threat or the probability of the exercise of the power shall be treated as a taking by condemnation to which this Section shall apply.

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

7. IMPOSITION OF TAX BY STATE

7.1 State Taxes Covered. The following shall constitute state taxes to which this Section applies:

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

(b) 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.

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

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

7.2 Remedies. If any state tax to which this Section applies is enacted subsequent to the date of this deed, this shall have the same effect as an Event of Default, and Beneficiary may exercise any or all of the remedies available to it on the occurrence of an Event of Default unless the following conditions are met:

(a) Grantor may lawfully pay the tax or charge imposed by the state tax, and

(b) Grantor pays the tax or charge within 30 days-after notice from Beneficiary that the tax law has been enacted.

8. POWERS AND OBLIGATIONS OF TRUSTEE

8.1 Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the request of Beneficiary and Grantor:

(a) Join in preparing and filing a map or plat of the Property, including the dedication of streets or other rights in the public.

(b) Join in granting any easement or creating any restriction on the Property.

(c) Join in any subordination or other agreement affecting this deed or the interest of Beneficiary under this deed.

(d) Reconvey, without warranty, all or any part of the Property.

8.2 Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

9. SECURITY AGREEMENT; SECURITY INTEREST

9.1 Security Agreement. This instrument shall constitute a security agreement with respect to the Income and any personal property included in the description of the Property.

9.2 Security Interest. Upon request by Beneficiary, Grantor shall execute financing statements and take whatever other action is requested by Beneficiary to perfect and continue Beneficiary's security interest in the Income and personal property. Grantor hereby appoints Beneficiary as Grantor's attorney in fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein. Beneficiary may file copies or reproductions of this deed as a financing statement at any time and without further authorization from Grantor. Grantor shall reimburse Beneficiary for all reasonable expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the personal property and make it available to Beneficiary within three days after receipt of written demand from Beneficiary.

9.3 Fixture Filing. This instrument constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the Property is located with respect to any and all fixtures included within the term Property as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

10. PRIOR INDEBTEDNESS

10.1 Prior Lien. A portion of the Property is subject to an unrecorded contract dated May 9, 1986 between Roy O. Brogden Jr., et al., as seller and Glide Timber Co. as buyer, a memorandum of which was recorded May 9, 1986 in Book 946 at page 14, under Recorder's No. 86-5497, Douglas County Records (the "Prior Lien"). Grantor expressly covenants and agrees to pay or see to the payment of the indebtedness secured by the Prior Lien and to prevent any default thereunder. Grantor will immediately forward to Beneficiary a copy of any notice of default under the Prior Lien which Grantor may receive at any time.

10.2 Default by Grantor. If the payment of principal or interest is not made within the time required under the Prior Lien, or if an event of default occurs and is not cured during any applicable grace period under the Prior Lien, then the Indebtedness secured by this deed shall, at the option of Beneficiary, become immediately due and payable.

11. RECONVEYANCE ON FULL PERFORMANCE

If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations secured by this deed or if the requirements for the sale or other disposition of the Property set forth in the Credit Agreement are met, Beneficiary shall execute and deliver to Trustee a request for reconveyance and shall execute and deliver to Grantor suitable statements of termination of or release any financing statement on file. The reconveyance and filing fees shall be paid by Grantor.

12. DEFAULT

The following shall constitute Event(s) of Default:

(a) The occurrence of any Event of Default as defined in the Credit Agreement;

(b) Failure of Grantor to make any payment or perform any obligation under the Prior Lien within the time required thereunder or commencement of any suit or other action to foreclose the Prior Lien;

(c) Failure of Grantor to perform any other obligation under this deed within 30 days after receipt of written notice from Beneficiary specifying the nature of the default or, if the default cannot be cured within 30 days, failure within such time to commence and pursue curative action with reasonable diligence. No notice of default and no opportunity

to cure shall be required if during the prior 12 months Beneficiary has already sent a notice to Grantor concerning default in performance of the same obligation.

13. RIGHTS AND REMEDIES ON DEFAULT

13.1 Remedies. Upon the occurrence of an Event of Default and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

(a) Beneficiary may declare the entire Indebtedness immediately due and payable.

(b) The Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.

(c) If this deed is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this deed exceeds the net sale proceeds payable to Beneficiary.

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

(e) Beneficiary shall have the right, without notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user to make payments of rent or use fees directly to Beneficiary. If the Income is collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney in fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its

rights under this paragraph either in person, by agent or through a receiver.

(f) Beneficiary shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Beneficiary or a Lender shall not disqualify a person from serving as a receiver.

(g) In the event Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property, Grantor shall become a tenant at will of Beneficiary or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Grantor's possession.

(h) Trustee and Beneficiary shall have any other right or remedy provided in this deed, the Note or the Credit Agreement or any other instrument delivered by Grantor in connection therewith, or available at law, in equity or otherwise.

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

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

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

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

If the reveñues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Beneficiary or Lenders (if Beneficiary or Lenders, in their sole discretion, agree to lend) or otherwise, or Beneficiary may borrow or advance, such sums as the receiver or Beneficiary may deem necessary for the purposes stated in this paragraph. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the same interest rate as provided in Section 14.4 below. Such sums shall become a part of the Indebtedness secured by this deed and shall be payable by Grantor on demand.

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

13.4 Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given at least 10 days before the time of the sale or disposition.

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

13.6 Attorneys' Fees; Expenses. The provisions of Section 9.13 of the Credit Agreement are incorporated herein as if fully set forth. Expenses covered by this paragraph include (without limitation) the cost of searching records, obtaining title reports, surveyors' reports, appraisals, attorneys' opinions, title insurance and fees for the Trustee.

14. MISCELLANEOUS

14.1 Time of Essence. Time is of the essence of this deed.

14.2 Binding Upon Successors and Assigns. Subject to the limitations stated in the Credit Agreement and subject to the provisions of applicable law with respect to successor trustees, this deed shall be binding upon and inure to the benefit of the parties and their successors and assigns.

14.3 Security Agreement. In construing this deed, the term "deed" shall encompass the terms "security agreement" and "leasehold trust deed" when the instrument is being construed with respect to any personal property or leasehold.

14.4 Expenditure by Beneficiary. If Grantor fails to comply with any provision of this deed, Lenders or Beneficiary may elect to take the required action on Grantor's behalf, and any amount that Lenders or Beneficiary expend in so doing shall be added to the Indebtedness and shall be secured by this deed. Amounts so added shall be payable on demand with interest from the date of expenditure at the rate of 12 percent per annum or at the rate the Note bears, whichever is higher, but not in any event at a rate higher than the maximum rate permitted by law. Such action shall not constitute a cure or waiver of the default or any other right or remedy which Lenders or Beneficiary may have on account of Grantor's default.

14.5 Notices. Any notice under this deed shall be in writing and be delivered in the manner specified in, and be effective as provided in, the Credit Agreement.

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

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

14.8 Applicable Law. The law of the State of Oregon shall be applicable for the purpose of construing and determining the validity of this deed and determining the rights and remedies of Beneficiary on default with respect to the Property.

14.9 Joint and Several Liability. If Grantor consists of more than one person or entity, the obligations

imposed upon Grantor under this deed shall be joint and several.

14.10 Exhibits and Schedules. The following exhibits and Schedules are attached hereto and by this reference made a part hereof:

- Exhibit A - Real Property
- Exhibit B - Timber Deed Lands
- Exhibit C - Permitted Encumbrances
- Exhibit D - Land Sale Contracts
- Schedule 1 - List of Borrowers

14.11 Effect of Credit Agreement. In the event of any inconsistency between the provisions of the Credit Agreement and the provisions of this deed, the provisions of the Credit Agreement shall prevail.

14.12 Counterparts. This Trust Deed is being executed in multiple original counterparts, all of which are identical and each of which shall be for all purposes be deemed to be an original, but all such counterparts shall together constitute one Trust Deed. To facilitate recording, counterparts to be filed in each county may include only these portions of Exhibits A, B and C that apply to the Property located in that county. An executed counterpart of this Trust Deed containing the full text of Exhibits A, B, C and D will be recorded in Douglas County, Oregon.

GRANTOR:

WESTERN TIMBER CO.

By: _____

Robert J. Riecke

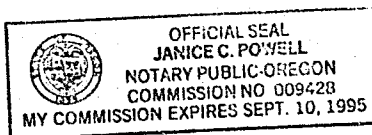
Its: Assistant Secretary

STATE OF OREGON)

) ss.

County of Multnomah)

This instrument was acknowledged before me on December 9, 1992, by Robert J. Riecke as Assistant Secretary of Western Timber Co.



Notary Public for Oregon

My commission expires: 9/10/95

EXHIBIT A

Real Property Description

Intentionally omitted.

EXHIBIT B

Timber Deed Lands

Klamath County

Timber only on the following-described property:

Conifer Timber:

Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon:

Section 33: SE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ and that portion of the S $\frac{1}{4}$ SE $\frac{1}{4}$ lying Southwesterly of Old Fort Road.

Township 38 South, Range 9 East of the Willamette Meridian

Section 3: SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, SAVING AND EXCEPTING a strip of land 60 feet wide conveyed to Fir E' Nuff Farms, Inc., by Deed Volume 340 page 231, Klamath County, Oregon records, more particularly described as follows: A strip of land 60 feet in width extending Westerly from the center line of the County Road known as the Old Fort Road and lying 30 feet North and 30 feet South of the following center line, to wit: Beginning at a point in the center line of said road which lies 30 feet North of the South line of said Section 3, and running West and parallel to said South line of said Section to a point 60 feet West of the Southeast corner of SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 3.

Section 4: All, except W $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ NW $\frac{1}{4}$, and also excepting that portion described as follows: Beginning at the Northwest corner of Section 4, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence East along the North line of said Section, 10 chains more or less to the center line of the telephone right of way; thence Southerly along the center line of said right of way to the South line of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of said section; thence West 10 chains, more or less, to the Southwest corner of the NW $\frac{1}{4}$ NW $\frac{1}{4}$; thence North along the West line of said section to the point of beginning.

Section 5: Government Lots 2 and 3, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{4}$ SW $\frac{1}{4}$; N $\frac{1}{4}$ SE $\frac{1}{4}$

Section 8: E $\frac{1}{4}$ W $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

Section 9: NE $\frac{1}{4}$, E $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{4}$ SE $\frac{1}{4}$

Section 10: W $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$

Excepting therefrom a strip of land 60 feet wide deeded to Klamath County, for road purposes, recorded February 7, 1978, in Volume M-78 on page 2157, Microfilm records of Klamath County, Oregon.

Davis:

Parcel 1: E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 30, Township
24 South, Range 7 East of the Willamette Meridian, Klamath
County, Oregon.

TAX ACCOUNT NOS.:

Acct. 3709-3300-1700	Key 380586
Acct. 3809-1300	Key 427363
Acct. 3809-1500	Key 427407
Acct. 3809-500-200	Key 427452
Acct. 3809-2000	Key 427559
Acct. 3809-3000	Key 427595
Acct. 3809-3100	Key 427639

Acct 2407-3000-300	Key 144891
Acct 2407-3000-200	Key 144882
Acct 2310-200	Key 134660

EXHIBIT B

Timber Deed Lands

Douglas and Lane County legal descriptions
intentionally omitted.

EXHIBIT C

Klamath CountyGeneral Permitted Encumbrances

1. Rights of the public in streets, roads and highways.
2. Rights of way interests, road use agreements and use permits.
3. Rights of public and governmental bodies in and to any portion of the property lying below the ordinary high water mark of any river or stream.
4. Access restrictions or the lack of insurable means of ingress or egress.
5. Liens for property taxes that are to be paid or satisfied pursuant to WTD's Plan of Reorganization.
6. Certain unrecorded leases wherein Grantor has leased certain properties to third parties.
7. With respect to titled vehicles where Grantor may not be named as title owner, the possible interest of certain unknown third parties.

Specific Permitted EncumbrancesConifer Timber:

1. Deleted
2. The assessment roll and the tax roll disclose that the within described premises were specially assessed as Forest Land. Taxes for the year 1992-93 and possibly prior years have been deferred pursuant to ORS 321.805 to 321.810. These, plus earned interest are due and payable when said reason for the deferment no longer exists.
3. Easement, including the terms and provisions thereof, given between Fir'E Nuff Farms, Inc., O'Connor Livestock Company, and OK Land and Cattle Company, dated February 5, 1992, and recorded February 5, 1992, in M-92 on page 2491, records of Klamath County, Oregon.
4. Agreement for Easement, including the terms and provisions thereof, given by and between Danoc Corporation, an Oregon Corporation and O'Connor Livestock Company and Fir E'Nuff Farms, Inc., an Oregon corporation, dated May 6, 1992 and recorded May 6, 1992 in M-92 on page 9922, records of Klamath County, Oregon.
5. Timber Deed, including the terms and provisions thereof, given by Conifer Timber to Western Timber Co., an Oregon corporation, dated May 5, 1992 and recorded May 6, 1992 in M-92 on page 9936, records of Klamath County, Oregon.

Davis:

1 Deleted.

2. The assessment roll and the tax roll disclose that the within described premises were specially assessed as Forest Land. Taxes for the year 1992-93 and possibly prior years have been deferred pursuant to ORS 321.805 to 321.810. These, plus earned interest are due and payable when said reason for the deferment no longer exists.
3. Reservations and restrictions, including the terms and provisions thereof, in Deed from the United States to Louis Greiser, dated November 26, 1920, recorded June 29, 1921, in Volume 56 on page 358, Deed Records of Klamath County, Oregon, as follows: "...to any vested and accrued water rights for mining, agricultural manufacturing or other purposes, and right to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts and there is reserved from the lands hereby granted a right of way thereof for ditches or canals constructed by the authority of the United States."
4. No means of ingress or egress to or from the above described property as disclosed by the assessor's maps.
5. Deleted.
6. Timber Deed, including the terms and provisions thereof between Bert E. Davis and Iola M. Davis, to Western Timber Co., an Oregon corporation, dated July 16, 1992, recorded July 23, 1991, in Volume M-92 on page 16268, Deed Records of Klamath County, Oregon. (Parcel 1)

EXHIBIT C

Permitted Encumbrances

Permitted encumbrances for Baker, Benton, Douglas,
Jackson, Lane, Lincoln and Union Counties intentionally
omitted.

29594

West. Timber/Miscellaneous Counties OR

EXHIBIT D

Land Sale Contracts

Intentionally omitted.

Schedule 1List of Borrowers

WTD Industries, Inc., an Oregon corporation
 Alturas Lumber Co.
 Burke Lumber Co.
 Central Point Lumber Co.
 Cle Elum Lake Veneer Co.
 Columbia Falls Forest Products, Inc.
 Cottage Grove Lumber Co.
 Crater Lake Lumber Co.
 Custer Lumber Co.
 Eugene Wood Products Co.
 Glide Lumber Products Co.
 Goshen Veneer Co.
 Graham Plywood Co.
 Halsey Veneer Co.
 Judith Gap Lumber Co.
 Junction City Lumber Co.
 Midway Forest Products Co.
 Morton Forest Products Co.
 North American Enterprises Co.
 North Powder Lumber Co.
 Olympia Forest Products Co.
 Orient Lumber Co.
 Pacific Hardwoods-Aberdeen Co.
 Pacific Hardwoods-South Bend Co.
 Pacific Softwoods Co.
 Philomath Forest Products Co.
 Port Westward Pulp Co.
 Puget Sound Reload Co.
 Riverside Lumber Co.
 Sedro-Woolley Lumber Co.
 Silverton Forest Products Co.
 Spanaway Lumber Co.
 Trask River Lumber Co.
 Treesource, Inc.
 Treesource Sales, Ltd.
 Tumwater Lumber Co.
 Union Forest Products Co.
 Union Rail Enterprises, Inc.
 Valley Wood Products Co.
 Western Timber Co.
 Whitehall Plywood, Inc.
 Crater Lake Co-Gen Partners, Ltd.

PDX1-29357.1 28807 0001

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title co the 11th day
 of Dec. A.D., 19 92 at 2:06 o'clock P.M., and duly recorded in Vol. M92
 of Mortgages on Page 29574

Evelyn Biehn County Clerk
 By Pauline C. Nusselman

FEE \$110.00