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KIAMATH COUNTY, OR

THIS INSTRUMENT WAS PREPARED BY  
AND UPON RECORDING RETURN TO:

Vol 94 Page 16155

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ATE - 941030

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,  
SECURITY AGREEMENT, FINANCING STATEMENT  
AND FIXTURE FILING

Dated as of December 30, 1993

Among

CROWN PACIFIC LIMITED PARTNERSHIP, as TRUSTOR,

STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT,  
NATIONAL ASSOCIATION, as BENEFICIARY, and as  
COLLATERAL TRUSTEE for Certain SECURED PARTIES,

and

FIDELITY NATIONAL TITLE COMPANY  
OF OREGON, as TRUSTEE

THIS DOCUMENT IS TO BE FILED IN THE REAL ESTATE RECORDS AS A  
FIXTURE FILING AND FINANCING STATEMENT COVERING FIXTURES LOCATED  
ON THE REAL PROPERTY DESCRIBED ON EXHIBIT A HERETO AND ALSO  
COVERING ALL ACCOUNTS AND INTANGIBLES RELATED THERETO. PRODUCTS  
OF THE AFOREMENTIONED ARE ALSO SECURED HEREBY.

LINE OF CREDIT INSTRUMENT

MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED PURSUANT TO CREDIT  
AGREEMENT AND NOTE PURCHASE AGREEMENTS: \$160,000,000.00. THIS  
DEED OF TRUST MAY SECURE INDEBTEDNESS OF UP TO \$320,000,000.00.

LATEST MATURITY DATE, IF ANY, OF THE CREDIT AGREEMENT AND NOTE  
PURCHASE AGREEMENTS (EXCLUSIVE OF ANY OPTION TO RENEW OR EXTEND  
SUCH MATURITY DATE): DECEMBER 31, 2004

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THIS INSTRUMENT WAS PREPARED BY  
AND UPON RECORDING RETURN TO:

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Chicago, Illinois 60603  
312/782-0600

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AGREEMENT: \$160,000,000.00. THIS DEED OF TRUST MAY SECURE  
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LATEST MATURITY DATE, IF ANY, OF THE CREDIT AGREEMENT AND  
THE NOTE PURCHASE AGREEMENTS (EXCLUSIVE OF ANY OPTION TO  
RENEW OR EXTEND SUCH MATURITY DATE): DECEMBER 31, 2004

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,  
SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY  
AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING (herein  
sometimes called "Deed of Trust") is made as of December 30,  
1993 by and between CROWN PACIFIC LIMITED PARTNERSHIP, a limited  
partnership, duly organized and validly existing under the laws  
of the State of Oregon (herein, together with its successors and  
assigns, the "Trustor"), STATE STREET BANK AND TRUST COMPANY OF  
CONNECTICUT, NATIONAL ASSOCIATION, a national banking  
association, as Collateral Trustee for the Secured Parties  
(defined hereinafter) (herein, in such capacity together with its  
successors and assigns, called the "Beneficiary"), and Fidelity  
National Title Company of Oregon, a title company existing under  
the laws of the State of Oregon (herein, together with its  
successors and assigns, the "Trustee").

R E C I T A L S

A. Credit Agreement and Lender Notes. Pursuant to a  
certain Credit Agreement dated as of December 10, 1992 (herein,  
as the same has been and hereafter may be amended, supplemented,  
revised, or restated from time to time, called the "Credit  
Agreement"), by and between the Trustor, certain lenders  
including Bank of Montreal (those financial institutions which  
are from time to time party to the Credit Agreement, together  
with the successors and assigns of each of them, are hereinafter  
collectively called the "Lenders" and individually called a  
"Lender"), and Bank of Montreal as agent for the Lenders  
thereunder, the Trustor has executed and delivered to Bank of  
Montreal, as Agent for the Lenders, notes (which together with  
any and all amendments or supplements thereto, extensions thereof  
and notes which may be taken in whole or partial renewal,



substitution or extension thereof, shall be called the "Lender Notes"), each payable to the order of such Lender in a maximum principal amount equal to such Lender's Percentage (defined as in the Credit Agreement) of the Original Credit Amount (defined as paid on or before December 31, 1997, subject to acceleration as set forth in the Credit Agreement in the aggregate original face principal amount of SIXTY MILLION AND NO/100 DOLLARS (\$60,000,000.00), bearing interest as provided in the Lender Notes and in the Credit Agreement, on the principal amount thereof from time to time outstanding. All principal of and interest on the Lender Notes is payable in lawful money of the United States of America at the office of the Bank of Montreal in Chicago, Illinois. The loans and advances made by the Lenders to the Trustor which are evidenced by the Lender Notes and governed by the Credit Agreement are called "Loans". The term "Credit Agreement Obligations" as used herein shall mean, at any time, (i) the principal of and interest on the Loans, and (ii) all other amounts payable at any time or from time to time by the Trustor under the Credit Agreement or the other Loan Documents (defined hereinafter).

B. Note Purchase Agreements and Purchaser Notes. Pursuant to certain Note Purchase Agreements dated as of December 1, 1992 (herein, as the same may be amended, supplemented, revised or restated from time to time, individually called a "Note Purchase Agreement" and collectively called the "Note Purchase Agreements"), by and between the Trustor, certain institutions (hereinafter such institutions, together with the successors and assigns of each of them, are sometimes collectively called the "Purchasers" and individually called a "Purchaser"; the Lenders and the Purchasers are sometimes collectively called the "Secured Parties" and individually called a "Secured Party"), the Purchasers have agreed to purchase ONE HUNDRED MILLION AND NO/100 DOLLARS (\$100,000,000.00) aggregate principal amount of the Trustor's Senior Secured Notes (together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution, or extension thereof, shall be called the "Purchaser Notes"), which are due and payable in full if not sooner paid on or before December 31, 2004, subject to acceleration as set forth in the Note Purchase Agreements. The Purchaser Notes bear interest as provided therein and in the Note Purchase Agreements on the principal amount of each thereof from time to time outstanding. All principal of and interest on the Purchaser Notes is payable in lawful money of the United States in the manner set forth in the Note Purchase Agreements and in the Purchaser Notes.

C. Hedging Agreements. The Bank of Montreal, not in its capacity as Lender or as Agent under the Credit Agreement but in its individual capacity, may from time to time enter into interest rate swaps, caps or collars or other similar hedging arrangements with Trustor (collectively, the "Hedging



Agreements). With respect to any Person (defined as in the Collateral Trust Agreement [defined hereinafter]), all liabilities of such Person under interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates shall be called "Hedging Obligations".

D. Collateral Trust Agreement. The Trustor and the Beneficiary have entered into a certain Collateral Trust Agreement (as amended, supplemented, restated or otherwise modified from time to time, the "Collateral Trust Agreement"), dated as of December 10, 1992.

E. Intercreditor Agreement. The Lenders, Bank of Montreal individually and as Agent, the Purchasers, and the Beneficiary have entered into a certain Intercreditor Agreement (as amended, supplemented, restated, or otherwise modified from time to time, the "Intercreditor Agreement"), dated as of December 10, 1992.

F. Working Capital Intercreditor Agreement. The Beneficiary and Bank of Montreal have entered into a certain Working Capital Intercreditor Agreement (as amended, modified, supplemented, or replaced from time to time, the "Working Capital Intercreditor Agreement").

G. Related Documents. The Credit Agreement, the Note Purchase Agreements, the Lender Notes, the Purchaser Notes, any Hedging Agreements, the Collateral Trust Agreement, the Intercreditor Agreement, any and all Loan Documents, any and all Note Documents, and any and all Security Documents (the terms "Note Documents", "Loan Documents", and "Security Documents" are defined for purposes hereof as in the Collateral Trust Agreement), but excluding the Environmental Indemnity Agreement (defined as in the Collateral Trust Agreement) are hereinafter called the "Related Documents".

H. The Senior Secured Obligations. As used in this Deed of Trust, the term "Senior Secured Obligations" means and includes all of the following: the indebtedness, obligations, and liabilities of the Trustor and any general partner of the Trustor to the Lenders under the Loan Documents and Loans (including, but not limited to Credit Agreement Obligations), the indebtedness, obligations, and liabilities of the Trustor and any general partner of the Trustor to the Purchasers under the Note Documents and the Purchaser Notes (including, but not limited to, all unpaid principal of, premium, if any, and accrued and unpaid interest on the Purchaser Notes), and all liabilities of the Trustor to Bank of Montreal in connection with any Hedging Obligations of the Trustor to Bank of Montreal, in each case whether now existing or hereafter arising, joint or several, direct or indirect, absolute or contingent, due or to become due, matured or unmatured, liquidated or unliquidated, arising by



contract, operation of law or otherwise, and all obligations of the Trustor and any general partner of the Trustor to the Secured Parties arising out of any extension, refinancing or refunding of any of the foregoing obligations. The obligations secured hereunder shall include, without limitation, any and all advances, costs or expenses paid or incurred by the Beneficiary or any of the Secured Parties or the Trustee to protect any or all of the Collateral (defined hereinafter) or other collateral under the Related Documents, to perform any obligation of the Trustor under the Related Documents or collect any amount owing to the Beneficiary or to the Secured Parties which is secured hereby or under the Related Documents; interest on all of the foregoing; and all costs of enforcement and collection of this Deed of Trust, the Related Documents and the Senior Secured Obligations.

I. The Collateral. For purposes of this Deed of Trust, the term "Collateral" means and includes all right, title and interest of the Trustor in and to all of the following:

(i) Real Estate. All of the land described on Exhibit A attached hereto (the "Land"), together with all and singular the tenements, rights, easements, hereditaments, rights of way, privileges, liberties, appendages and appurtenances now or hereafter belonging or in anywise appertaining to the Land (including, without limitation, all rights relating to storm and sanitary sewer, water, gas, electric, railway and telephone services); all Development Rights (hereinafter defined), water, water stock, Minerals and Mineral Rights (both as hereinafter defined) and other substances of any kind or character underlying or relating to the Land; all estate, claim, demand, right, title or interest of the Trustor in and to any street, road, highway, or alley (vacated or otherwise) adjoining the Land or any part thereof; all strips and gores belonging, adjacent or pertaining to the Land; and any after-acquired title to any of the foregoing (all of the foregoing is herein referred to collectively as the "Real Estate");

(ii) Improvements and Fixtures. All buildings, structures, replacements, furnishings, fixtures, fittings and other improvements and property of every kind and character now or hereafter located or erected on the Real Estate and owned or purported to be owned by the Trustor, together with all logging roads, erosion control devices, building or construction materials, equipment, appliances, machinery, plant equipment, fittings, apparatus, fixtures and other articles of any kind or nature whatsoever now or hereafter found on, affixed to or attached to the Real Estate and owned or purported to be owned by the Trustor, including (without limitation) all motors, boilers, engines and devices for the operation of pumps, and all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment (all of the foregoing is herein referred to collectively as the "Improvements");



(iii) Personal Property. All furniture, furnishings, equipment (including, without limitation, telephone and other communications equipment, window cleaning, building cleaning, monitoring, garbage, air conditioning, pest control and other equipment), all Timber (hereinafter defined), all rails, ties, ballast and related equipment located on the Real Estate which is owned by Trustor, and all other tangible property of any kind or character now or hereafter owned or purported to be owned by the Trustor and used or useful in connection with and located on the Real Estate, including, without limitation, all rights of the Trustor under any lease to furniture, furnishings, fixtures and other items of personal property located on the Real Estate at any time during the term of such lease (all of the foregoing is herein referred to collectively as the "Goods");

(iv) Intangibles. All goodwill, trademarks, trade names, option rights, purchase contracts, books and records and general intangibles of the Trustor relating to the Real Estate or the Improvements and all accounts, contract rights (other than Timber Agreements defined below and included within the Collateral), instruments, chattel paper and other rights of the Trustor for payment of money to it for property sold or lent by it, for services rendered by it, for money lent by it, or for advances or deposits made by it, and any other intangible property of the Trustor, in the case of each of the foregoing, related to the Real Estate, the Timber or the Improvements, and, if this is a leasehold Deed of Trust, the Trustor's right of election and possession under Section 365(h) of the Federal Bankruptcy Code, as amended from time to time, or any replacement therefor, in the event that the lessor or landlord under the Ground Lease (as defined in Exhibit A hereto if this is a leasehold Deed of Trust) is a debtor thereunder and rejects the Ground Lease (all of the foregoing is herein referred to collectively as the "Intangibles");

(v) Rents. All rents, issues, profits, royalties, avails, income and other benefits derived or owned by the Trustor directly or indirectly from the Real Estate or the Improvements (all of the foregoing is herein collectively called the "Rents");

(vi) Leases. All rights of the Trustor under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whether now existing or entered into at any time hereafter, whereby any Person agrees to pay money to the Trustor or any consideration for the use, possession or occupancy of, or any estate in, the Real Estate or the Improvements or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof (all of the foregoing is herein referred to collectively as the "Leases");

(vii) Plans. All rights of the Trustor, if any, to plans and specifications, designs, drawings and other matters prepared



in connection with the Real Estate (all of the foregoing is herein called the "Plans");

(viii) Contracts for Construction or Services. All rights of the Trustor, if any, under any contracts executed by the Trustor with any provider of goods or services for or in connection with any construction undertaken on, or services performed or to be performed in connection with, the Real Estate or the Improvements, including any architect's contract (all of the foregoing is herein referred to collectively as the "Contracts for Construction");

(ix) Contracts for Sale or Financing. All rights of the Trustor, if any, as seller or borrower under any agreement, contract, option, understanding or arrangement (excluding this Deed of Trust and the Related Documents) pursuant to which the Trustor has, with the prior written consent of the Beneficiary, obtained the agreement of any Person (as defined in the Collateral Trust Agreement) to pay or disburse any money for the Trustor's sale (or borrowing on the security) of the Collateral or any part thereof (all of the foregoing is herein referred to collectively as the "Contracts for Sale") and all proceeds thereof;

(x) Timber. All crops and all trees, timber to be cut from the Land, 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 (all Land that is encumbered by any deed of trust which secures the Senior Secured Obligations which is suitable for timber production is referred to herein as "Timberland") or now or hereafter removed from the Land for sale or other disposition (collectively the "Timber");

(xi) Timber Agreements. 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 (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 to otherwise obtain Timber and to sell, exchange or deliver such Timber to third Persons, including, without limitation, the Boise Cascade Agreement (as defined in the Credit Agreement), that certain Contract for Sale of Timber dated April 5, 1988 between Scott Timber Co. ("Scott") and Crown Pacific, Ltd., as modified by that certain Agreement between Scott and the Trustor dated as



of February 12, 1992, and that certain Purchase and Sale Agreement dated May 12, 1992 between Crown Pacific, Ltd. and Ochoco Lumber Company, as amended by a First Amendment thereto dated May 12, 1992 and a Second Amendment thereto dated June 2, 1992 (the log delivery obligation set forth in Section 4.2 of the Second Amendment) (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 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"; together the Cutting Rights Agreements, Timber Sales Agreements, and Harvesting Contracts are collectively referred to as the "Timber Agreements");

(xii) Minerals and Mineral Rights. All of Trustor's right, title and interest in and to the 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 of Trustor's right, title and interest in and to the 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;

(xiii) Development Rights. 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");

(xiv) Authorizations. 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 for any other operations of Trustor relating to the Real Estate), 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 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 and all related appurtenances, the Improvements, the Timber, the Minerals, the Mineral Rights, the Development Rights, and that 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"); and

(xv) Other Property. All other property or rights of the Trustor of any kind or character related to the Real Estate or the Improvements, the Timber, the Minerals, the Mineral Rights, the Development Rights, the Timber Agreements, the Authorizations, all rights under and to all payments and deposits required by the provisions of Section 1.20 of Article I below and all proceeds (including insurance and condemnation proceeds) and any additional property and rights that may from time to time hereafter, by written instrument of any kind (including, without limitation, any supplement to this Deed of Trust, which supplement conforms to all requirements of applicable law) be subjected to the lien hereof by the Trustor, and products of any of the foregoing. (All of the Real Estate, the Timber, the Minerals, and the Improvements, and any interests, estates, or claims, both in law and in equity, which Trustor now has or may hereafter acquire through the Mineral Rights, Development Rights, and Timber Agreements, and any other property on or appurtenant to the Real Estate which is real estate under applicable law, is sometimes referred to collectively herein as the "Premises").

#### G R A N T

NOW THEREFORE, for and in consideration of the Secured Parties' making any loan, advance or other financial accommodation to or for the benefit of the Trustor, including sums advanced under the Credit Agreement and the Note Purchase Agreements, and in consideration of the various agreements contained herein, and any other Related Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Trustor, and in order to secure the full, timely and proper payment and performance of each and every one of the Senior Secured Obligations,

THE TRUSTOR HEREBY WARRANTS, CONVEYS, TRANSFERS AND ASSIGNS TO THE TRUSTEE, AND GRANTS TO THE TRUSTEE AND ITS SUCCESSORS AND ASSIGNS FOREVER IN TRUST, WITH POWER OF SALE, SUBJECT TO THE BENEFICIARY'S RIGHT, POWER AND AUTHORITY HEREUNDER TO COLLECT AND APPLY THE RENTS, AND GRANTS TO THE BENEFICIARY A SECURITY INTEREST IN, TRUSTOR'S RIGHT, TITLE, INTEREST, CLAIM AND DEMAND IN AND TO THE COLLATERAL, FOR THE USE AND BENEFIT OF THE BENEFICIARY AND ITS SUCCESSORS AND ASSIGNS AND TO SECURE THE PAYMENT AND PERFORMANCE OF ALL THE SENIOR SECURED OBLIGATIONS,



TO HAVE AND TO HOLD the Premises unto the Trustee, its successors and assigns, forever, hereby expressly waiving and releasing any and all right, benefit, privilege, advantage or exemption under and by virtue of any and all statutes and laws of the state or other jurisdiction in which the Real Estate is located providing for the exemption of homesteads from sale on execution or otherwise.

The Trustor hereby covenants with and warrants to the Trustee and the Beneficiary and with the purchaser at any sale: that at the execution and delivery hereof it is well seized of the Premises, and of a good, indefeasible estate therein, and as to the Real Estate, in fee simple (or, with respect to some applicable parcels which are noted on Exhibit A hereto, fee simple title to certain standing Timber thereon); that the Collateral is free from all encumbrances whatsoever (and any claim of any other Person thereto) other than the interest granted herein to the Trustee and pursuant to the Related Documents and the encumbrances which are permitted under both Section 7.2.3 of the Credit Agreement and in Section 4.23 of the Note Purchase Agreements (collectively, the "Permitted Exceptions"); that it has good and lawful right to sell, and convey by deed of trust and convey the Collateral; and that it and its successors and assigns will forever warrant and defend the Collateral against all claims and demands whatsoever with the exception of the Permitted Exceptions.

#### I. COVENANTS AND AGREEMENTS OF THE TRUSTOR

Further to secure the payment and performance of the Senior Secured Obligations, the Trustor hereby covenants, warrants and agrees with the Beneficiary as follows:

1.1. Payment of Senior Secured Obligations: Business Loan. The Trustor agrees that it will pay, timely and in the manner required in the appropriate documents or instruments, all amounts due under the Lender Notes and the Purchaser Notes and all other Senior Secured Obligations (including fees and charges). All sums payable by the Trustor hereunder shall be paid without demand, counterclaim, offset, recoupment, deduction or defense. The Trustor waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, recoupment, deduction or defense. The Trustor warrants that the Senior Secured Obligations arise from a transaction that is for commercial, business or investment purposes, were not made nor guaranteed by an individual as part of a transaction primarily for personal, family or household purposes, and relate to loans which are business loans as such term is used in Ill. Rev. Stat. 815 ILCS 205/4(1)(c).

1.2. Payment of Taxes. The Trustor will pay or cause to be paid before delinquent all taxes and assessments, general or



special, and any and all levies, claims, charges, expenses and liens, ordinary or extraordinary, governmental or non-governmental, statutory or otherwise, due or to become due, that may be levied, assessed, made, imposed or charged on or against the Collateral or any property used in connection therewith, and will pay before delinquent any tax or other charge on the interest or estate in lands created or represented by this Deed of Trust or by any of the Related Documents, whether levied against the Trustor, the Trustee, the Beneficiary, one or more of the Secured Parties, or otherwise, and will submit to the Beneficiary and the Secured Parties a quarterly report showing payment of all of such taxes, assessments and charges for the quarter; provided, however, that the Trustor shall not (unless otherwise required by law) be required to pay any such taxes, assessments, levies, claims, charges, expenses or liens which are being contested in good faith and by appropriate proceedings and as to which reserves are being maintained in accordance with GAAP (as defined in the Collateral Trust Agreement) so long as forfeiture of any part of the Collateral will not result from the failure of the Trustor to pay any such taxes, assessments, levies, claims, charges, expenses or liens during the period of any such contest. The Trustor's making any payments and deposits required by the provisions of Section 1.20 of this Article I shall not relieve the Trustor of, or diminish in any way, its obligations as set out in this Section 1.2.

1.3. Maintenance, Management and Operations of Timberland and other Collateral. The Trustor (i) shall manage and operate the Premises 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, without the prior written consent of Beneficiary, except that Trustor may alter logging roads in the ordinary course of its business without the Beneficiary's consent; (iii) shall complete promptly and in good and workmanlike manner any Improvement (including roads and erosion control devices) now or hereafter constructed and, except for those logging roads no longer in use, 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) except to the extent, if any, provided in both the Credit Agreement and the Note Purchase Agreements, shall comply in all material respects 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), subject to Trustor's right to contest as provided in Section 1.9 hereof, now or hereafter affecting the Premises or any part thereof or interest therein, including, without limitation, all



requirements under the Ground Lease, if any; (v) shall not commit or permit material waste or deterioration of the Premises or any material part thereof or interest therein except as permitted pursuant to Section 1.24 hereof; (vi) shall comply in all material respects with the provisions of the Timber Agreements and every material Authorization; (vii) except to the extent, if any, provided in both the Credit Agreement and the Note Purchase Agreements, shall not commit, suffer or permit any act to be done in or upon the Premises or any part thereof or interest therein in violation, in any material respect, of any law, ordinance, rule or regulation or of the Timber Agreements or of any Authorizations; (viii) shall maintain memberships in forest protective associations where any of the Premises 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 Forestry Department or any successor agency or a forest protective association described in clause (viii) above; and (x) shall within 30 days from any determination that an operation on the Premises or any part thereof has resulted in an additional fire hazard, obtain a release of such additional fire hazard from the Oregon State Forestry Department or any successor agency by performing all necessary burning or other work to reduce the hazard or by paying a fee designated by the Oregon State Forestry Department or any successor agency 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.

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 the provisions of Section 1.24 hereof, the Collateral Trust Agreement, the Timber Agreements and the Security Agreement. Trustor agrees that it shall maintain an inventory of Timber within the Timberlands at standards of accuracy and thoroughness satisfactory to the Consultant (hereinafter defined) and not unreasonable in terms of good forest management practices. Complete records of Trustor's inventory shall be kept on file by Trustor's personnel having supervisory responsibility for such inventory and shall be made available to the Beneficiary or Consultant upon request.

The Timberland shall be operated as timber producing tracts, having due regard to soil conditions, stand arrangements and other factors relevant to the conduct of sound silvicultural and harvesting practices, and Trustor shall harvest the Timber on the Timberland, subject to all requirements and conditions of this Deed of Trust and the Collateral Trust Agreement. The Timberland shall not be used principally or primarily for agricultural or



farming purposes. Notwithstanding the foregoing, Trustor shall harvest the Timber in a manner that will generate sufficient proceeds to discharge Trustor's payment obligations under the Lender Notes, the Purchaser Notes and the Related Documents but that does not materially adversely impair the collateral value of the Timber and Land relative to Trustor's outstanding obligations from time to time under the Lender Notes, the Purchaser Notes and the Related Documents. Trustor shall not permit grazing of livestock on the Timberland in such a way as to be materially injurious to forest regeneration, soils or forest growth, or use fire for eradication of noxious growth or for any other reason whatsoever except with the prior written consent of the Beneficiary. Notwithstanding anything to the contrary contained herein, the Trustor shall not at any time permit grazing of livestock if such grazing of livestock shall result in the Timberland being used principally or primarily for agricultural or farming purposes.

All measures shall be taken which are reasonably necessary to protect Timber located on the Timberlands from loss by fire, which measures shall be at least equal to fire control practices generally followed on timber-producing property in the same general area, including the adoption of suitable prevention and control measures, the maintenance of adequate fire-fighting equipment, proper disposal of slash and snags and full cooperation with local, state and federal agencies on matters of fire prevention and control. To the extent economically feasible, all merchantable Timber that is dead, diseased, fallen or otherwise damaged by casualty shall be salvaged in accordance with sound silvicultural practices. Trustor shall use commercially reasonable efforts to maintain an adequate system of roads and roadways in such manner as to permit access of mobile fire-fighting equipment to all parts of the Timberland to the extent commercially reasonable. If any material portion of any Timber within the Timberland (materiality to be determined by the Beneficiary in the Beneficiary's reasonable discretion) is damaged or destroyed by fire, windstorm, infestation, war, third persons or any other cause, Trustor shall, upon Beneficiary's request, revise its applicable Timber harvest plan or plans so as to achieve the maximum salvage value from the damaged Timber.

All reasonable measures shall be taken to insure proper regeneration of Timber on the Timberland. Any clear-cut area and each area without adequate seed source shall be site-prepared and replanted in seedlings genetically-improved to the extent available or by aerial seeding. To the extent that weather conditions permit, areas clear-cut shall be site-prepared and replanted. In other areas when regeneration is not accomplished by natural means within a reasonable time, Trustor shall institute and maintain a planting program, designed adequately to reforest such land. There shall be maintained at all times in accordance with sound silvicultural practices all reasonable and effective measures to prevent the development of and to control



the spread of disease and insect infestation on the Timberland, including, but not limited to, the shifting of logging operations to remove diseased or insect-infested trees and other trees threatened with disease or insect infestation, and all such other accepted forest sanitation and control measures as are necessary to prevent the development and spread of disease and insect infestation.

Trustor's forestry management records are and will continue to be maintained at Trustor's offices in Gilchrist, Oregon. Trustor has and will maintain current accurate maps showing acreage and typing of Timber within the Timberland. Trustor employs and will continue to employ an experienced, competent, designated individual to maintain such records and maps. Trustor shall maintain in effect the basic Timberland management methods and record keeping system heretofore in existence, but shall make changes in such structure and system as Beneficiary may from time to time reasonably require. Trustor will furnish to Beneficiary, as well as to the agents of such party, full access to the Timberland and to all of Trustor's personnel, books, maps and aerial photographs, the Timber harvesting plans, financial and other records, scaling sheets, timber cruises, documents, facilities, forest management plans and projections relating to the Real Estate, all as requested from time to time by Beneficiary, and shall, promptly following a request by the Beneficiary, provide Beneficiary, upon execution and delivery or filing as appropriate, copies of all logging contracts and log hauling or other agreements relating to harvesting of the Timberland; all log sale agreements and purchase orders for logs; and a copy of each timber harvesting plan filed with any government agency having jurisdiction over the Timberlands.

All cutting operations shall be conducted in such a manner as to realize the greatest return from the individual tree and from the timber stand and to effect suitable utilization of the Timberland. Trees shall be cut as close to the ground as practicable in order to leave the lowest stump; all desirable trees which are not at the time harvested, including young trees, shall be protected against unnecessary injury from felling, skidding and hauling to the extent practicable; and all measures reasonably practicable shall be used to prevent soil erosion including the proper location of skidways and roads.

Anything to the contrary contained herein notwithstanding, the Trustor may sell, transfer or otherwise dispose of equipment, furnishings and similar personal property used in connection with the Premises if the same become damaged, destroyed or obsolete, and all such equipment, furnishings and other personal property is, prior to or concurrently with such sale, transfer or other disposition, replaced with equipment, furnishings and similar personal property that is at least of comparable quality, value and utility and is free and clear of all security interests and other liens except for the security interest granted to the



Beneficiary by this Deed of Trust or as otherwise permitted in both the Credit Agreement and in the Note Purchase Agreements; provided, further, that no such equipment, furnishings and other personal property need be so replaced if the Trustor determines in the exercise of good business judgment that the same is no longer required for the continued operation of the Premises or the operation of the business conducted therefrom and if the fair market value of such property (which shall include any property subject to a lien in favor of the Beneficiary pursuant to the Collateral Trust Agreement or any Related Document), immediately prior to the date of such damage, destruction or obsolescence (provided that such property has been maintained by the Trustor in the condition required pursuant to the terms of this Deed of Trust) is less than \$100,000 in any Fiscal Year (as defined in the Collateral Trust Agreement).

**1.4. Sales; Liens.** Except as expressly permitted under each of the Credit Agreement and the Note Purchase Agreements or under the Security Agreement or Sections 1.3 and 1.24 hereof, the Trustor will not: sell, contract to sell, assign, transfer or convey, or permit to be transferred or conveyed, the Collateral or any part thereof or any interest or estate in any thereof (including any conveyance into a trust or any conveyance of the beneficial interest in any trust that may be holding title to the Premises) or remove any of the Collateral from the Premises or from the state in which the Real Estate is located; or create, suffer or permit to be created or to exist any deed of trust, lien, claim, security interest, charge, encumbrance or other right or claim of any kind whatsoever upon the Collateral or any part thereof, except those of current taxes not then due and payable, the Permitted Exceptions, and mechanics' liens being diligently contested in good faith and otherwise in accordance with Section 1.10.

**1.5. Access by Beneficiary.** The Trustor will at all times: deliver to the Beneficiary either all of its executed originals (in the case of chattel paper or instruments) or certified copies (in all other cases) of all Leases, agreements creating or evidencing Intangibles, Plans, Contracts for Construction, Contracts for Sale, Timber Agreements, all amendments and supplements thereto, and any other document which is, or which evidences, governs, or creates, Collateral; permit access at reasonable times by the Beneficiary and the Secured Parties or any agent or designee thereof to the Trustor's books and records; permit the Beneficiary and the Secured Parties or any agent or designee thereof to inspect reports, registers, sales records, insurance policies and other papers for examination and the making of copies and extracts; prepare such schedules, summaries, reports and progress schedules as the Beneficiary or the Secured Parties or any agent or designee thereof may reasonably request; and permit the Beneficiary and the Secured Parties and the agents and designees of each, to inspect the Premises at reasonable times.



**1.6. Stamp and Other Taxes.** If the Federal, or any state, county, local, municipal or other, government or any subdivision of any thereof having jurisdiction, shall levy, assess or charge any tax (excepting therefrom any income tax on the Beneficiary's or the Secured Parties' receipt of interest payments on the principal portion of the Senior Secured Obligations, or any or imposition upon this Deed of Trust, the Purchaser Notes, the Lender Notes, any of the other Senior Secured Obligations, or any of the other Related Documents, the interest of the Beneficiary in the Collateral, or any of the foregoing, or upon the Beneficiary or any Secured Party or the Trustee by reason of or as holder of any of the foregoing, or shall at any time or times require revenue stamps to be affixed to this Deed of Trust, the Purchaser Notes, the Lender Notes or any of the other Related Documents, the Trustor shall pay all such taxes and stamps to or for the Beneficiary or such Secured Party or the Trustee, as applicable, as they become due and payable. If any law or regulation is enacted or adopted permitting, authorizing or requiring any tax, assessment or imposition to be levied, assessed or charged, which law or regulation prohibits the Trustor from paying the tax, assessment, stamp, or imposition to all sums hereby secured shall become immediately due and payable at the option of the Beneficiary. Thereafter, if the Trustor fails to make payment of all such sums within 5 days of the Beneficiary's demand therefor, such failure shall immediately constitute an Oregon Mortgage Event of Default (hereinafter defined).

**1.7. Insurance.** The Trustor will at all times maintain or cause to be maintained on the Premises, the Goods, the Improvements and on all other Collateral, all insurance reasonably required at any time or from time to time by the Beneficiary and in any event all-risk property insurance (not, however, insuring the Timber) covering, without limitation, fire, extended coverage, vandalism and malicious mischief, in an amount which is not less than 100% of the replacement cost of the Improvements and Goods (Timber excepted) without consideration for depreciation, with an inflation guard endorsement, insurance against business interruption and loss of rentals for such occurrences and in such amounts as the Beneficiary may reasonably require, and insurance against flood if required by the Federal Flood Disaster Protection Act of 1973 and regulations issued thereunder, and comprehensive general public liability insurance, protecting the Trustor in an amount reasonably acceptable to the Beneficiary, and, during construction, builder's completed value risk insurance against "all risks of physical loss" (including collapse and transit coverage), and all other insurance commonly or, in the reasonable judgment of the Beneficiary, prudently maintained by those whose business, improvement to, and use of real estate is similar to that of the Trustor, including (without limitation), (i) Logger's Broad Form B property damage coverage (with the third party fire fighting expense endorsement) with



limits of at least \$1,000,000 per occurrence; (ii) Commercial Automobile with a combined single limit of \$2,000,000, and \$1,000,000 for Uninsured Motorist Bodily Injury; (iii) Workers' Compensation & Employers Liability with limits of \$500,000 per each accident; and (iv) Commercial Excess Umbrella of \$20,000,000 and if applicable, plate glass, boiler explosion, sprinkler leakage, dram shop, employer's liability and worker's compensation insurance, all in amounts reasonably satisfactory to the Beneficiary, and all of such insurance to be maintained in such form and with such companies as shall be reasonably approved by the Beneficiary, and to deliver to and keep deposited with the Beneficiary original certificates and certified copies of all policies of such insurance and renewals thereof, with premiums prepaid, and with standard non-contributory mortgagee and loss payable clauses satisfactory to the Beneficiary, and clauses providing for not less than 30 days' prior written notice to the Beneficiary of cancellation or material modification of such policies attached thereto in favor of the Beneficiary, its successors and assigns. Notwithstanding the fact that certain minimum limits of coverage are stated above, amounts and limits on policies shall at all times be reasonably acceptable to the Beneficiary and Beneficiary may require increases in amounts or coverages as it may, in its reasonable judgment, deem necessary from time to time. Beneficiary hereby acknowledges that as of the date hereof insurance covering the Timber is not commercially available, and therefore, Trustor does not currently carry the same. Should such insurance become available at commercially reasonable rates, Beneficiary may, in its reasonable judgment, require the Trustor to obtain it. The Trustor's making any payments and deposits required by the provisions of Section 1.20 of this Article I shall not relieve the Trustor of, or diminish in any way, its obligations as set out in this Section 1.7. All of the above-mentioned original insurance policies or certified copies of such policies and certificates of such insurance reasonably satisfactory to the Beneficiary, together with receipts for the payment of premiums thereon, shall be delivered to and held by the Beneficiary, which delivery shall constitute an assignment to the Beneficiary of all return premiums to be held as additional security hereunder. All renewal and replacement policies shall be delivered to the Beneficiary at least thirty (30) days before the expiration of the expiring policies. Subject to the rights of the lessor or landlord under the Ground Lease, if any, the Trustor agrees that any loss paid to the Beneficiary under any of such policies shall be applied, at the option of the Beneficiary, toward prepayment of the Senior Secured Obligations in the manner set forth in the Collateral Trust Agreement, or to the rebuilding or repairing of the damaged or destroyed Improvements or other Collateral, as the Beneficiary in its sole and unreviewable discretion may elect (which election shall not relieve the Trustor of the duty to rebuild or repair); provided, however, that any proceeds of insurance made available for the rebuilding or repairing of the damaged or destroyed Improvements shall be subject to the following conditions:



- (i) no Default (as defined in the Collateral Trust Agreement) or Event of Default (as defined in the Collateral Trust Agreement) shall have occurred or be continuing (and if such an event shall occur during restoration, the Beneficiary may, at its election, apply any insurance proceeds then remaining in its hands to the reduction of the Senior Secured Obligations in the manner provided in the Collateral Trust Agreement);
- (ii) the Trustor shall have submitted to the Beneficiary plans and specifications for the restoration which shall be reasonably satisfactory to the Beneficiary, which plans and specifications shall not be substantially modified, changed or revised without the Beneficiary's prior written consent and shall be in conformity with all applicable governmental regulations, including, without limitation, building, zoning, land use and environmental regulations;
- (iii) the Trustor, if so requested by the Beneficiary, shall have submitted to the Beneficiary fixed price contracts with good and responsible contractors and materialmen, or, in the alternative, such plans for using the Trustor's own employees, covering all work and materials necessary to complete restoration and providing for a total completion price not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, the Trustor shall have deposited the amount of such deficiency with the Beneficiary unless the Trustor has made other arrangements or furnished other evidence which is satisfactory to the Beneficiary of the Trustor's ability to pay such deficiency in full;
- (iv) any insurance proceeds in excess of \$100,000 to be released pursuant to the foregoing provisions may, at the option of the Beneficiary, be disbursed from time to time as restoration progresses to pay for restoration work completed and in place and such disbursements may, at the Beneficiary's option, be made directly to the Trustor or to or through any contractor or materialman to whom payment is due or to or through a construction escrow to be maintained by a title insurer reasonably acceptable to the Beneficiary;
- (v) the Beneficiary may impose such further conditions upon the release of insurance proceeds (including the receipt of title insurance) as are customarily imposed by prudent construction lenders to insure the completion of the restoration work free and clear of all liens or claims for lien;
- (vi) all title insurance charges and other costs and expenses paid to or for the account of the Trustor in connection with the release of such insurance proceeds shall



constitute so much additional indebtedness secured hereby to be payable upon demand with interest thereafter at the "Late Rate" in the Collateral Trust Agreement, or such lower maximum rate as shall be legal under applicable law (the "Default Rate"). The Beneficiary may deduct any such costs and expenses from insurance proceeds at any time standing in its hands; and

(vii) if the Trustor fails to complete restoration within a reasonable time but in all cases in compliance with any time period provided under applicable requirements of governmental authorities and insurance underwriters, the Beneficiary shall have the right, but not the obligation, to restore or rebuild the Improvements, or any part thereof, for or on behalf of the Trustor in lieu of applying said proceeds to the indebtedness hereby secured and for such purpose may do all necessary acts, including using funds deposited by the Trustor as aforesaid and advancing additional funds for the purpose of restoration, all such additional funds to constitute part of the indebtedness hereby secured payable upon demand with interest at the Default Rate.

After the occurrence of any Default or Event of Default, the Beneficiary may, in its discretion, settle, compromise and adjust any and all claims or rights under any insurance policy maintained by the Trustor relating to the Collateral; provided, however, that prior to the occurrence of any Default or Event of Default, the Trustor shall have the right to settle, adjust and compromise such claims on Collateral with an aggregate value per occurrence not exceeding \$100,000 without the Beneficiary's involvement or approval. In the event of foreclosure of this Deed of Trust or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title and interest of the Trustor in and to any insurance policies then in force shall pass to the purchaser or grantee. Nothing contained in this Deed of Trust shall create any responsibility or obligation on the Beneficiary to collect any amounts owing on any insurance policy or resulting from any condemnation, to rebuild or replace any damaged or destroyed Improvements or other Collateral or to perform any other act hereunder. The Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and the Trustor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

1.8. Eminent Domain. The rights of the Beneficiary under this Section 1.8 are subject to the rights of the lessor or landlord set forth in the Ground Lease, if any. In case the



Collateral, or any part or interest in any thereof, is taken by condemnation, the Beneficiary is hereby empowered to collect and receive all compensation and awards of any kind whatsoever (referred to collectively herein as "Condemnation Awards") which may be paid for any property taken or for damages to any property not taken (all of which the Trustor hereby assigns to the Beneficiary), and all Condemnation Awards so received shall be forthwith applied by the Beneficiary, as it may elect in its sole and unreviewable discretion, to the prepayment of the Senior Secured Obligations in the manner set forth in the Collateral Trust Agreement, or to the repair and restoration of any property not so taken or damaged, provided, however, that no election made by the Beneficiary under this section shall relieve the Trustor of the duty to repair and restore; and provided, further, that any Condemnation Awards payable by reason of the taking of less than all of the Collateral shall be made available to the extent required, as determined by the Beneficiary in its reasonable discretion, for the repair or restoration of any Collateral not so taken under the conditions set forth in Section 1.7 hereof. The Trustor hereby empowers the Beneficiary, in the Beneficiary's absolute discretion, to settle, compromise and adjust any and all claims or rights arising under any condemnation or eminent domain proceeding relating to the Collateral or any portion thereof; provided, however, that prior to the occurrence of any Default or Event of Default, the Trustor shall have the right to settle, compromise and adjust such claims jointly with the Beneficiary. Notwithstanding anything to the contrary in this Section 1.8, Trustor shall be entitled to apply any Condemnation Award that does not exceed \$100,000 for any Improvement to the restoration or repair of such Improvement.

1.9. Governmental Requirements and Authorizations. Except to the extent, if any, otherwise provided in both the Credit Agreement and the Note Purchase Agreements, the Trustor will at all times fully comply with, in all material respects, and the Trustor's use of the Premises will at all times comply with, and the Trustor will at all times cause the Collateral and the use and condition thereof fully to comply with, in all material respects, all federal, state, county, municipal, local and other governmental statutes, ordinances, requirements, regulations, rules, orders and decrees of any kind whatsoever that apply or relate to the Trustor or the Collateral or the use thereof, including, without limitation, zoning requirements whether now existing or hereafter applicable, and will observe and comply with, in all material respects, all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits, privileges, franchises and concessions (including, without limitation, those relating to land use and development, landmark preservation, construction, access, water rights and use, noise and pollution) which are applicable to the Trustor or have been granted for the Collateral or the use thereof. Unless required by applicable law, or unless Beneficiary has otherwise first agreed in writing, the Trustor shall not make or allow any



changes to be made in the nature of the occupancy or use of the Premises or any portion thereof for which the Premises or such portion was used at the time this Deed of Trust was delivered. Except to the extent, if any, otherwise provided in both the Credit Agreement and the Note Purchase Agreements, the Trustor shall not initiate or acquiesce in any change in effect and other land use classification now or hereafter without in each case affecting the Premises or any part thereof by written consent thereto. Notwithstanding the foregoing, the Trustor shall have the right to diligently contest any such governmental requirement so long as the contest is in good faith and by appropriate proceedings and as to which reserves are being maintained in accordance with GAAP so long as forfeiture of any part of the Collateral will not result from the Trustor's failure to comply with such governmental requirement during the period of such contest.

1.10. No Mechanics' Liens. The Trustor will not suffer any mechanic's, laborer's, materialmen's lien, or logger's liens to be created or remain outstanding upon the Premises or any part thereof. Anything herein contained to the contrary notwithstanding, the Trustor shall not be deemed in breach of the requirements of this Section if the Trustor provides the Beneficiary with written notice of the Trustor's good faith intention to diligently contest such claim or lien (and the Trustor does so contest such claim or lien) at the Trustor's sole expense and, if requested by the Beneficiary, the Trustor furnishes to the Beneficiary either a bond, in form and with sureties reasonably satisfactory to the Beneficiary, or an updated title insurance policy or endorsement to the Beneficiary's existing policy acceptable to the Beneficiary indemnifying or insuring Beneficiary against any loss, cost, damage or expense on account of any such lien claim. The Trustor agrees to promptly deliver to the Beneficiary a copy of any notices that the Trustor receives with respect to any pending or threatened lien or the foreclosure thereof. It is further expressly made a covenant and condition hereof that the lien of this Deed of Trust shall extend to all right, title and interest of the Trustor in any and all improvements and fixtures now or hereafter on the Premises, prior to any other lien thereon that may be claimed by any Person (other than Permitted Exceptions), so that subsequently accruing claims for lien on the Premises shall be junior and subordinate to this Deed of Trust to the extent provided for by law. All contractors, subcontractors, and other parties dealing with the Premises, or with any parties interested therein, are hereby required to take notice of the foregoing provisions.

1.11. Continuing Priority. The Trustor will: pay such fees, taxes and charges, execute and file (at the Trustor's expense) such financing statements, obtain such acknowledgements or consents, notify such obligors or providers of services and materials and do all such other acts and things as the



Beneficiary may from time to time request to establish and maintain a valid and perfected first and prior lien on and security interest in the Collateral (subject to the Permitted Exceptions); maintain its office and principal place of business at all times at the address shown in Section 4.6 hereof; keep all of its books and records relating to the Collateral on the Premises or at such address as set forth for notices in Section 4.6 hereof; keep all tangible Collateral on the Real Estate except as the Beneficiary may otherwise consent in writing and except as otherwise provided in Section 1.3; make notations on its books and records sufficient to enable the Beneficiary, as well as third parties, to determine the interest of the Beneficiary hereunder; and not collect any rents or the proceeds of any of the Leases or Intangibles more than 30 days before the same shall be due and payable except as the Beneficiary may otherwise consent in writing.

1.12. Utilities. The Trustor will pay or cause to be paid all utility charges incurred in connection with the Collateral promptly when due and maintain all utility services, if any, necessary for use at the Premises.

1.13. Contract Maintenance; Other Agreements; Leases. The Trustor will, for the benefit of the Beneficiary, fully and promptly keep, observe, perform and satisfy each obligation, condition, covenant, and restriction of the Trustor affecting the Premises or imposed on it under any agreement between Trustor and a third party relating to the Collateral or the Senior Secured Obligations secured hereby, including, without limitation, the Leases (including the Ground Lease, if any), the Contracts for Sale, Contracts for Construction and the Intangibles (collectively, the "Third Party Agreements") and the Timber Agreements, so that there will be no default in any material respect thereunder and so that the Persons (other than the Trustor) obligated thereon shall be and remain at all times obligated to perform for the benefit of the Beneficiary; and the Trustor will not permit to exist any condition, event or fact which could allow or serve as a basis or justification for any such Person to avoid such performance. Without the prior written consent of the Beneficiary, the Trustor shall not (i) terminate or permit any termination of or make or permit amendment in any material respect of the rights of the Trustor under any Third Party Agreement or Timber Agreements; (ii) collect rents or the proceeds of any Leases or Intangibles more than 30 days before the same shall be due and payable; (iii) modify or amend any Leases in any material respect, including, without limitation, the Ground Lease, if any, or, except where the lessee is in default, cancel or terminate the same or accept a surrender of the leased premises; (iv) consent to the assignment or subletting of the whole or any portion of any lessee's interest under any Leases, or grant any options to renew; (v) create or permit any lien or encumbrance which, upon foreclosure, would be superior to any Leases, including, without limitation, the Ground Lease, if



any; (vi) in any other manner impair Beneficiary's rights and interest with respect to the Rents or the Ground Lease, if any; or (vii) enter into any agreement for logging, felling, loghauling, bucking and the like that is not on an arm's length basis and is less than fair market value rates and is not according to terms customary in the forest products industry. The Trustor shall promptly deliver to the Beneficiary copies of any demands or notices of default received by the Trustor in connection with any Third Party Agreement and allow the Beneficiary the right, but not the obligation, to cure any such default. In addition, if this Deed of Trust is a leasehold Deed of Trust, the Beneficiary shall give, concurrently with the giving thereof or promptly upon receipt, as the case may be, copies of all notices that the Trustor sends or receives with respect to the Ground Lease, if any. All security or other deposits, if any, received from tenants under the Leases shall be segregated and maintained in an account satisfactory to the Beneficiary and in compliance with the law of the state where the Premises are located and with an institution satisfactory to the Beneficiary. If this is a leasehold Deed of Trust, the Trustor's making any payments and deposits required by the provisions of Section 1.20 of this Article I shall not relieve the Trustor of or diminish in any way, its obligations with respect to payment of all amounts due under the Ground Lease as set out in this Section 1.13. The provisions of clauses (i) and (iii) of this Section 1.13 to the contrary notwithstanding, the Beneficiary's consent shall not be required for any amendment or other modification of any Leases under which the Trustor is the landlord if the amendment or modification does not substantially reduce the rent payable thereunder or increase any risk or liability of the Trustor.

1.14. Notify the Beneficiary of Default or Event of Default. The Trustor shall notify the Beneficiary in writing forthwith upon learning of the occurrence of any Default, Event of Default or Oregon Mortgage Event of Default hereunder, which notice shall describe such Default, Event of Default or Oregon Mortgage Event of Default and the steps being taken by the Trustor with respect thereto.

1.15. No Assignments; Future Leases. The Trustor will not cause or permit any Rents, Leases, Contracts for Sale, or other contracts relating to the Premises to be assigned, transferred, conveyed, pledged or disposed of to any party other than the Beneficiary without first obtaining the express written consent of the Beneficiary to any such assignment or permit any such assignment to occur by operation of law. In addition, the Trustor shall not cause or permit all or any portion of or interest in the Premises or the Improvements to be leased (that word having the same meaning for purposes hereof as it does in the law of landlord and tenant) directly or indirectly to any person, except with the prior written consent of the Beneficiary.



and, if granted, under Leases approved in writing by the Beneficiary.

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1.16. Assignment of Leases and Rents and Collections.

(a) All of the Trustor's interest in and rights under the Leases now existing or hereafter entered into, and all of the Rents, whether now due, past due, or to become due, and including all prepaid rents and security deposits, and all other amounts due with respect to any of the other Collateral, are hereby absolutely, presently and unconditionally assigned and conveyed to the Beneficiary to be applied by the Beneficiary in payment of the Senior Secured Obligations and all other sums payable under this Deed of Trust as set forth in the Collateral Trust Agreement. Prior to the occurrence of any Event of Default, the Trustor shall have a license to collect and receive all Rents and other amounts, which license shall be terminated at the sole option of the Beneficiary, without notice to or demand upon the Trustor upon the occurrence of any Event of Default. Upon the occurrence of any Event of Default, this shall constitute a direction to and full authority to each lessee under any Leases, each guarantor of any of the Leases and any other Person obligated under any of the Collateral to pay all Rents and other amounts to the Beneficiary without proof of the Event of Default relied upon. The Trustor hereby irrevocably authorizes each such Person to rely upon and comply with any notice or demand by the Beneficiary for the payment to the Beneficiary of any Rents and other amounts due or to become due.

(b) The Trustor shall apply the Rents and other amounts to the payment of all necessary and reasonable operating costs and expenses of the Collateral, debt service on the Senior Secured Obligations and otherwise in compliance with the provisions of the Collateral Trust Agreement.

(c) The Trustor shall at all times fully perform the obligations of the lessor under all Leases. The Trustor shall at any time or from time to time, upon request of the Beneficiary, transfer and assign to the Beneficiary in such form as may be satisfactory to the Beneficiary, the Trustor's interest in the Leases, subject to and upon the condition, however, that prior to the occurrence of any Event of Default hereunder the Trustor shall have a license to collect and receive all Rents under such Leases upon accrual, but not prior thereto, as set forth in paragraph (a) above.

(d) The Beneficiary shall have the right to assign the Beneficiary's right, title and interest in any Leases to any subsequent holder of this Deed of Trust or any participating interest therein or to any Person acquiring title to all or any part of the Collateral through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein



provided to the Beneficiary. Upon the occurrence of any Event of Default, the Beneficiary shall have the right to execute new leases of any part of the Collateral, including leases that extend beyond the term of this Deed of Trust. The Beneficiary shall have the authority, as the Trustor's attorney-in-fact, such authority being coupled with an interest and irrevocable, to sign the name of the Trustor and to bind the Trustor on all papers and documents relating to the operation, leasing and maintenance of the Collateral from and after the occurrence of an Event of Default hereunder.

1.17. The Trustee's or Beneficiary's Performance. Subject to the last sentence of this Section 1.17, if the Trustor fails to pay or perform any of its obligations herein contained (including payment of expenses of foreclosure and court costs), the Trustee or Beneficiary may (but need not), as agent or attorney-in-fact of the Trustor, make any payment or perform (or cause to be performed) any obligation of the Trustor hereunder, in any form and manner deemed expedient by the Trustee or Beneficiary, and any amount so paid or expended (plus reasonable compensation to the Trustee or Beneficiary for its out-of-pocket and other expenses for each matter for which it acts under this Deed of Trust), with interest thereon at the Default Rate, shall, if owed to the Beneficiary, be added to the principal debt hereby secured and shall be repaid to the Trustee or Beneficiary upon demand. By way of illustration and not in limitation of the foregoing, the Trustee or Beneficiary may (but need not) do all or any of the following: make payments of principal or interest or other amounts on any lien, encumbrance or charge on any of the Collateral; complete construction; make repairs; collect rents; prosecute collection of the Collateral or proceeds thereof; purchase, discharge, compromise or settle any tax lien or any other lien, encumbrance, suit, proceeding, title or claim thereof; contest any tax or assessment; redeem from any tax sale or forfeiture affecting the Premises, and, if this is a leasehold Deed of Trust, pay any amount due, or perform any covenant, agreement, or other undertaking of the Trustor under the Ground Lease. In making any payment or securing any performance relating to any obligation of the Trustor hereunder, the Trustee or Beneficiary shall be the sole judge of the legality, validity and amount of any lien or encumbrance and of all other matters necessary to be determined in satisfaction thereof. No such action of the Trustee or Beneficiary shall ever be considered as a waiver of any right accruing to it on account of the occurrence of any matter which constitutes a Default or an Event of Default. Notwithstanding the foregoing, the Trustee or Beneficiary shall not exercise the rights granted to it under this Section 1.17 unless an Event of Default has occurred and is continuing, provided, however, that the Trustee or Beneficiary may exercise such rights prior to an Event of Default if any performance or other exercise of the rights granted hereunder are, in the Trustee's or Beneficiary's sole discretion, necessary to preserve the Collateral such as (by way of illustration and not of



limitation) repairs or measures to prevent immediate and material damage to all or any portion of the Collateral or the renewal or replacement of insurance about to expire thereon, or, if this is a leasehold Deed of Trust, any action to prevent or cure a default under the Ground Lease.

1.18. Subrogation. To the extent that the Beneficiary, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Deed of Trust, or the Trustor or any other Person pays any such sum with the proceeds of the indebtedness secured hereby, the Beneficiary shall have and be entitled to a lien or other interest on the Collateral equal in priority to the lien or other interest discharged and the Beneficiary shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit the Beneficiary in securing the Senior Secured Obligations.

1.19. Hazardous Material. Except as disclosed in the Environmental Indemnity Agreement or listed in Exhibit A thereto, and except in accordance with the Trustor's ordinary business practices and in compliance with applicable laws, to the best of the Trustor's knowledge, neither the Trustor nor any other Person has ever caused or permitted any Hazardous Material (hereinafter defined) to be placed, held, located or disposed of on, under or at the Premises or the Real Estate or any part thereof or any other real property legally or beneficially owned (or any interest or estate in real property which is owned) or operated by the Trustor or any of its Subsidiaries (as defined in the Collateral Trust Agreement), including, without limitation, any property owned by a land trust the beneficial interest in which is owned in whole or in part by the Trustor, and to the best of the Trustor's knowledge, no such real property has ever been used (whether by the Trustor or by any other Person) as (i) permanent storage site for any Hazardous Material, (ii) a dump site, or (iii) a temporary storage site for Hazardous Material.

For purposes of this Deed of Trust, "Hazardous Material" shall be defined as such term is defined in the Environmental Indemnity Agreement.

1.20. Reserve for Taxes, Assessments and Insurance. Except as otherwise provided in the last paragraph of this Section 1.20 the Trustor covenants and agrees to pay to the Beneficiary monthly until all of the Senior Secured Obligations have been paid in full, and monthly on the first day of each month until the said Senior Secured Obligations are fully paid, the following sums:

- (i) A sum equal to taxes and assessments next due upon the Premises (all as estimated by the Beneficiary) and the premiums that will next become due and payable on



policies of fire, rental value and other insurance covering the Premises required under the terms of this Deed of Trust, divided by the number of months to elapse before one month prior to the date when such taxes, assessments and insurance premiums will become due and payable, such sums to be held by the Beneficiary without interest accruing thereon, to pay each of the said items.

(ii) If this is a leasehold Deed of Trust, a sum equal to the monthly rental and additional rental, if any, due and payable under the terms of the Ground Lease on the first day of the month next succeeding, such sum to be held by the Beneficiary without interest accruing thereon, to pay said monthly rental and additional rental.

All payments described above in this Section shall be paid by the Trustor each month in a single payment to be applied by the Beneficiary to the foregoing items in such order as the Beneficiary shall elect in its sole discretion.

Except as otherwise provided in the last paragraph of this Section 1.20 the Trustor shall also pay to the Beneficiary, at least 30 days prior to the due date of any taxes, assessments or insurance premiums levied on, against or with respect to the Premises, and prior to the date for payment of any rent or additional rent under the Ground Lease, if any, such additional amount as may be necessary to provide the Beneficiary with sufficient funds to pay any such tax, assessment, insurance premiums, rent and additional rent under this Section 1.20 at least 30 days in advance of the due date thereof. The Trustor's failure timely to make any payments required under this Section 1.20 shall be an Oregon Mortgage Event of Default under this Deed of Trust.

Except as otherwise provided in the last paragraph of this Section 1.20 the Beneficiary shall, within 20 days of receipt from the Trustor of a written request therefor together with such supporting documentation as the Beneficiary may reasonably require (including, without limitation, official tax bills or, as applicable, statements for insurance premiums or rent and additional rent), cause proper amounts to be withdrawn from such account and paid directly to the appropriate tax collecting authority or insurer. Even though the Trustor may have made all appropriate payments to the Beneficiary as required by this Deed of Trust, the Trustor shall nevertheless have full and sole responsibility at all times to cause all taxes, assessments, insurance premiums and rent and additional rent to be fully and timely paid, and the Beneficiary shall have no responsibility or obligation of any kind with respect thereto except with respect to payments required to be made by the Trustor hereunder for which the Beneficiary has received funds to cover such payments in full and all statements, invoices, reports or other materials necessary to make such payments, all not less than 30 days prior



to the deadline for any such payment. If at any time the funds so held by the Beneficiary shall be insufficient to cover the full amount of all taxes, assessments, insurance premiums, rent and additional rent then accrued (as estimated by the Beneficiary) with respect to the then-current twelve-month period, the Trustor shall, within 10 days after receipt of notice thereof from the Beneficiary deposit with the Beneficiary such additional funds as may be necessary to remove the deficiency. Failure to do so within such 10-day period shall be an Oregon Mortgage Event of Default and all sums hereby secured shall immediately become due and payable at the option of the Beneficiary. If the Premises are sold under foreclosure, Trustee power of sale, or are otherwise acquired by the Beneficiary, accumulations under this Section 1.20 may be applied to the Senior Secured Obligations as provided in Section 3.3 hereof.

Anything contained in this Section 1.20 to the contrary notwithstanding, the Beneficiary hereby (by acceptance of this Deed of Trust and without the necessity of any written waiver, consent or acknowledgment from the Trustor) waives the requirement of all deposits described in this Section 1.20, provided, however, that the Beneficiary shall have the right, in its sole discretion, to rescind such waiver from and after the occurrence and during the continuance of any Default or Event of Default.

1.21. Appointment of Successor Trustee.

(i) Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, mailed to Trustor and recorded in the counties in which the Real 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.

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

(iii) Upon receipt by Trustee of instructions from Beneficiary, 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 Collateral 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 Beneficiary.

1.22. Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written



request of Beneficiary 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 Purchaser Notes and Lender Notes secured hereby for endorsement, and without affecting the personal liability of any person for payment or performance of the Senior Secured Obligations secured hereby or the effect of this Deed of Trust upon the remainder of the Collateral, Trustee may (i) reconvey any part of the Collateral, (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.

1.23. Beneficiary's Powers. Without affecting the Senior Secured Obligations herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Collateral not then or theretofore released as security for the full amount of all unpaid Senior Secured Obligations, Beneficiary may in accordance with the terms and provisions of the Collateral Trust Agreement and the Intercreditor Agreement, 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 Senior Secured Obligations, (iii) grant other indulgences or waivers, (iv) release or reconvey, or cause to be released or reconveyed, any part or all of the Collateral, (v) take or release any other or additional security for any liability herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto.

1.24. Limitations on Cutting. Unless the right to cut and remove Timber shall have been suspended pursuant to this Section 1.24, or terminated by reason of an Event of Default, Trustor shall have the right to cut and remove Timber from the Timberland and to sell such Timber only in accordance with the following provisions and conditions:

(i) Prior to any cutting, harvesting or other removal of any Timber from the Timberland, Trustor shall prepare and maintain, and all cutting, harvesting or removal of Timber shall be conducted in compliance with, timber harvesting plans ("Timber Harvesting Plans") that (i) conform to requirements of applicable law, (ii) are prepared in accordance with good forest products industry practice (including requirements that only merchantable Timber, as determined in accordance with generally accepted forest products industry standards, be harvested, except as otherwise provided in Section 1.24(iv) hereof), (iii) conform to the timber management obligations stated in Section 1.3 hereof, and (iv) are prepared at least annually in accordance with the Credit Agreement, the Note Purchase Agreements, and, if applicable, the Collateral Trust Agreement and are delivered to the Beneficiary, along with all changes, amendments and modifications thereto. Each



such Timber Harvesting Plan shall specify the location of the proposed cutting, the parcels and acreage affected, the specifications and size of trees to be cut and how such trees shall be designated, the time period in which harvesting is to occur, logging methods to be used and proposed delivery points and prices, if available.

(ii) Trustor shall not cut or harvest or otherwise remove (or permit the cutting or harvesting or other removal of) any Timber except in accordance with the Timber Harvesting Plans.

(iii) Trustor shall fully comply with the cutting and harvesting requirements generally set forth in Section 1.3, and in addition thereto:

(a) All cutting or harvesting of Timber shall be consistent with the diligent and prudent cutting or harvesting of Timber in accordance with good forest management practices;

(b) All sales of Timber and Timber products from the Timberland shall be on an arm's length basis and contain terms customary in the forest products industry for such agreements, and shall be at prices not less than the fair market value thereof (except as otherwise approved by the Beneficiary, or where prices are already set pursuant to agreements included among the Permitted Exceptions or entered into in accordance with this Deed of Trust);

(c) No Event of Default shall have occurred and be continuing; and

(d) Trustor shall have assigned the proceeds from all such sales and all agreements relating thereto to Beneficiary, pursuant to the Collateral Trust Agreement, this Deed of Trust and the other Security Documents.

(iv) Trustor shall not cut or remove any Timber that is not merchantable Timber except for normal thinning in accordance with silvicultural practices and clearcutting operations in compliance with applicable forest practices acts.

(v) All logs removed from the Timberland shall be scaled by an independent log scaling bureau reasonably acceptable to Beneficiary.

(vi) Trustor will deposit, or cause to be deposited, into the Concentration Account (defined as in the Security Agreement) all proceeds derived from all Timber Agreements,



Third Party Agreements, and Contracts for Sale including proceeds of log auctions. After the occurrence of an Event of Default or a Default, the Beneficiary may require that Trustor seek to have the obligors under all Timber Agreements deposit all amounts due to Trustor thereunder directly into the Concentration Account.

(vii) Upon the occurrence of a material (in the sole judgment of Beneficiary) Event of Default, Beneficiary shall have the option to immediately terminate or suspend all rights of cutting, harvesting and removal of Timber by Trustor or any third party pursuant to any Timber Agreement, except for those Timber Agreements in effect on the date of such Event of Default with third parties who are not Affiliates, without the necessity of notice or any action on the part of Beneficiary. Upon acceleration of the Senior Secured Obligations, Beneficiary shall have the option to immediately terminate all rights of cutting, harvesting and removal of Timber 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 Beneficiary to Trustor and to the other Person thereunder.

1.25. Limitations of Use. Trustor shall not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses which may be made of the Land.

1.26. Confirmatory Releases. Beneficiary, upon receipt of a written application from Trustor accompanied by Trustor's certification that no Default or Event of Default exists, shall, if Beneficiary has no actual knowledge that a Default or Event of Default is in existence, execute and deliver any confirmatory release or other instrument necessary or appropriate to confirm that any Timber cut from the Timberland in accordance with Section 1.24 or any Land to be transferred or conveyed pursuant to any of the Contracts for Sale as listed on Exhibit B hereto has been released from, or is no longer subject to, the lien of this Deed of Trust.

1.27. Timber Agreements. All Timber Agreements entered into by Trustor shall be on an arm's length basis at not less than fair market rates and according to terms customary in the forest products industry.

1.28. Intentionally Omitted.

1.29. Timber Volume. Trustor acknowledges that the maintenance of the security afforded by the Timberland depends upon the management of the Timberland and the exercise of Trustor's rights under this Deed of Trust so as to maintain certain designated acreages and volumes of merchantable Timber.



Trustor's obligations with respect to the maintenance of designated acreages and volumes of merchantable Timber and with respect to the cutting and removal of Timber are expressed in this Deed of Trust in relation to the acreages and volumes of Timber, without regard to species (provided, however, that the foregoing shall not limit, modify, waive or otherwise affect any provision set forth in any of the Related Documents in respect of required species), which are determined pursuant to an Approved Timber Inventory pursuant to Section 1.30 hereof.

1.30. Timber Inventory. An Approved Timber Inventory consists of the definitive determination of actual acres of Timberland and volumes of merchantable Timber and non-merchantable Timber set forth in the appraisal report of the Timberland completed by Mason, Bruce and Girard as of October 30, 1992 or the most recent subsequent appraisal of the Timberland completed pursuant to any Related Document (provided, however, that in any case in which more than one such appraisal has been conducted within any 365-day period, the appraisal showing the lower volume of merchantable Timber shall be used for purposes hereof), in each case as modified by all changes in acres and volumes after the date of the appraisal in question as reflected in the reports and information required to be kept and furnished by Trustor and the Consultant (as defined in the Collateral Trust Agreement) pursuant to this Deed of Trust, the Collateral Trust Agreement and the other Security Documents. Trustor shall manage, cultivate, preserve and protect the Timberland so that it will, until the payment in full of all Senior Secured Obligations hereunder, consist of and contain:

(i) land having an aggregate acreage which is not less than the acreage specified in the Approved Timber Inventory as such acreage increases or decreases with acquisitions, dispositions or exchanges of Timberland made in accordance with all of the Credit Agreement, the Note Purchase Agreements and the Collateral Trust Agreement or as otherwise provided hereunder;

(ii) merchantable Timber of total volume, without regard to species (provided, however, that the foregoing shall not limit, modify, waive or otherwise affect any provision set forth in any of the Related Documents in respect of required species), which is not less than the total volume specified in the Approved Timber Inventory subject to increase or decrease resulting from Trustor's or any third person's Timber cutting permitted under the terms and conditions of the Credit Agreement, the Note Purchase Agreements, the Collateral Trust Agreement, and this Deed of Trust, and from casualty loss as described in Section 1.7 hereof, and as such volume increases or decreases with acquisitions, dispositions or exchanges of Timberland made in accordance with the Credit Agreement, the Note Purchase Agreements, and the Collateral Trust Agreement, or as otherwise provided hereunder.



## II. EVENT OF DEFAULT

Each of the following shall constitute an event of default hereunder:

2.1. Collateral Trust Agreement. The occurrence of an Event of Default under the Collateral Trust Agreement.

2.2. Provisions of this Deed of Trust and Third Party Agreements. Non-compliance by the Trustor with, or failure by the Trustor to perform, any agreement contained herein and continuance of such non-compliance or failure for five days with respect to the payment of any amounts required to be paid under this Deed of Trust or for 45 days after notice thereof to the Trustor from the Beneficiary with respect to all other defaults under this Deed of Trust (other than any non-compliance or failure which constitutes an event of default under Sections 2.1 or 2.3 or which is termed an Oregon Mortgage Event of Default in Sections 1.6 or 1.20 of this Deed of Trust for which there is no additional grace period).

2.3. Default Under Third Party Agreements. A material default by the Trustor occurs under the terms of any Leases or under any other Third Party Agreements and any such default continues for more than the applicable period of grace, if any, therein set forth. The occurrence of an event of default under Section 2.2 or 2.3 of this Deed of Trust shall be called an "Oregon Mortgage Event of Default".

## III. REMEDIES

3.1. Acceleration. Subject to the terms of the Collateral Trust Agreement, the Intercreditor Agreement, the Note Purchase Agreements, and the Credit Agreement, the Secured Parties shall be entitled to declare the Senior Secured Obligations immediately due and payable upon the occurrence of an Event of Default.

3.2. Remedies Cumulative. No remedy or right of the Beneficiary hereunder or under the Related Documents, or otherwise, or available under applicable law or in equity, shall be exclusive of any other right or remedy, but each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law or in equity. Specifically, without otherwise limiting the generality of the foregoing, it is acknowledged and agreed by the Trustor that the power of sale contained in Section 3.3 below is not an exclusive remedy, and the Beneficiary may, at its sole option, foreclose this Deed of Trust as a mortgage and the Agent may sue on the Credit Agreement and the Purchasers may sue on their respective Note Purchase Agreements according to law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any Event of Default shall impair any such



remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by the Beneficiary. All obligations of the Trustor, and all rights, powers and remedies of the Beneficiary, expressed herein shall be in addition to, and not in limitation of, those provided by law or in equity or in any other Related Documents or any other written agreement or instrument relating to any of the Senior Secured Obligations or any security therefor.

3.3. Sale of the Collateral. At such time as any portion of the Senior Secured Obligations become due and payable, whether by acceleration or otherwise, Beneficiary may, at Beneficiary's sole election, subject, however, to the Collateral Trust Agreement, and by or through the Trustee or substitute trustee duly appointed, sell or offer for sale the Collateral in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of same, to the highest bidder for cash at public auction. Such sale shall be made at the time and place, and after giving such notices, as may be required by the provisions of Oregon Revised Statutes 86.705 et seq., or any similar or successor provision of the law of the jurisdiction where the real estate is located. At any such sale: (i) Trustee shall not be required to have physically present, or to have constructive possession of, the Collateral (Trustor hereby covenanting and agreeing to deliver to Trustee any portion of the Collateral not actually or constructively possessed by Trustee immediately upon demand by Trustee) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if such property had been actually present and delivered to purchaser at such sale; (ii) Trustee shall deliver to the purchaser its deed and bill of sale conveying the property so sold, but without any covenant or warranty, express or implied; (iii) each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including, without limitation, non-payment of the Senior Secured Obligations; advertisement and conduct of such sale in the manner provided herein and otherwise by law; and appointment of any successor Trustee hereunder; (iv) any and all prerequisites to the validity of such sale shall be conclusively presumed to have been performed; (v) the receipt of Trustee or of such other party making the sale shall be a sufficient discharge to the purchaser for his purchase money and no purchaser, or his assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof; (vi) Trustor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law



and in equity against Trustor, and against any and all other persons claiming or to claim the property sold or any part thereof, by, through or under Trustor; and (vii) Beneficiary or any Secured Party may be a purchaser at any such sale. Should the Collateral be sold in one or more parcels as permitted by this subparagraph, the right of sale arising out of any Event of Default shall not be exhausted by any one or more such sale, but other and successive sales may be made until all of the Collateral has been sold or until the Senior Secured Obligations have been satisfied. All proceeds of the sale of the Collateral shall be deposited in the Collateral Account (defined as in the Collateral Trust Agreement) and applied as set forth in Section 3.4 of the Collateral Trust Agreement. Subject to the terms of the Collateral Trust Agreement and the Intercreditor Agreement and the requirements of applicable law proceeds of the sale of collateral may be applied to the following items, among others: to the payment of all costs and expenses of taking possession of the Collateral and of holding, leasing, operating, using, repairing, improving, and selling the same, including, without limitation, reasonable fees of the Trustee and attorneys retained by Beneficiary or Trustee fees of any receiver or accountants, recording and filing fees, court costs, costs of advertisement and the payment of any and all liens, security interests or other rights, title or interests equal or superior to the lien and security interest of this Deed of Trust (except those liens and security interests which encumber the Collateral as sold by the Trustee at the trustee's sale and without in any way implying Beneficiary's consent to the creation thereof); to the payment of all amounts, other than unpaid principal and accrued interest on the Senior Secured Obligations, which may be due to the Beneficiary or any of the Secured Parties; to the payment of all accrued and unpaid interest due on the Senior Secured Obligations; to the payment of the unpaid principal balance of the Senior Secured Obligations; and finally, the remainder of the sale proceeds, if any, shall be deposited with the clerk of the circuit court of the County in which the sale took place.

3.4. Possession of Premises; Remedies under the Related Documents. The Trustor hereby waives all right to the possession, income, and rents of the Premises from and after the occurrence of any Event of Default, and the Beneficiary is hereby expressly authorized and empowered, at and following any such occurrence, to enter into and upon and take possession of the Premises or any part thereof, to complete any construction in progress thereon at the expense of the Trustor, to lease the same, to collect and receive all Rents and to apply the same, less the necessary or appropriate expenses of collection thereof, either for the care, operation and preservation of the Premises or, at the election of the Beneficiary in accordance with the terms and provisions of the Collateral Trust Agreement and the Intercreditor Agreement. The Beneficiary, in addition to the rights provided under the Related Documents is also hereby granted full and complete authority to enter upon the Premises,



employ watchmen to protect the Goods and Improvements from depredation or injury and to preserve and protect the Collateral, and to continue any and all outstanding contracts for the erection and completion of Improvements to the Premises, to make, enter into or perform any contracts and obligations wherever necessary in its own name (including Timber Agreements), and to pay and discharge all debts, obligations and liabilities incurred thereby, all at the expense of the Trustor. All such expenditures by the Beneficiary shall be obligations secured hereunder. Upon the occurrence of any Event of Default, the Beneficiary may also exercise any or all rights or remedies under the other Related Documents subject in all cases to the terms and provisions of the Collateral Trust Agreement and the Intercreditor Agreement.

3.5. Receiver. Upon the occurrence of any Event of Default, the Beneficiary and Trustee shall have the right immediately to foreclose this Deed of Trust. In any action to foreclose the Deed of Trust and without notice to the Trustor or to any party claiming under Trustor and without regard to the solvency or insolvency at the time of such application of any Person then liable for the payment of any of the Senior Secured Obligations, without regard to the then value of the Premises or whether the same shall then be occupied, in whole or in part, as a homestead, by the owner of the equity of redemption, and without regarding any bond from the complainant in such proceedings, appoint a receiver for the benefit of the Beneficiary, with power to take possession, charge, and control of the Premises, to lease the same, to keep the buildings thereon insured and in good repair, and to collect all Rents during the pendency of such foreclosure suit, and, in case of foreclosure sale and a deficiency, during any period of redemption.

The court may, from time to time, authorize said receiver to apply the net amounts remaining in its hands, after deducting reasonable compensation for the receiver and its counsel as allowed by the court, in payment (in whole or in part) of any or all of the Senior Secured Obligations, including without limitation the following, in such order of application as the Beneficiary may elect subject in all cases to the terms and provisions of the Collateral Trust Agreement: (i) amounts due for the Senior Secured Obligations secured hereunder in the order of application as set forth in Section 3.3 hereof, (ii) amounts due upon any decree entered in any suit foreclosing this Deed of Trust, (iii) costs and expenses of foreclosure and litigation upon the Premises, (iv) insurance premiums, repairs, taxes, special assessments, water charges and interest, penalties and costs, in connection with the Premises, (v) any other lien or charge upon the Premises that may be or become superior to the lien of this Deed of Trust, or of any decree foreclosing the same and (vi) all moneys advanced by the Beneficiary or any Secured Party to cure or attempt to cure any Default or Event of Default by the Trustor in the performance of any obligation or condition



contained in any Related Documents or this Deed of Trust or otherwise, to protect the security hereof provided herein, or in any Related Documents, with interest on such advances at the Default Rate. The overplus of the proceeds of sale, if any, shall then be paid to the Trustor, upon reasonable request. This Deed of Trust may be foreclosed once against all, or successively against any portion or portions, of the Premises, as the Beneficiary may elect, until all of the Premises have been foreclosed against and sold. In case of any foreclosure of this Deed of Trust (or the commencement of or preparation therefor) in any court, all expenses of every kind paid or incurred by the Beneficiary for the enforcement, protection or collection of this security, including court costs, attorneys' fees, stenographers' fees, costs of advertising, and costs of title insurance and any other documentary evidence of title, shall be paid by the Trustor.

3.6. Purchase of Beneficiary. In the case of any sale of the Premises pursuant to the provisions of Section 3.3 or pursuant to any judgment or decree of any court at public auction or otherwise, subject to the Collateral Trust Agreement, Beneficiary or any Secured Party may become the purchaser and for the purpose of making settlement for or payment of the purchase price, the Beneficiary shall be entitled to deliver over and use a portion of the Purchaser Notes and Lender Notes and any claims for the debt in an amount equal to the purchase price in order that there may be credited as paid on the purchase price the amount of such debt. In no event shall the Trustee have the right to bid in at the sale, but this shall not limit the right of the Beneficiary or any Secured Party to bid in.

3.7. Remedies for Leases and Rents. From and after the occurrence of an Event of Default, then, whether before or after institution of legal proceedings to foreclose the lien of this Deed of Trust or before or after the sale thereunder, the Beneficiary shall be entitled, in its discretion, to do all or any of the following: (i) enter and take actual possession of the Premises, the Rents, the Leases and other Collateral relating thereto or any part thereof personally, or by its agents or attorneys, and exclude the Trustor therefrom; (ii) with or without process of law, enter upon and take and maintain possession of all of the documents, books, records, papers and accounts of the Trustor relating thereto; (iii) as attorney-in-fact or agent of the Trustor, or in its own name as mortgagee and under the powers herein granted, hold, operate, manage and control the Premises, the Rents, the Leases and other Collateral relating thereto and conduct the business, if any, thereof either personally or by its agents, contractors or nominees, with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment of the Rents, the Leases and other Collateral relating thereto (including actions for the recovery of rent, actions in forcible



detainer and actions in distress of rent); (iv) cancel or terminate any Lease or sublease for any cause or on any ground which would entitle the Trustor to cancel the same; (v) elect to disaffirm any Lease or sublease made subsequent hereto or subordinated to the lien hereof; (vi) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements to the Premises that, in its discretion, may seem appropriate; (vii) insure and reinsure the Collateral for all risks incidental to the Beneficiary's possession, operation and management thereof; and (viii) receive all such Rents and proceeds, and perform such other acts in connection with the management and operation of the Collateral, as the Beneficiary in its discretion may deem proper, the Trustor hereby granting the Beneficiary full power and authority to exercise each and every one of the rights, privileges and powers contained herein at any and all times after any Event of Default without notice to the Trustor or any other Person. The Beneficiary, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the Rents to the payment of or on account of the following, in such order as it may determine: (a) to the payment of the operating expenses of the Premises, including the cost of management and leasing thereof (which shall include reasonable compensation to the Beneficiary and its agents or contractors, if management be delegated to agents or contractors, and it shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized; (b) to the payment of taxes, charges and special assessments, the costs of all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Collateral, including the cost from time to time of installing, replacing or repairing the Collateral, and of placing the Collateral in such condition as will, in the judgment of the Beneficiary, make it readily rentable; and (c) to the payment of any Senior Secured Obligations secured hereunder in the order of application as set forth in Section 3.3 hereof, but in any event subject to the terms and provisions of the Collateral Trust Agreement. The entering upon and taking possession of the Premises, or any part thereof, and the collection of any Rents and the application thereof as aforesaid shall not cure or waive any Event of Default theretofore or thereafter occurring or affect any notice or Event of Default hereunder or invalidate any act done pursuant to any such Event of Default or notice, and, notwithstanding continuance in possession of the Premises or any part thereof by the Beneficiary or a receiver and the collection, receipt and application of the Rents, the Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity upon or after the occurrence of an Event of Default. Any of the actions referred to in this Section 3.7 may be taken by the Beneficiary irrespective of whether any notice of an Event of Default has



been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

3.8. Personal Property. From and after the occurrence of an Event of Default, the Beneficiary may exercise from time to time any rights and remedies available to it under applicable law upon default in payment of indebtedness. The Trustor shall, promptly upon request by the Beneficiary, assemble the Collateral which is personal property and make it available to the Beneficiary at such place or places, reasonably convenient for both the Beneficiary and the Trustor, as the Beneficiary shall designate. Any personal property included within the Collateral may be sold separately or with any real estate included within the Collateral, as Beneficiary may elect in its sole discretion. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if mailed by registered or certified mail, return receipt requested, at least 5 business days before such disposition, postage prepaid, addressed to the Trustor either at the address shown in Section 4.6 hereof or at any other address of the Trustor appearing on the records of the Beneficiary. Without limiting the generality of the foregoing, whenever there exists an Event of Default hereunder, the Beneficiary may, with respect to so much of the Collateral as is personal property under applicable law, to the fullest extent permitted by applicable law, without further notice, advertisement, hearing or process of law of any kind, (i) notify any Person obligated on the Collateral to perform directly for the Beneficiary its obligations thereunder, (ii) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, (iii) endorse any checks, drafts or other writings in the name of the Trustor to allow collection of the Collateral, (iv) take control of any proceeds of the Collateral, (v) enter upon any premises where any of the Collateral may be located and take possession of and remove such Collateral and render all or any part of the Collateral unusable, all without being responsible for loss or damage, (vi) sell any or all of the Collateral, free of all rights and claims of the Trustor therein and thereto, at any lawful public or private sale, and (vii) bid for and purchase any or all of the Collateral at any such public or private sale. Any proceeds of any disposition by the Beneficiary of any of the Collateral may be applied by the Beneficiary to the payment of expenses in connection with the Collateral, including attorneys' fees and legal expenses, and any balance of such proceeds shall be applied by the Beneficiary toward the payment of such of the Senior Secured Obligations and in such order of application as set forth in Section 3.3 hereof, but in any event subject to the terms of the Collateral Trust Agreement. Without limiting the foregoing, the Beneficiary may exercise from time to time any



rights and remedies available to it under the Uniform Commercial Code or other applicable law as in effect from time to time or otherwise available to it under applicable law. The Trustor hereby expressly waives presentment, demand, notice of dishonor, protest and notice of protest in connection with the Purchaser Notes and the Lender Notes and, to the fullest extent permitted by applicable law, any and all other notices, demands, advertisements, hearings or process of law in connection with the exercise by the Beneficiary of any of its rights and remedies hereunder. The Trustor hereby constitutes the Beneficiary its attorney-in-fact with full power of substitution to take possession of the Collateral upon any Event of Default and, as the Beneficiary in its sole discretion deems necessary or proper, to execute and deliver all instruments required by the Beneficiary to accomplish the disposition of the Collateral; this power of attorney is a power coupled with an interest and is irrevocable while any of the Senior Secured Obligations are outstanding.

3.9. Performance of Third Party Agreements and Timber Agreements. From and after the occurrence of an Event of Default, the Beneficiary may, in its sole discretion, notify any Person obligated to the Trustor under or with respect to any Third Party Agreements or Timber Agreements of the existence of an Event of Default, require that performance be made directly to the Beneficiary at the Trustor's expense, advance such sums as are necessary or appropriate to satisfy the Trustor's obligations thereunder and exercise, on behalf of the Trustor, any and all rights of the Trustor under the Third Party Agreements or Timber Agreements (including, without limitation, any options to renew options to purchase and rights of first refusal under the Ground Lease, if any) as the Beneficiary, in its sole discretion, deems necessary or appropriate; and the Trustor agrees to cooperate with the Beneficiary in all ways reasonably requested by the Beneficiary (including the giving of any notices requested by, or joining in any notices given by, the Beneficiary) to accomplish the foregoing.

3.10. No Liability on Beneficiary. Notwithstanding anything contained herein, the Beneficiary shall not be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of the Trustor, whether hereunder, under any of the Third Party Agreements, any of the Timber Agreements or otherwise, and the Trustor shall and does hereby agree to indemnify against and hold the Beneficiary harmless of and from: any and all liabilities, losses or damages which the Beneficiary may incur or pay under or with respect to any of the Collateral or under or by reason of its exercise of rights hereunder with the exception of any exercise of such rights by the Beneficiary in a manner so as to constitute gross negligence or willful misconduct; and any and all claims and demands whatsoever which may be asserted against the Beneficiary by reason of any alleged obligations or undertakings on its part



to perform or discharge any of the terms, covenants or agreements contained in any of the Collateral or in any of the contracts, documents or instruments evidencing or creating any of the Collateral. The powers conferred on the Beneficiary hereunder are solely to protect its interest in the Collateral and shall not impose any duty on it to exercise such powers. The Beneficiary shall not have responsibility for the control, care, management or repair of the Premises or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss, injury or death to any tenant, licensee, employee, stranger or other Person. No liability shall be enforced or asserted against the Beneficiary in its exercise of the powers granted to it under this Deed of Trust, and the Trustor expressly waives and releases any such liability. Should the Beneficiary incur any such liability, loss or damage under any of the Third Party Agreements or under or by reason hereof, or in the defense of any claims or demands, the Trustor agrees to reimburse the Beneficiary immediately upon demand for the full amount thereof, including costs, expenses and attorneys' fees.

#### IV. GENERAL

4.1. Permitted Acts. The Trustor agrees that, without affecting or diminishing in any way the liability of the Trustor or any other Person (except any Person expressly released in writing by the Beneficiary) for the payment or performance of any of the Senior Secured Obligations or for the performance of any obligation contained herein or affecting the lien hereof upon the Collateral or any part thereof, the Beneficiary (or the Secured Parties in matters relating to the Senior Secured Obligations) may at any time and from time to time, without notice to or the consent of any Person, subject to the Intercreditor Agreement and the Collateral Trust Agreement, release any Person liable for the payment or performance of any of the Senior Secured Obligations or any guaranty given in connection therewith; extend the time for, or agree to alter the terms of payment of, any of the Senior Secured Obligations or any guaranty given in connection therewith; modify or waive any obligation; subordinate, modify or otherwise deal with the lien hereof; accept additional security of any kind for repayment of the Senior Secured Obligations or any guaranty given in connection therewith; release any Collateral or other property securing any or all of the Senior Secured Obligations or any guaranty given in connection therewith; make releases of any portion of the Premises; consent to the making of any map or plat of the Premises; consent to the creation of a condominium regime on all or any part of the Premises or the submission of all or any part of the Premises to the provisions of any condominium act or any similar provisions of law of the state where the Premises are located, or to the creation of any easements on the Premises or of any covenants restricting the use or occupancy thereof; or exercise or refrain from exercising, or waive, any right the Beneficiary may have.



4.2. Legal Expenses. The Trustor agrees to indemnify the Beneficiary and the Secured Parties from all loss, damage and reasonable expense, including (without limitation) attorneys' fees, incurred in connection with any suit or proceeding in or to which the Beneficiary or the Secured Parties may be made or become a party for the purpose of protecting the lien or priority of this Deed of Trust.

4.3. Related Documents. The Trustor covenants that it will timely and fully perform and satisfy all the terms, covenants and conditions of any and all Related Documents. If there shall be any inconsistency between the provisions of this Deed of Trust and the Collateral Trust Agreement, the terms and provisions of the Collateral Trust Agreement shall prevail.

4.4. Security Agreement; Fixture Filing. This Deed of Trust, to the extent that it conveys or otherwise deals with personal property or with items of personal property which are or may become fixtures, shall also be construed as a security agreement under the Uniform Commercial Code as in effect in the state in which the Premises are located, and this Deed of Trust constitutes a financing statement filed as a fixture filing in the records maintained pursuant to Oregon Revised Statutes 205.130 by the county clerk of the County in which the Premises are located for purposes of recording mortgages of real estate with respect to any and all fixtures included within the term "Collateral" as used herein and with respect to any Goods or other personal property that may now be or hereafter become such fixtures. For purposes of the foregoing, the Trustor is the debtor (with its address as set forth in Section 4.6 hereinbelow), the Beneficiary is the secured party (with its address set forth in Section 4.6 hereinbelow), and if this is a leasehold Deed of Trust, the name of the record owner of the Premises is the lessor or landlord named on Exhibit A hereto. If any item of Collateral hereunder also constitutes collateral granted to the Beneficiary under any other deed of trust, agreement, document, or instrument, the Trustor shall be required to meet the obligations of all such agreements, but in the event of any conflict between the provisions of this Deed of Trust and the provisions of such other deed of trust, agreement, document, or instrument relating to the Collateral, the provision or provisions selected by the Beneficiary by written notice to the Trustor shall control with respect to the Collateral (except that in the event of a conflict with the Collateral Trust Agreement, the Collateral Trust Agreement shall control).

4.5. Defeasance. Upon full payment of all indebtedness secured hereby and satisfaction of all the Senior Secured Obligations in accordance with their respective terms and at the time and in the manner provided, and when neither the Beneficiary nor any Secured Party has any further obligation to make any advance, or extend any credit hereunder or under any Related Documents, this conveyance shall be null and void, and



thereafter, upon demand therefor, Beneficiary shall request that Trustee promptly deliver to Trustor an appropriate instrument of reconveyance or release, at the expense of the Trustor.

4.6. Notices. All notices and other communications provided hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to such party at the address or facsimile number set forth below, or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by prepaid courier service, shall be deemed given when received; and notice sent by facsimile shall be deemed given when transmitted:

Trustor:

Crown Pacific Limited Partnership  
One Financial Center  
Suite 900  
121 S.W. Morrison Street  
Portland, Oregon 97204  
Attention: Roger L. Krage, General Counsel  
Telephone: (503) 274-2300  
Facsimile: (503) 228-4875

with copy to:

Ball, Janik & Novack  
One Main Place  
Suite 1100  
101 S.W. Main Street  
Portland, Oregon 97204  
Attention: William H. Perkins, Esq.  
Telephone: (503) 228-2525  
Facsimile: (503) 295-1058

Beneficiary:

State Street Bank and Trust  
Company of Connecticut, National Association  
750 Main Street, Suite 1114  
Hartford, Connecticut 06103  
Attention: Mason M. Lemont  
Telephone: (203) 244-1816  
Facsimile: (203) 244-1899

with copy to:

Day, Berry & Howard  
City Place  
Hartford, Connecticut 06103  
Attention: James G. Scantling, Esq.



Telephone: (203) 275-0100  
Facsimile: (203) 275-0343

Trustee:

Fidelity National Title  
Company of Oregon  
900 S.W. Fifth Avenue  
Portland, Oregon 97204-1235  
Attention: Patrick F. Stone  
Telephone: (503) 222-2424  
Facsimile: (503) 227-2274

4.7. Successors; The Trustor; Gender. All provisions hereof shall bind the Trustor and the Beneficiary and their respective successors, vendees and assigns and shall inure to the benefit of the Beneficiary and the Secured Parties, their successors and assigns, and the Trustor and its permitted successors and assigns. The Trustor shall not have any right to assign any of its rights hereunder. Except as limited by the preceding sentence, the word "Trustor" shall include all Persons claiming under or through the Trustor and all Persons liable for the payment or performance by the Trustor of any of the Senior Secured Obligations whether or not such Persons shall have executed any of the Related Documents or this Deed of Trust. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

4.8. Care by the Beneficiary. The Beneficiary shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral assigned by the Trustor to the Beneficiary or in the Beneficiary's possession if it takes such action for that purpose as the Trustor requests in writing, but failure of the Beneficiary to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Beneficiary to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Trustor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

4.9. No Obligation on Beneficiary. This Deed of Trust is intended only as security for the Senior Secured Obligations. Anything herein to the contrary notwithstanding (i) the Trustor shall be and remain liable under and with respect to the Collateral to perform all of the obligations assumed by it under or with respect to each thereof, (ii) the Beneficiary and the Secured Parties shall have no obligation or liability under or with respect to the Collateral by reason or arising out of this Deed of Trust and (iii) the Beneficiary and the Secured Parties shall not be required or obligated in any manner to perform or



fulfill any of the obligations of the Trustor under, pursuant to or with respect to any of the Collateral.

4.10. No Waiver; Writing. No delay on the part of the Beneficiary in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Beneficiary of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. The granting or withholding of consent by Beneficiary to any transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions.

4.11. Governing Law, Submission to Jurisdiction. THIS DEED OF TRUST SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF OREGON APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WITHIN THE STATE OF OREGON. NOTWITHSTANDING THE FOREGOING THE CREDIT AGREEMENT, THE NOTE PURCHASE AGREEMENTS, THE LENDER NOTES, AND THE PURCHASER NOTES SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS. WHENEVER POSSIBLE, EACH PROVISION OF THIS DEED OF TRUST SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS DEED OF TRUST SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS DEED OF TRUST. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THE CREDIT AGREEMENT, THE NOTE PURCHASE AGREEMENTS, OR ANY OTHER RELATED DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE BENEFICIARY, THE SECURED PARTIES, OR THE TRUSTOR SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE BENEFICIARY'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE TRUSTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE TRUSTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. THE TRUSTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE TRUSTOR HAS OR HEREAFTER MAY ACQUIRE ANY



IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OF OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE TRUSTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS DEED OF TRUST AND THE OTHER RELATED DOCUMENTS.

4.12. Waiver. The Trustor, on behalf of itself and all Persons now or hereafter interested in the Premises or the Collateral, to the fullest extent permitted by applicable law hereby waives all rights under all appraisal, homestead, moratorium, valuation, exemption, stay, extension, and redemption statutes, laws or equities now or hereafter existing, and hereby further waives the pleading of any statute of limitations as a defense to any and all Senior Secured Obligations secured by this Deed of Trust, and the Trustor agrees that no defense, claim or right based on any thereof will be asserted, or may be enforced, in any action enforcing or relating to this Deed of Trust or any of the Collateral. Without limiting the generality of the preceding sentence, the Trustor, on its own behalf and on behalf of each and every Person acquiring any interest in or title to the Premises 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 court. The Trustor, for itself and for all Persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Collateral shall be sold in the event of any sale or sales pursuant hereto and to have any of the Collateral and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshalled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

4.13. JURY TRIAL. THE TRUSTOR HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS DEED OF TRUST OR ANY RELATED DOCUMENTS TO WHICH IT IS A PARTY, OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS DEED OF TRUST OR ANY RELATED DOCUMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

4.14. No Merger. It being the desire and intention of the parties hereto that this Deed of Trust and the lien hereof do not merge in fee simple title to the Premises, it is hereby understood and agreed that should the Beneficiary acquire an additional or other interests in or to the Premises or the



ownership thereof, then, unless a contrary intent is manifested by the Beneficiary as evidenced by an express statement to that effect in an appropriate document duly recorded, this Deed of Trust and the lien hereof shall not merge in the fee simple title, toward the end that this Deed of Trust may be foreclosed as if owned by a stranger to the fee simple title. To the extent that this is a leasehold Deed of Trust, the Trustor further agrees that so long as any of the indebtedness secured by this Deed of Trust shall remain unpaid, then, unless a contrary intent is manifested by the Beneficiary as evidenced by an express statement to that effect in an appropriate document duly recorded, the fee title and the leasehold estate in the Premises shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates either in the lessor or in the lessee, or in a third party, by purchase or otherwise; and the Trustor further covenants and agrees that, in case it shall acquire the fee title, or any other estate, title or interest in the Premises, this Deed of Trust shall attach to and cover and be a first lien upon such fee title or other estate so acquired, and such fee title or other estate so acquired by the Trustor shall be considered as mortgaged, assigned or conveyed to the Beneficiary and the lien hereof spread to cover such estate with the same force and effect as though specifically herein mortgaged, assigned or conveyed and spread. The provisions of this paragraph shall not apply in the event the holder of the Senior Secured Obligations secured hereby acquires the fee of the Premises except if the Beneficiary shall so elect.

4.15. Beneficiary and Secured Parties Not Joint Venturers or Partners. The Trustor, the Beneficiary and the Secured Parties acknowledge and agree that in no event shall the Beneficiary and the Secured Parties be deemed to be a partner or joint venturer with the Trustor. Without limitation of the foregoing, the Beneficiary and the Secured Parties shall not be deemed to be such a partner or joint venturer on account of the Beneficiary 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 Senior Secured Obligations secured hereby, or otherwise.

4.16. Time of Essence. Time is declared to be of the essence in this Deed of Trust and the Related Documents and of every part hereof and thereof.

4.17. No Third Party Benefits. This Deed of Trust and the Related Documents are made for sole benefit of the Trustor, the Beneficiary and the Secured Parties and, subject to the provisions of Section 4.7, their successors and assigns, and no other party shall have any legal interest of any kind under or by reason of any of the foregoing. Whether or not the Beneficiary elects to employ any or all of the rights, powers or remedies available to it under any of the foregoing, the Beneficiary shall have no obligation or liability of any kind to any third party by



reason of any of the foregoing or any of the Beneficiary's actions or omissions pursuant thereto or otherwise in connection with this transaction.

4.18. Trustee; Successor Trustee; Exculpation. With or without cause, at any time, Beneficiary shall have the authority and power to name, constitute and appoint, without any formality whatsoever other than an appointment and designation in writing signed by Beneficiary or its agent or officer (whose authority shall be presumed) and other than such acts as are required by law, another trustee in the place and stead of the Trustee or in the place and stead of any other trustee later substituted therefor, all of whom successively shall, while so acting, have all of the title, rights, powers and authority and be charged with all of the duties that are conferred or charged upon the Trustee; and the conveyance by Trustee, or by any trustee later substituted therefor as aforesaid, to the purchaser(s) at any sale as herein provided for shall be equally valid and effective. Trustee shall have no duties and shall not be obligated to perform any acts other than those herein expressly set forth or intended. Trustee shall not incur any personal liability hereunder, except for its own willful neglect or default; and Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. Trustee shall be entitled to reimbursement for all expenses incurred by it in the performance of its duties, and shall be entitled to reasonable compensation for such of its services as shall be rendered.

4.19. 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 provision or of the other Related Documents, or of such provisions in any other jurisdiction or the application of such provisions 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 Senior Secured Obligations secured hereby, or if the lien is invalid or unenforceable as to any part of the Collateral, the unsecured or partially secured portion of the Senior Secured Obligations shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the Senior Secured Obligations, and all payments made on the Senior Secured 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 Senior Secured Obligations which is not secured or fully secured by the lien of this Deed of Trust.

4.20. 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 shall relieve Trustor from performing any of its Senior Secured Obligations contained herein or secured hereby; provided that the preceding clause shall not constitute a waiver of such claim.

4.21. Future Advances. This Deed of Trust secures all present and future Senior Secured Obligations of the Trustor to the Beneficiary and the Secured Parties. The amount of present Senior Secured Obligations secured hereby is \$160,000,000.00. The maximum amount, including present and future Senior Secured Obligations, which may be secured hereby at any one time is \$320,000,000.00, plus interest, plus any disbursements and taxes and insurance on the Premises, plus interest thereon, and any other sums advanced in accordance with the terms hereof or any of the Related Documents to protect the security of this Deed of Trust or any of the Related Documents.

4.22. Collateral Trust Agreement, Intercreditor Agreement and Working Capital Intercreditor Agreement. This Deed of Trust is subject to the terms of the Collateral Trust Agreement with respect to the covenants of the Trustor and the enforcement of remedies by the Beneficiary and to the Intercreditor Agreement with respect to the application of proceeds of Collateral and the rights of the Secured Parties with respect to each other. THE RIGHTS OF THE BENEFICIARY HEREUNDER AND THE LIEN HEREOF HAVE IN CERTAIN RESPECTS BEEN SUBORDINATED TO CERTAIN LIENS AND RIGHTS OF BANK OF MONTREAL PURSUANT TO THE WORKING CAPITAL INTERCREDITOR AGREEMENT.



IN WITNESS WHEREOF, the undersigned have executed and delivered this Deed of Trust in Chicago, Illinois as of the day and year first above written.

16208

CROWN PACIFIC LIMITED PARTNERSHIP, a limited partnership

By: CROWN PACIFIC, LTD.,  
its general partner

By: [Signature]  
Name: Roger L. Krage  
Title: Secretary

ACCEPTED:

STATE STREET BANK AND TRUST COMPANY  
OF CONNECTICUT NATIONAL ASSOCIATION

By: [Signature] 1/10/01  
Name: Mason M. Lemont  
Title: Vice President

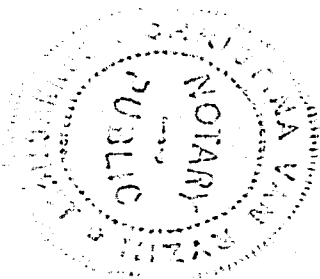


STATE OF CONNECTICUT )  
COUNTY OF HARTFORD ) SS.

**CHRISTINA VAN RYZIN**

I, CHRISTINA VAN RYZIN, a Notary Public, do hereby certify that DENNIS FISKE, personally known to me to be the ASSISTANT SECRETARY of the STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, a national banking association, and personally known to me to be the same person whose name is subscribed to the foregoing document, appeared before me this day in person and acknowledged that as such ASSISTANT SECRETARY he signed and delivered the said document as ASSISTANT SECRETARY of said association, and on oath stated that he was duly elected, qualified and acting as said ASSISTANT SECRETARY of said association, and that he was duly authorized to execute such instrument as a free and voluntary act, and as the free and voluntary act and deed of said association, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 25<sup>th</sup> day of March 1994.



Christina Van Ryzin  
Notary Public

Type or  
Print  
Name: CHRISTINA VAN RYZIN

My commission expires:

**CHRISTINA VAN RYZIN**  
**NOTARY PUBLIC**  
MY COMMISSION EXPIRES NOV. 30, 1998



16210

STATE OF ~~ILLINOIS~~ OREGON )  
 ) SS.  
COUNTY OF ~~COOK~~ MULTNOMAH )

February, 1994,  
On this 14th day of ~~December~~ ~~1993~~, before me, a Notary Public in and for the State of Oregon, duly commissioned and sworn, the undersigned, personally appeared Roger L. Krage, to me known to be the person who signed as Secretary of CROWN PACIFIC, LTD., an Oregon corporation as general partner of CROWN PACIFIC LIMITED PARTNERSHIP, an Oregon limited partnership, 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 was a duly elected, qualified and acting as said officer of the corporation, that he was 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 official seal the day and year first above written.

Resa R. DeWitt  
04/15/94

Resa R. DeWitt  
Notary Public in and for the State of  
Oregon, residing  
at Battle Ground, WA

Type or  
Print Name: Resa R. DeWitt

My commission expires:

04/15/94



16211

EXHIBIT A

Klamath County, Oregon

In Township 24 South, Range 8 East of the Willamette Meridian:

Section 23: W1/2SW1/4

Section 26: NW1/4NW1/4

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Co  
of May A.D., 19 94 at 11:47 o'clock A M. and duly recorded in Vol. M94 the 23rd day  
of Mortgages on Page 16155

FEE \$290.00

Evelyn Biehn  
By Debbie M. Henderson County Clerk