

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

The Bank of California, a division of  
Union Bank of California, N.A.  
Commercial Service Center  
P. O. Box 45000  
San Francisco, CA 94104

ATC # 04043938

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

Dated as of May 1, 1996

among

LANE PLYWOOD, INC., as Grantor

THE BANK OF CALIFORNIA, a division of  
Union Bank of California, N.A., as Beneficiary,

and

OREGON TITLE INSURANCE COMPANY,  
an Oregon corporation, as Trustee

1. The Deed of Trust (as defined below) is a "Line of Credit Instrument" under ORS 86.155. The maximum principal amount to be advanced pursuant to the Credit Agreement (as defined in the Deed of Trust) is \$12,500,000. In addition, the Deed of Trust secures all other Liabilities (as defined in the Deed of Trust) created under or arising in connection with the Deed of Trust.

2. The Credit Agreement provides for three credit facilities, only one of which is a line of credit. Each of the credit facilities has a separate maturity date. The latest maturity date (exclusive of any option to renew or extend) is September 1, 2001.

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

THIS LINE OF CREDIT TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING (herein sometimes called "Deed of Trust") is made as of May 1, 1996 among LANE PLYWOOD, INC., a corporation duly organized and validly existing under the laws of the State of Oregon (herein, together with its successors and assigns, the "Grantor"), THE BANK OF CALIFORNIA, a division of UNION BANK OF CALIFORNIA, N.A. (herein, together with its successors and assigns, called the "Beneficiary"), and OREGON TITLE INSURANCE COMPANY, an Oregon corporation (herein, together with its successors and assigns, the "Trustee").

**Recitals**

A. **Credit Agreement and Note.** Pursuant to a certain Credit Agreement dated as of May 1, 1996 (herein, as the same may be amended, supplemented, revised or restated from time to time, called the "Credit Agreement") by and between the Grantor and the Beneficiary, the Grantor has executed and delivered to the Beneficiary a Nonrevolving Credit Note and a Line of Credit Note in the aggregate principal amount of TWELVE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$12,500,000) (both of which, together with any and all amendments or supplements thereto, extensions thereof and promissory note(s) that may be taken in whole or partial renewal, substitution or extension thereof, shall be referred to collectively as the "Note"), with interest as provided in the Credit Agreement and the Note. Grantor is or will become justly indebted to Beneficiary in the amount evidenced by the Note ("Loan Amount") in accordance with the terms of the Note and the Credit Agreement. Unless otherwise defined herein, capitalized terms used and not otherwise defined herein shall have the meanings prescribed in the Credit Agreement.

B. **Related Documents.** The Credit Agreement, the Note, any guaranties of the indebtedness evidenced by the Note or the Credit Agreement, this Deed of Trust, the Collateral Documents (hereinafter defined), and any other documents and instruments executed and delivered by or for the benefit of the Grantor (excluding the Hazardous Materials and Environmental Indemnity Agreement made by Grantor in favor of Beneficiary ("Environmental Indemnity")), whether pursuant to the terms of the Note or otherwise, in connection with the Note or security therefor, or for the purpose of supplementing or amending all or any of the foregoing, all of which, as the same may be amended, modified or supplemented from time to time, are hereinafter referred to as the "Related Documents". For purposes hereof, "Collateral

**Documents**" shall mean any and all documents (excluding the Environmental Indemnity), pursuant to which a lien is granted to the Beneficiary (or to any agent, trustee, or other party acting on behalf of the Beneficiary) as security for any of the Liabilities, as the same may be amended, modified or supplemented from time to time.

**C. Liabilities.** As used in this Deed of Trust, the term "Liabilities" means and includes all of the following: (i) all obligations to the Beneficiary and its successors and assigns of the Grantor under or in connection with the Note or any of the other Related Documents, and (ii) all other obligations of the Grantor to the Beneficiary related to the Note and the transactions contemplated thereby, in each case howsoever created, arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due, and whether or not arising out of or in connection with the Note or any of the other Related Documents, including, without limitation, all indebtedness of any kind arising under, and all amounts of any kind which at any time become due or owing to the Beneficiary under or with respect to, this Deed of Trust, all of the covenants, obligations and warranties (and the truth of all representations and warranties to the Beneficiary) in, under or pursuant to the Note, this Deed of Trust, and the other Related Documents, any and all advances, costs or expenses paid or incurred by the Beneficiary or the Trustee to protect any or all of the Collateral (hereinafter defined) and other collateral under the Related Documents, to perform any obligation of the Grantor hereunder and any obligation of the Grantor under the Related Documents or collect any amount owing to the Beneficiary 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 Liabilities.

**D. Collateral.** For purposes of this Deed of Trust, the term "Collateral" means and includes all right, title and interest of the Grantor in and to all of the following:

(1) **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; all Development Rights (hereinafter defined); water, water stock and other substances of any kind or character underlying or relating to the Land; all estate, claim, demand, right, title or interest of the Grantor 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 Grantor, together with all 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 Grantor, 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, all Timber (hereinafter defined), and all other tangible property of any kind or character now or hereafter owned or purported to be owned by the Grantor and used or useful in connection with and located on the Real Estate, including, without limitation, all rights of the Grantor under any lease to 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 general intangibles of the Grantor 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 Grantor 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 Grantor in the case of each of the foregoing, related to the Real Estate, the Timber or the Improvements (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 Grantor 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 Grantor 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 Grantor 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 Grantor, 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 Grantor, if any, under any contracts executed by the Grantor 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 Grantor, 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 Grantor has, with the prior written consent of the Beneficiary, obtained the agreement of any Person to pay or disburse any money for the Grantor'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; and

(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 secured hereunder 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, whether Grantor 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 Grantor has an interest in such rights) (collectively the "Cutting Rights Agreement") 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 Grantor, 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 (collectively the "Timber Sales Agreements") the Cutting Rights Agreements and Timber Sales Agreements are collectively referred to as the "Timber Agreements";

(xii) 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");

(xiii) Authorizations. Any and all permits, entitlements, licenses, orders, approvals, exemptions, authorizations, certifications, franchises, building permits, subdivision approval, timber harvesting plan reviews and approvals, site plan reviews, environmental approvals (including an environmental impact statement or report if required under applicable law for Grantor's acquisition or disposition of the Land or harvesting of the Timber or for any other operations of Grantor 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 Grantor 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, or 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

(xiv) Other Property. All other property or rights of the Grantor of any kind or character related to the Real Estate or the Improvements, the Timber, the Development Rights, the Timber Agreements, or the Authorizations and all proceeds (including insurance and condemnation proceeds) and products of any of the foregoing. (All of the Real Estate, the Timber, the

Improvements, and any interests, estates, or claims, both in law and in equity, which Grantor now has or may hereafter acquire through the Development Rights, or 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").

#### Terms And Conditions

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

THE GRANTOR 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, GRANTOR'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 LIABILITIES,

TO HAVE AND TO HOLD the Collateral 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 Grantor 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; 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 set forth in Exhibit "B" (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 GRANTOR**

Further to secure the payment and performance of the Liabilities, the Grantor hereby covenants, warrants and agrees with the Beneficiary as follows:

1.1. **Payment of Liabilities.** The Grantor agrees that it will pay, timely and in the manner required in the appropriate documents or instruments, all amounts due under the Note and all other Liabilities (including fees and charges). All sums payable by the Grantor hereunder shall be paid without demand, counterclaim, offset, recoupment, deduction or defense. The Grantor waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, recoupment, deduction or defense.

1.2. **Payment of Taxes.** The Grantor will pay or cause to be paid before delinquency 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 delinquency 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 Grantor, the Trustee, the Beneficiary or otherwise, and will submit to the Beneficiary a quarterly report showing payment of all of such taxes, assessments and charges for the quarter; provided, however, that the Grantor 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 so long as forfeiture of any part of the Collateral will not result from the failure of the Grantor to pay any such taxes, assessments, levies, claims, charges, expenses or liens during the period of any such contest.

1.3. **Maintenance, Management and Operations of Timberland and other Collateral.** The Grantor (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 Grantor 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) 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 Grantor's right to contest as provided in Section 1.9 hereof, now or hereafter affecting the Premises or any part thereof or interest therein; (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 1.23 hereof; (vi) shall comply in all material respects with the provisions of the Timber Agreements and every material Authorization; (vii) 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 Department of Forestry 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 hazard, obtain a release of such additional hazard from the Oregon Department of Forestry by performing all necessary burning or other work to reduce the hazard or by paying a fee designated by the Oregon Department of Forestry 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 Grantor), 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.

Grantor 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 1.23 hereof and the Timber Agreements. Grantor agrees that it shall maintain an inventory of Timber within the Timberland at standards of accuracy and thoroughness consistent with good forest management practices and satisfactory to the Consultant (if any). Complete records of Grantor's inventory shall be kept on file by Grantor's personnel having supervisory responsibility for such inventory and shall be made available to the Beneficiary or its agents 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. All harvesting and other operations on the Timberland shall be in accordance with prudent timber management practices.

All measures shall be taken which are reasonably necessary to protect Timber located on the Timberland 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 slabs 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. Grantor shall use commercially reasonable efforts to maintain an adequate system of roads and roadways in such manner as to permit reasonable access of mobile fire-fighting equipment to all parts of the Timberland. If any Timber within the Timberland is damaged or destroyed by fire, windstorm, infestation, war, third persons or any other cause, Grantor 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.

Grantor's forestry management records are and will continue to be maintained at Grantor's offices in Veneta or Eugene, Oregon. Grantor has and will maintain current accurate maps showing acreage and typing of Timber within the Timberland. Grantor employs and will continue to employ an experienced, competent, designated individual to maintain such records and

maps. Grantor 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. Grantor will furnish to Beneficiary, as well as to the agents of Beneficiary, full access to the Timberland and to all of Grantor'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 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 Timberland.

Anything to the contrary contained herein notwithstanding, the Grantor may sell, transfer or otherwise dispose of equipment and similar personal property used in connection with the Premises if the same become damaged, destroyed or obsolete, and all such equipment and other personal property is, prior to or concurrently with such sale, transfer or other disposition, replaced with equipment 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 interests granted to the Beneficiary by this Deed of Trust; provided, further, that no such equipment, furnishings and other personal property need be so replaced if the Grantor 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 the fair market value of such property, immediately prior to the date of such damage, destruction or obsolescence (provided that such property has been maintained by the Grantor in the condition required pursuant to the terms of this Deed of Trust) is less than \$50,000 in any fiscal year of Grantor.

**1.4. Sales; Liens.** Except as permitted under the Credit Agreement and Section 1.23 herein, the Grantor 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 therein (including any conveyance into a trust or any conveyance of the beneficial interest in any trust that may be holding title to the Real Estate) or remove any of the Collateral from the Real Estate; 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 Grantor will at all times: deliver to the Beneficiary either all of its executed originals (in the case of chattel paper or instruments) or copies (in all other cases) of all Leases, agreements creating or evidencing Intangibles, 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 to the Grantor's books and records; permit the Beneficiary 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 may reasonably request; and permit the Beneficiary and its agents and designees, 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 receipt of interest payments on the principal portion of the Loan Amount), assessment or imposition upon this Deed of Trust, the Note, any of the other Liabilities 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 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 Note, or any of the other Related Documents, the Grantor shall pay all such taxes and stamps to or for the Beneficiary 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 Grantor from paying the tax, assessment, stamp, or imposition to or for the Beneficiary or the Trustee, then all sums hereby secured shall become immediately due and payable at the option of the Beneficiary. Thereafter, if the Grantor fails to make payment of all such sums within 5 days of the Beneficiary's demand therefor, such failure shall immediately constitute a Default (hereinafter defined).

1.7. Insurance. The Grantor 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 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 (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 Grantor 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 Grantor 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 may be stated above, amounts and limits on policies shall at all times be reasonably acceptable to 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, Grantor does not currently carry the same. 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. The Grantor 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 Note or any of the other Liabilities. 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 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 Grantor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

1.8. Eminent Domain. 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 Grantor 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 Note or any of the other Liabilities.

1.9. Governmental Requirements and Authorizations. The Grantor will at all times fully comply with, in all material respects, and 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 Grantor or the Collateral or the use thereof, and will observe and comply with, in all material respects, all conditions and requirements necessary to preserve and extend any 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 Grantor 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 Grantor 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. The Grantor shall not initiate or

acquiesce in any change in any zoning or other land use classification now or hereafter in effect and affecting the Premises or any part thereof without in each case obtaining the Beneficiary's prior written consent thereto. Notwithstanding the foregoing, the Grantor 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 Grantor's failure to comply with such governmental requirement during the period of such contest.

**1.10. No Mechanics' Liens.** The Grantor 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 Grantor shall not be deemed in Default with respect to the provisions of this Section if the Grantor provides the Beneficiary with written notice of the Grantor's good faith intention to diligently contest such claim or lien (and the Grantor does so contest such claim or lien) at the Grantor's sole expense and, if requested by the Beneficiary, the Grantor 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 Grantor agrees to promptly deliver to the Beneficiary a copy of any notices that the Grantor 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 Grantor 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 Grantor will: pay such fees, taxes and charges, execute and file (at the Grantor's expense) such financing statements, obtain such acknowledgments 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 set forth for notices in Section 4.6 hereof; keep all of its books and records relating to the Collateral 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 Grantor 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 Grantor will, for the benefit of the Beneficiary, fully and promptly keep, observe, perform and satisfy each obligation, condition, covenant, and restriction of the Grantor affecting the Premises or imposed on it under any agreement between Grantor and a third party relating to the Collateral or the Liabilities secured hereby, including, without limitation, the Leases, the Contracts for Sale, Contracts for Services, 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 Grantor) obligated thereon shall be and remain at all times obligated to perform for the benefit of the Beneficiary; and the Grantor will not permit to exist any condition, event or fact which could allow or serve as a basis or justification for such Person to avoid such performance. Without the prior written consent of the Beneficiary, the Grantor shall not (i) terminate or permit any termination of or make or permit amendment in any material respect of the rights of the Grantor 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, 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; (vi) in any other manner impair Beneficiary's rights and interest with respect to the Rents; 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 Grantor shall promptly deliver to the Beneficiary copies of any demands or notices of default received by the Grantor in connection with any Third Party Agreement and allow the Beneficiary the right, but not the obligation, to cure any such default. 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 Real Estate is located and with an institution satisfactory to the Beneficiary. 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 Grantor is the landlord if the amendment or modification does not substantially reduce the rent payable thereunder or increase any risk or liability of the Grantor.

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

**1.15. No Assignments; Future Leases.** The Grantor will not cause or permit any Rents, Leases, Contracts for Sale, or other contracts relating to the Real Estate 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 Grantor shall not cause or permit all or any portion of or interest in the Real Estate 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.

**1.16. Assignment of Leases and Rents and Collections.**

(a) All of the Grantor'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 all sums due under the Note, the other Liabilities and all other sums payable under this Deed of Trust. Prior to the occurrence of any Default, the Grantor 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 regard to the adequacy of its security hereunder and without notice to or demand upon the Grantor, except as otherwise provided in the Note, upon the occurrence of any Default. Upon the occurrence of any 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 Default relied upon. The Grantor 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 Grantor 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 Liabilities and otherwise in compliance with the provisions of the Related Documents.

(c) The Grantor shall at all times fully perform the obligations of the lessor under all Leases. The Grantor 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 Grantor's interest in the Leases, subject to and upon the condition, however, that prior to the occurrence of any Default hereunder the Grantor 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 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 Grantor's attorney-in-fact, such authority

being coupled with an interest and irrevocable, to sign the name of the Grantor and to bind the Grantor on all papers and documents relating to the operation, leasing and maintenance of the Collateral from and after the occurrence of a Default hereunder.

**1.17. The Trustee's or Beneficiary's Performance.**

Subject to the last sentence of this Section 1.17, if the Grantor 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 Grantor, make any payment or perform (or cause to be performed) any obligation of the Grantor 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 specified in the Credit Agreement, 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; and redeem from any tax sale or forfeiture affecting the Premises. In making any payment or securing any performance relating to any obligation of the Grantor 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 waiver of any right accruing to it on account of the occurrence of any matter which constitutes a Default or an unmatured Event Default. Notwithstanding the foregoing, the Trustee or Beneficiary shall not exercise the rights granted to it under is Section 1.17 unless a Default has occurred and is continuing; provided, however, that the Trustee or Beneficiary may exercise such rights prior to a 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.

**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 Grantor or any other Person pays any such sum with the proceeds of the loan 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 Liabilities.

**1.19. Hazardous Material.** Except as disclosed in the Environmental Indemnity, and except in accordance with the Grantor's ordinary business practices and in compliance with applicable laws, to the best of the Grantor's knowledge, neither the Grantor 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, and to the best of the Grantor's knowledge, no such real property has ever been used (whether by the Grantor 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.

**1.20. Appointment of Successor Trustee.**

(i) Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, mailed to Grantor and recorded in the county 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.

**1.21. 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 Grantor's consent and with presentation of this Deed of Trust and the Note secured hereby for endorsement, and without affecting the personal liability of any person for payment or performance of the Liabilities 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.

**1.22. Beneficiary's Powers.** Without affecting the Liabilities 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 Liabilities, Beneficiary may, 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 Liabilities, (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.

Beneficiary may appoint a consulting forester (the "Consultant") of Beneficiary's choice to make such inspections and to perform other services deemed reasonably necessary to insure compliance with the provisions of this Deed of Trust. Grantor shall pay for such inspections and other services. The Consultant's duties may include determining whether Grantor is complying with its obligations set forth in this Deed of Trust regarding forest management and timber harvesting; determining acreages, volumes and Timber inventory; reviewing and verifying reports, information and certifications furnished by Grantor; and investigating and monitoring Grantor's business and activities regarding the Timberland or this Deed of Trust. The Consultant

shall make inspections of the Merchantable Timber from time to time as reasonably required by Beneficiary to ascertain that Grantor is not operating in violation of this Deed of Trust or of any timber harvesting plan pertaining to the Timberland or of the applicable forest practices act as they apply to the Timberland. The Consultant may perform any cruise and any other timber inventory or Timber and Collateral report contemplated by this Deed of Trust or the Credit Agreement. The Consultant may provide general industry information and specific information on the value of the Premises.

Grantor shall pay or reimburse Beneficiary for all fees and expenses of Consultant hereunder, within 45 days after Grantor's receipt of a billing invoice, including all charges of any successor Consultant for verifications required by such successor Consultant in connection with its acceptance of the engagement to act as Consultant hereunder. Fees of the Consultant for its services may include the costs of any cruise performed pursuant to this Deed of Trust. Additionally, Grantor shall pay and reimburse all reasonable expenses and costs incurred by the Beneficiary in making determinations, verifications, and inspections (that would otherwise be performed by the Consultant), including, without limitation, salaries, wages, travel expenses, and fees and disbursements of independent foresters, surveyors and engineers. Grantor shall cooperate fully in good faith with any Consultant.

**1.23. Limitations on Cutting.** Unless the right to cut and remove Timber shall have been terminated by reason of a Default, Grantor shall have the right to cut and remove Timber from the Timberland and to sell such Timber only in accordance with the provisions of the Credit Agreement and this Deed of Trust.

**1.24. Limitations of Use.** Grantor 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.

**1.25. Confirmatory Releases.** Beneficiary, upon receipt of a written application from Grantor in compliance with the applicable provisions of the Credit Agreement, and Grantor's compliance with all such provisions, 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 1.23, and the underlying Timberland has been released from, or is no longer subject to, the lien of this Deed of Trust.

1.26. **Timber Agreements.** All Timber Agreements entered into by Grantor 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.

1.27. **Cruises.** Beneficiary shall have the right upon exigent circumstances to request Grantor to, and Grantor covenants that it will, at Grantor's sole expense, retain a Consultant to prepare, and furnish to Beneficiary a cruise which is reasonably acceptable to Beneficiary (the "Acceptable Cruise"). By way of example and not of limitation, exigent circumstances shall include the Beneficiary's need for information due to unavailability of accurate or current records or due to changed circumstances such as natural calamities including, without limitation, fire, blight, disease, earthquake, flood and volcanic eruption. The Acceptable Cruise shall be completed as soon as reasonably possible but in any event within 90 days after Beneficiary's written request, except that such Acceptable Cruise may be completed within 120 days if conditions beyond the reasonable control of Grantor have delayed such cruise. The Acceptable Cruise prepared in conformity with this Deed of Trust shall be binding on all parties as to the matters covered thereby. The Acceptable Cruise shall be conducted using such forest sampling methods as the Consultant may prescribe to produce a level of accuracy prescribed by the Consultant and shall cover all Timber and Timberland designated by Beneficiary and shall show the acreage of and volumes and values of merchantable and non-merchantable Timber by species. If requested by Beneficiary, a timber growth study shall be made in connection with and reported as part of the Acceptable Cruise and the Acceptable Cruise shall be supported by aerial photographs, and the photographs shall be kept on file by Grantor's personnel having supervisory responsibility and shall be made available on request to the Consultant or the Beneficiary.

1.28 Intentionally Omitted.

1.29 Intentionally Omitted.

## II. **DEFAULT**

Each of the following shall constitute a default ("Default") hereunder:

2.1. **Related Documents.** The occurrence of an Event of Default or Default under the terms and provisions of the Note, the Credit Agreement, the Environmental Indemnity or another of the Related Documents (other than this Deed of Trust); or

2.2. Provisions of this Deed of Trust. Non-compliance by the Grantor with, or failure by the Grantor to perform, any agreement contained herein (other than any non-compliance or failure which constitutes a Default under Sections 2.1 or 2.3) 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 30 days after written notice thereof to the Grantor from the Beneficiary with respect to all other Defaults under this Deed of Trust; or

2.3. Default Under Third Party Agreements. A material default by the Grantor 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.

### III. REMEDIES

3.1. Acceleration. Upon the occurrence of any Default, the entire indebtedness evidenced by the Note and all other Liabilities together with interest thereon at the default rate specified in the Credit Agreement shall, notwithstanding any provisions of the Note or the Related Documents and without demand or notice of any kind to the Grantor or to any other Person, (a) automatically become immediately due and payable in the event of the occurrence of any of an Event of Default described in Section 7.1(c) of the Credit Agreement and (b) at the option of the Beneficiary, become immediately due and payable in the event of the occurrence of any other Default.

3.2. Remedies Cumulative. No remedy or right of the Beneficiary hereunder or under the Note or any of 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 Grantor 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 sue on the Note according to law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any Default shall impair any such remedy or right or be construed to be a waiver of any such default or an acquiescence therein, nor shall it affect any subsequent 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 Grantor, 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 the Note or any other Related Documents or any other written agreement or instrument relating to any of the Liabilities or any security therefor.

**3.3. Sale of the Collateral.** At such time as the Note becomes due and payable, whether by acceleration or otherwise, Beneficiary may, at Beneficiary's sole election 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 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 (Grantor 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 Liabilities; 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) Grantor 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 Grantor, and against any and all other persons claiming or to claim the property sold or any part thereof, by, through or under Grantor; and
- (vii) Beneficiary 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 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 Liabilities have been satisfied. Any proceeds of the sale of the Collateral shall be applied, first, 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); second, to the payment of all amounts, other than unpaid principal and accrued interest on the Liabilities, which may be due to the Beneficiary; third, to the payment of all accrued and unpaid interest due on the Liabilities; fourth, to the payment of the unpaid principal balance of the Liabilities; fifth, to all persons having recorded liens subsequent to the interest of the Trustee in this Deed of Trust as their interests may appear in the order of their priority; and sixth, the surplus, if any, to the Grantor or to its successors-in-interest entitled to any such surplus.

**3.4. Possession of Premises; Remedies under Credit Agreement and Related Documents.** The Grantor hereby waives all right to the possession, income, and rents of the Premises from and after the occurrence of any 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 Collateral or any part thereof, to complete any construction in progress thereon at the expense of the Grantor, 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 Collateral or, at the election of the Beneficiary in its sole discretion, to a reduction of such of the Liabilities in such order as the Beneficiary may from time to time elect. The Beneficiary, in addition to the rights provided under the Credit Agreement and any other 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 Grantor. All such expenditures by the Beneficiary shall be Liabilities hereunder. Upon the occurrence of any Default, the Beneficiary may also exercise any or all rights or remedies under the Credit Agreement and any other Related Documents.

3.5. Receiver. Upon the occurrence of any 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 Grantor or to any party claiming under Grantor 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 Liabilities, without regard to the then value of the Collateral and without regard to bond from the complainant in such proceedings, the Beneficiary shall have the right to 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 Improvements on the Real Estate 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 Liabilities, including without limitation the following, in such order of application as the Beneficiary may elect: (i) amounts due for the Liabilities 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 Collateral, (iv) insurance premiums, repairs, taxes, special assessments, water charges and interest, penalties and costs, in connection with the Collateral, (v) any other lien or charge upon the Collateral 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 to cure or attempt to cure any Default or unmaturing Event of Default by the Grantor 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 specified in the Credit Agreement. The surplus of

the proceeds of sale, if any, shall then be paid to the Grantor, upon reasonable request. This Deed of Trust may be foreclosed once against all, or successively against any portion or portions, of the Collateral, as the Beneficiary may elect, until all of the Collateral 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, costs of advertising, and costs of title insurance and any other documentary evidence of title, shall be paid by the Grantor.

3.6. **Purchase by Beneficiary.** In the case of any sale of the Collateral pursuant to the provisions of Section 3.3 or pursuant to any judgment or decree of any court at public auction or otherwise, Beneficiary may become the purchaser and, for the purpose of making settlement for or payment of the purchase price, shall be entitled to deliver over and use a portion of the Note 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 to bid in.

3.7. **Remedies for Leases and Rents.** From and after the occurrence of a 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 Grantor 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 Grantor relating thereto; (iii) as attorney-in-fact or agent of the Grantor, 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 or the Rents, the Leases and other Collateral relating thereto (including actions for the recovery of rent, actions for 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 Grantor 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 Grantor 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 Default without notice to the Grantor 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 Liabilities secured hereunder in the order of application as set forth in Section 3.3 hereof. 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 Default theretofore or thereafter occurring or affect any notice or Default hereunder or invalidate any act done pursuant to any such 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 a Default. Any of the actions referred to in this Section 3.7 may be taken by the Beneficiary irrespective of whether any notice 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 a 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 Grantor 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 Grantor, 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 Grantor either at the address shown in Section 4.6 hereof or at any other address of the Grantor appearing on the records of the Beneficiary. Without limiting the generality of the foregoing, whenever there exists a 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 Grantor 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 Grantor 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 Liabilities and in such order of application as set forth in Section 3.3 hereof. 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 Grantor hereby expressly waives presentment, demand, notice of dishonor, protest and notice of protest in connection with the Note 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 Grantor hereby constitutes the Beneficiary its attorney-in-fact with full power of substitution to take possession of the Collateral upon any 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 Liabilities are outstanding.

**3.9. Performance of Third Party Agreements and Timber Agreements.** From and after the occurrence of a Default, the Beneficiary may, in its sole discretion, notify any Person obligated to the Grantor under or with respect to any Third Party Agreements or Timber Agreements of the existence of a Default, require that performance be made directly to the Beneficiary at the Grantor's expense, advance such sums as are necessary or appropriate to satisfy the Grantor's obligations thereunder and exercise, on behalf of the Grantor, any and all rights of the Grantor under the Third Party Agreements or Timber Agreements as the Beneficiary, in its sole discretion, deems necessary or appropriate; and the Grantor 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 Grantor, whether hereunder, under any of the Third Party Agreements, any of the Timber Agreements or otherwise, and the Grantor 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 undertaking on its part

to perform or discharge any of the terms, covenant 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 Beneficiary shall not have responsibility for the control, care, management or repair of the Real Estate or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Real Estate 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 Grantor 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 Grantor 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 Grantor agrees that, without affecting or diminishing in any way the liability of the Grantor or any other Person (except any Person expressly released in writing by the Beneficiary) for the payment or performance of any of the Liabilities or for the performance of any obligation contained herein or affecting the lien hereof upon the Collateral or any part thereof, the Beneficiary may at any time and from time to time, without notice to or the consent of any Person, release any Person liable for the payment or performance of the Note or any of the other Liabilities or any guaranty given in connection therewith; extend the time for, or agree to alter the terms of payment of, any indebtedness under the Note or any of the other Liabilities 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 Note or the other Liabilities or any guaranty given in connection therewith; release any Collateral or other property securing any or all of the Note or the other Liabilities 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 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 Grantor agrees to indemnify the Beneficiary 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 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 Grantor 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 Credit Agreement, the terms and provisions of the Credit 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 Official Records of the County in which the Premises are located 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 Grantor is the debtor (with its address as set forth below) and the Beneficiary is the secured party (with its address set forth below). If any item of Collateral hereunder also constitutes collateral granted to the Beneficiary under any other deed of trust, agreement, document, or instrument, 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 shall control with respect to the Collateral.

**4.5. Defeasance.** Upon full payment of all indebtedness secured hereby and satisfaction of all the Liabilities in accordance with their respective terms and at the time and in the manner provided, and when the Beneficiary has no further obligation to make any advance, or extend any credit hereunder, under the Credit Agreement or any other Related Documents, this conveyance shall be null and void, and thereafter, upon demand therefor, Beneficiary shall request that Trustee promptly deliver to Grantor an appropriate instrument of reconveyance or release, at the expense of the Grantor.

**4.6. Notices.** Each notice, demand or other communication in connection with this Deed of Trust shall be in writing or by facsimile addressed or transmitted to such party at the addresses or numbers set forth below. 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 (provided confirmation of receipt by the addressee is obtained):

**Grantor:**

Lane Plywood, Inc.  
P.O.Box 1042  
Veneta, OR 97437  
Attention: Gregory Demers

Fax No. (541) 935-1600

**Beneficiary:**

The Bank of California, a division  
of Union Bank of California, N.A.  
101 East Broadway, Suite 100  
Eugene, OR 97401  
Attention: Rodger Terrall

Fax No. (541) 683-9567

**Trustee:**

Oregon Title Insurance Company  
450 Country Club Road, Suite 150  
P. O. Box 10127  
Eugene, OR 97401

Fax No. (541) 342-8175

**4.7. Successors; The Grantor; Gender.** All provisions hereof shall bind the Grantor and the Beneficiary and their respective successors and assigns and shall inure to the benefit of the Beneficiary, its successors and assigns, and the Grantor and its permitted successors and assigns. The Grantor shall not have any right to assign any of its rights hereunder. Except as limited by the preceding sentence, the word "Grantor" shall include all Persons claiming under or through the Grantor and all Persons liable for the payment or performance by the Grantor of any of the Liabilities, whether or not such Persons shall have executed the Credit Agreement 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 Grantor to the Beneficiary or in the Beneficiary's possession if it takes such action for that purpose as the Grantor 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 Grantor, 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 Liabilities. Anything herein to the contrary notwithstanding (i) the Grantor 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 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 shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Grantor 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 the 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.** 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. Whenever possible, each provision of this Deed of Trust shall be interpreted in such manner as to be effective and valid under applicable law.

**4.12. Waiver.** The Grantor, 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 appraisement, homestead, moratorium, valuation, exemption, stay and extension 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 Liabilities secured by this Deed of Trust, and the

Grantor 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. The Grantor, 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. Intentionally Omitted.**

**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.

**4.15. Beneficiary Not Joint Venturer or Partner.** The Grantor and the Beneficiary acknowledge and agree that in no event shall the Beneficiary be deemed to be a partner or joint venturer with the Grantor. Without limitation of the foregoing, the Beneficiary 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 Liabilities secured hereby, or otherwise.

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

**4.17. No Third Party Benefits.** This Deed of Trust, the Credit Agreement and the other Related Documents are made for sole benefit of the Grantor and the Beneficiary 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 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 liabilities 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 Liabilities shall be completely paid prior to the payment of the remaining and

secured or partially secured portion of the Liabilities, and all payments made on the Liabilities, 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 Liabilities 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 Grantor. No claim that Grantor now or may in the future have against Beneficiary shall relieve Grantor from performing any of its Liabilities contained herein or secured hereby; provided that the preceding clause shall not constitute a waiver of such claim.

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

LANE PLYWOOD, INC.,  
an Oregon Corporation

By: 

Title: President

STATE OF OREGON            )  
                                  ) ss.  
County of Lane            )

This instrument was acknowledged before me on  
this 26<sup>th</sup> day of April, 1996, by Gregory Werner who  
is the President of Lane Plywood, Inc.,  
a corporation.

Barbara McCarf  
Notary Public for Oregon  
My commission expires: 1-25-99

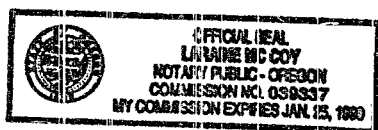


Exhibit "A" to Line of Credit Trust Deed  
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12414

MAHR PARCEL

Order No.: 419452a1

Legal Description

Lot 4, Section 28, Township 19 South, Range 3 West, and Lot 3, in Section 33, Township 19 South, Range 3 West of the Willamette Meridian, in Lane County, Oregon; ALSO commencing at the most Northerly Northwest corner of the John M. Farlow Donation Land Claim No. 66, in Section 33, Township 19 South, Range 3 West of the Willamette Meridian; thence South 26.71 chains; thence East 51.54 chains to the East line of said claim; thence North to the North line of Lot 5, Section 28, Township 19 South, Range 3 West; thence West to the Northwest corner of said Lot 5; thence South to the Southwest corner of Lot 2, Section 33, Township 19 South, Range 3 West; thence West to the point of beginning, in Lane County, Oregon.

EXCEPTING THEREFROM: Beginning at the brass cap marking the Northeast corner of the John M. Farlow Donation Land Claim No. 66, Township 19 South, Range 3 West of the Willamette Meridian; thence West 622.00 feet to an iron pin marking the TRUE POINT OF BEGINNING, thence West 622.00 feet to a point marked by an iron pin; thence North 630.29 feet to a point marked by an iron pin; thence East 622.00 feet to a point marked by an iron pin; thence South 630.29 feet to the true point of beginning, in Lane County, Oregon.

ALSO EXCEPT: Beginning at the brass cap marking the Northeast corner of the John M. Farlow Donation Land Claim No. 66, Township 19 South, Range 3 West of the Willamette Meridian; thence West 622.00 feet to a point marked by an iron pin; thence North 630.29 feet to a point marked by an iron pin; thence East 622.00 feet to a point marked by an iron pin; thence South 630.29 feet to the true point of beginning, in Lane County, Oregon.



Exhibit "A" to Line of Credit Trust Deed  
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12415

Legal Description

LILLEGREN PARCEL

Order No.: 419452a5

PARCEL 1:

Lot 2 and the Northwest quarter of the Southeast quarter of Section 4, Township 19 South, Range 1 West of the Willamette Meridian, in Lane County, Oregon.

PARCEL 2:

all that part of the following described property lying South and West of the Northerly line of the County Road:

The Southwest quarter of the Northeast quarter of Section 4, in Township 19 South, Range 1 West of the Willamette Meridian, in Lane County, Oregon.

EXCEPTING THEREFROM that part conveyed to Lane County by deed recorded April 10, 1934 in Book 178, Page 501, Lane County Oregon Deed Records, in Lane County, Oregon.

PARCEL 3:

The East 490 feet of the following described premises, to wit:

All that part of the Southwest 1/4 of the Northeast 1/4 of Section 4, Township 19 South, Range 1 West of the Willamette Meridian, that lies Southerly of Big Fall Creek and Northerly of the Northerly right of way line of the County Road, in Lane County, Oregon.

## BOLTON 28 PARCEL

## Legal Description

Order No.: 419452a2

All that portion of the South 1/2 of the Northeast 1/4 and the North 1/2 of the Southeast 1/4 of Section 10 in Township 18 South, Range 6 West of the Willamette Meridian, in Lane County, Oregon, lying North of relocated Bolton Hill Road and relocated Crow-Vaughn Road, as said roads are described in deeds to Lane County recorded October 14, 1955, Reception No. 68492 and November 4, 1957, Reception No. 25035 respectively, Lane County Records, AND East of the lands described in the deed to A.N. Orcutt, recorded March 8, 1927 in Book 153, Page 238, Lane County Records.

ALSO, the Southwest 1/4; the Southwest 1/4 of the Northwest 1/4; the Southeast 1/4 of the Northwest 1/4; and the West 1/2 of the Northeast 1/4, all in Section 11 in Township 18 South, Range 6 West of the Willamette Meridian, in Lane County, Oregon.

EXCEPTING THEREFROM those portions thereof lying within Bolton Hill Road and Crow-Vaughn Road, and as further described in the deeds to Lane County recorded as follows:

December 6, 1938 in Book 195, Page 589, Lane County Records; February 10, 1940 in Book 202, Page 301, Lane County Records; October 14, 1955, Reception No. 68492, Lane County Records; October 14, 1955, Reception No. 68499, Lane County Records, and November 4, 1957, Reception No. 25035, Lane County Records.

ALSO EXCEPTING THEREFROM that portion described in the deed to John W. Alltucker, recorded October 18, 1976, Reception No. 76-54569 and re-recorded October 25, 1976, Reception No. 76-55827, Lane County Records.

FURTHER EXCEPTING THEREFROM that portion described in the deed to Eugene Sand & Gravel, Inc., recorded October 28, 1987, Reception No. 87-47687, Lane County Records.

TOGETHER WITH an easement created or disclosed by instrument, including the terms and provisions thereof, dated October 27, 1987, recorded October 28, 1987, Reception No. 8747687.

TOGETHER WITH an easement created or disclosed by instrument, including the terms and provisions thereof, recorded October 25, 1976, Reception No. 76-55827.

## BOLTON 20 PARCEL

Order No. 419452a3

The Southeast 1/4 of the Northwest 1/4; the Northeast 1/4 of the Southwest 1/4; the Southwest 1/4 of the Southwest 1/4; and the East 1/2 of Section 15, all in Township 18 South, Range 6 West of the Willamette Meridian, in Lane County, Oregon.

EXCEPTING THEREFROM that portion thereof described in the deed to John Alltucker, recorded October 18, 1976, Reception No. 76-54570, Lane County Records.

TOGETHER WITH an easement created or disclosed by instrument, including the terms and provisions thereof, recorded October 25, 1976, Reception No. 76-55827.

Exhibit "A" to Line of Credit Trust Deed

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12417

Legal Description

BELL/MERCER PARCEL

Order No.: 419452a4

The West 1/2 of the West 1/2 of Section 32, Township 18 South, Range 4 West of the Willamette Meridian, in Lane County, Oregon.

EXCEPT: Beginning at the Southwest corner of Section 32, Township 18 South, Range 4 West of the Willamette Meridian, and running thence North 26' West, 3.16 chains; thence East 3.16 chains; thence South 26' East, 3.16 chains; thence West 3.16 chains to the point of beginning, in Lane County, Oregon.

ALSO: The East 1/2 of the Southwest 1/4 of Section 32, Township 18 South, Range 4 West of the Willamette Meridian, in Lane County, Oregon.

ALSO: All that part of the following described property lying Easterly of the Lorane Highway:

The Southeast 1/4 of the Southeast 1/4 of Section 30, the East 1/2 of the Northeast 1/4 and the Northeast 1/4 of the Southeast 1/4 of Section 31, all being in Township 18 South, Range 4 West of the Willamette Meridian, in Lane County, Oregon.

EXCEPT: Beginning at the corner to Sections 29, 30, 31 and 32, Township 18 South, Range 4 West, Willamette Meridian; thence South 89° 44' East, 1322.15 feet to the West 1/16 corner between Sections 29 and 32; thence South along the East line of the Northwest 1/4 Northwest 1/4, Section 32, Township 18 South, Range 4 West, Willamette Meridian, 300.00 feet to a point; thence North 89° 44' West, 1319.88 feet to a point on the line between Sections 31 and 32; thence North 75° 29' West, 625.40 feet to a 3/4 inch iron pipe on the Easterly right of way line of the Lorane Highway; thence North 29° 39' East along the Easterly right of way line 788.02 feet to a point; thence continue along the Easterly right of way line North 48° 40' East, 385.34 feet to a point which is North 0° 29' West, 795.81 feet from the corner to said Sections 29, 30, 31 and 32; thence South 0° 29' East, 795.81 feet to the point of beginning, in Lane County, Oregon.

FURTHER EXCEPTING THEREFROM all that portion described in the deed to Lane County for the widening of Lorane Highway, recorded August 24, 1983, Reception No. 83-30193, Lane County Records.

TIMIAN PARCEL

PARCEL 1:

Block 1 thru 40 CORRAL SPRINGS TOWN SITES "vacated" lying in Section 16, Township 27 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Exhibit "A" to Line of Credit Trust Deed  
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12419

ORDER NO. 79934

PARCEL ONE

RED HILL PARCEL

The South half of the Northwest quarter and the Southwest quarter of Section 13 in Township 23 South, Range 5 West of W.M., Douglas County, Oregon.

Also, the East half of the Northeast quarter of Section 23 in Township 23 South, Range 5 West of W.M., Douglas County, Oregon.

Also the Northeast quarter of the Northwest quarter and West half of the Northwest quarter of Section 24 in Township 23 South, Range 5 West, of the W.M., Douglas County, Oregon.

Also the Southeast quarter of the Northeast quarter and the East half of the Southeast quarter of Section 14 in Township 23 South, Range 5 West of W.M., Douglas County, Oregon.

PARCEL TWO

ALLEN PARCEL

The Southeast quarter and the Southwest quarter of the Southeast quarter of the Northeast quarter of Section 36, Township 22 South, Range 6 West of the W.M., Douglas County, Oregon.

ALSO the West half of the Southwest quarter of Section 31, Township 22 South, Range 5 West of the W.M., Douglas County, Oregon.

EXCEPTING THEREFROM that certain tract conveyed to James W. Nelson and Mabel T. Nelson, his wife, by deed recorded in Book 166, Page 614 of the Deed Records of Douglas County, Oregon, and also excepting that parcel of land heretofore sold to School District No. 81, Douglas County, State of Oregon.

ALSO EXCEPTING THEREFROM the following: BEGINNING at a 3/4" iron pipe in Section 31, Township 22 South, Range 5 West, W.M., on the West right of way line of County Road No. 24; thence North 0° 54' 30" West 412.80 feet to a 5/8" rebar; thence North 89° 53' West 206.90 feet to a 5/8" rebar; thence South 3° 57' East 66.42 feet to a 5/8" rebar; thence South 83° 46' West 16.65 feet to a 5/8" rebar; thence South 4° 23' East 97.21 feet to a 5/8" rebar; thence South 86° 46' West 82.55 feet to a 5/8" rebar; thence continue South 86° 46' West 25.00 feet to a point in a creek; thence up said creek South 1° 03' East 152.07 feet and South 38° 40' West 128.05 feet to a point South 88° 34' West of the point of beginning; thence North 88° 34' East 88.10 feet to a 5/8" rebar; thence continue North 88° 34' East 315.02 feet to the point of beginning.

ALSO EXCEPTING that part lying within Hayhurst County Road No. 24.

RED HILL EASEMENT PARCEL

TOGETHER WITH an easement, created or disclosed by instrument, including the terms and provisions thereof, recorded in Book 719, Page 812, Recorder's No. 79-9031.



Exhibit "B"  
To  
Line of Credit Deed of Trust  
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## I. MAHR PARCEL

Order No. 419452a1

1. An easement created or disclosed by instrument, including the terms and provisions thereof,  
Recorded : March 13, 1947, Reception No. 35133  
in Book 343, Page 346  
In favor of : The Pacific Telephone and Telegraph  
Company  
For : electric transmission and  
distribution purposes and incidents  
thereto
2. An easement created or disclosed by instrument, including the terms and provisions thereof,  
Recorded : June 25, 1986, Reception No. 86-  
23633  
In favor of : Robert L. Sandstrom, et al.  
For : roadway and utility purposes  
Affects: : a 20 foot strip of land running  
Northerly and Easterly from Tax Lot  
200 to the West end of Mahr Lane

## II. LILLEGREN PARCEL

Order No. 419452a5

1. An easement created or disclosed by instrument, including the terms and provisions thereof,  
Recorded : May 5, 1953, Reception No. 3088  
In favor of : United States of America  
For : transmission lines

### III. HOLTON 28 PARCEL

Order No. 419452a2

1. An easement created or disclosed by instrument, including the terms and provisions thereof,  
 Dated : May 17, 1948  
 Recorded : May 28, 1948, Reception No. 67668  
 in Book 374, Page 97  
 In favor of : United States of America  
 For : transmission lines  
 Affects : property in Section 10

**Exhibit "B"**  
**To**  
**Line of Credit Deed of Trust**  
**Page 2 of 7**

2. An easement created or disclosed by instrument, including the terms and provisions thereof,  
Dated : May 24, 1948  
Recorded : June 3, 1948, Reception No. 68041  
in Book 374, Page 337  
In Favor of : United States of America  
For : transmission lines  
Affects : property in Section 10
3. An easement created or disclosed by instrument, including the terms and provisions thereof,  
Dated : June 2, 1948  
Recorded : July 13, 1948, Reception No. 71200  
in Book 377, Page 279  
In Favor of : United States of America  
For : transmission lines  
Affects : the Southwest 1/4 of the Northwest 1/4; the Southeast 1/4 of the Northwest 1/4 and the Northwest 1/4 of the Northeast 1/4 in Section 11, and the South 1/2 of the Northeast 1/4 and Northwest 1/4 of the Southeast 1/4 of Section 10
4. An easement created or disclosed by instrument, including the terms and provisions thereof,  
Dated : April 2, 1960  
Recorded : May 27, 1960, Reception No. 509  
In favor of : United States of America  
For : access road and incidents thereto  
Affects : the Northwest 1/4 of the Northeast 1/4 of Section 11
5. An easement created or disclosed by instrument, including the terms and provisions thereof,  
Recorded : March 13, 1963, Reception No. 2968  
In favor of : United States of America  
For : transmission lines  
Affects : the Southwest 1/4 of the Northwest 1/4, the Southeast 1/4 of the Northwest 1/4 and the Northwest 1/4 of the Northeast 1/4 of Section 11, and the South 1/2 of the Northeast 1/4 and the North 1/2 of the Southeast 1/4 of Section 10

**Exhibit "B"**  
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6. An easement created or disclosed by instrument, including the terms and provisions thereof,  
 Recorded : April 9, 1963, Reception No. 6163  
 In Favor of : United States of America  
 For : roadway purposes and incidents thereto  
 Affects : the West 1/2 of the Northeast 1/4 of Section 11
  
7. An easement created or disclosed by instrument, including the terms and provisions thereof,  
 Dated : October 27, 1987  
 Recorded : October 28, 1987, Reception No. 87-47687  
 In favor of : Eugene Sand & Gravel, Inc.  
 For : roadway, aqueduct, water conduit or reservoir  
 Affects : Exact location cannot be determined from the information provided in the recorded easement instrument

**IV. BOLTON 20 PARCEL** Order No. 419452a3  
 None

**V. BELL MERCER PARCEL** Order No. 419452a4  
 None

**VI. TIMIAN PARCEL** Order No. 419452a  
 None

**VII. RED HILL PARCEL** Order No. 79934

1. PERPETUAL EASEMENTS for transmission lines and access roads owned by the United States of America, as disclosed in transcript of Final Decree recorded in Volume 266, Page 662 of the Deed Records of Douglas County, Oregon, Recorders No. 232275.



Exhibit "B"  
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2. ROAD AND WATER EASEMENT, including the terms and provisions therein contained,  
Grantee : City of Yoncalla  
Book : 315  
Recorders No. : 310696, records of Douglas County, Oregon
3. EASEMENT, including the terms and provisions therein contained,  
Grantee : Douglas Electric Cooperative, Inc.  
Book : 316  
Recorders No : 3110092, records of Douglas County, Oregon
4. RIGHT OF WAY EASEMENT, including the terms and provisions therein contained,  
Grantee : El Paso Natural Gas Company  
Book : 325  
Page : 693  
Recorders No : 325744, records of Douglas County, Oregon
5. PIPE-LINE EASEMENT, including the terms and provisions therein contained,  
Grantee : City of Yoncalla  
Book : 552  
Recorders No : 74-10813, records of Douglas County, Oregon
6. EASEMENTS, including the terms and provisions therein contained, by and between Barbara Holling, et al and Lane Plywood, Inc.  
Book : 719  
Page : 812  
Recorders No : 79-9031, records of Douglas County, Oregon
7. RESERVATION OF MINERALS, including the terms and provisions therein contained, as reserved by Barbara D. Holling, in instrument,  
Book : 821  
Page : 141  
Recorders No : 82-6243, records of Douglas County, Oregon

**Exhibit "B"**  
**To**  
**Line of Credit Deed of Trust**  
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8. **AGREEMENT**, including the terms and provisions therein contained by and between Northwest Pipeline Corporation and Lane Plywood, Inc.,
- |               |   |   |
|---------------|---|---|
| Book          | : | 889   |
| Page          | : | 528   |
| Recorders No. | : | 84-10101, records of Douglas County, Oregon |
- 9 **RIGHT OF WAY**, including the terms and provisions therein contained,
- |               |   |   |
|---------------|---|---|
| Grantee       | : | West Douglas Electric                       |
| Dated         | : | August 5, 1948                              |
| Recorded      | : | March 31, 1995                              |
| Book          | : | 1345  |
| Page          | : | 661   |
| Recorders No. | : | 95-06453, records of Douglas County, Oregon |

**VIII. ALLEN PARCEL**

1. **PERPETUAL EASEMENTS** for transmission lines and access roads owned by the United States of America, as disclosed in transcript of Final Decree recorded in Volume 266, Page 662 of the Deed Records of Douglas County, Oregon, Recorders No. 232275.
2. **ROAD AND WATER EASEMENT**, including the terms and provisions therein contained,
- |               |   |   |
|---------------|---|---|
| Grantee       | : | City of Yoncalla                          |
| Book          | : | 315                                       |
| Recorders No. | : | 310696, records of Douglas County, Oregon |
3. **EASEMENT**, including the terms and provisions therein contained,
- |              |   |  |
|--------------|---|--|
| Grantee      | : | Douglas Electric Cooperative, Inc.         |
| Book         | : | 316  |
| Recorders No | : | 3110092, records of Douglas County, Oregon |

Exhibit "E"  
To  
Line of Credit Deed of Trust  
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4. RIGHT OF WAY EASEMENT, including the terms and provisions therein contained,
 

Grantee	:	El Paso Natural Gas Company
Book	:	325
Page	:	693
Recorders No	:	325744, records of Douglas County, Oregon
  
5. PIPE-LINE EASEMENT, including the terms and provisions therein contained,
 

Grantee	:	City of Yoncalla
Book	:	552
Recorders No	:	74-10813, records of Douglas County, Oregon
  
6. EASEMENTS, including the terms and provisions therein contained, by and between Barbara Holling, et al and Lane Plywood, Inc.
 

Book	:	719
Page	:	812
Recorders No	:	79-9031, records of Douglas County, Oregon
  
7. RESERVATION of a one-half interest in all rights to all minerals, including the terms and provisions therein contained, as reserved by James Delton Allen, also known as Delton Allen and Eula E. Allen, husband and wife, in records of Douglas County, Oregon, Recorders No. 79-01531.
  
8. AGREEMENT, including the terms and provisions therein contained by and between Northwest Pipeline Corporation and Lane Plywood, Inc.,
 

Book	:	889
Page	:	528
Recorders No.	:	84-10101, records of Douglas County, Oregon
  
9. RIGHT OF WAY, including the terms and provisions therein contained,
 

Grantee	:	West Douglas Electric
Dated	:	August 6, 1948
Recorded	:	March 31, 1995
Book	:	1345
Page	:	661
Recorders No.	:	95-06458, records of Douglas County, Oregon

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10. Boundary Line Agreement and Deed between Lane Plywood, Inc., an Oregon corporation and Juniper Properties Ltd. Partnership, dated October 17, 1995, recorded October 23, 1995, in Book 1375, Page 841, Recorders Nos. 95-19764 and 95-19765, and recorded October 31, 1995 in Book 1377, Page 302, Recorders Nos. 95-20407 and 95-20408, records of Douglas County, Oregon.
11. UNRECORDED CONTRACT, including the terms and provisions therein contained, as disclosed by Memorandum of Contract:  
 Seller(s): James Delton Allen, also known as Delton Allen and Eula E. Allen, husband and wife  
 Buyer(s): Lane Plywood, Inc., an Oregon Corporation  
 Dated: January 18, 1979  
 Recorded: January 25, 1979  
 Book: 705  
 Page: 722  
 Recorder's No.: 79-01531, records of Douglas County, Oregon. (Affects Parcel Two)

C:\MPT\TEXT\BANK\CALIBS\11.197\MMTDA\WPD

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 1st day  
 of May A.D., 19 96 at 3:59 o'clock P M., and duly recorded in Vol. M96  
 of Mortgages on Page 12375.

By Bernetha G. Letsch, County Clerk

FEE \$265.00