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LINE OF CREDIT INSTRUMENT

**DEED OF TRUST, SECURITY AGREEMENT,
ASSIGNMENT OF RENTS, AND FIXTURE FILING**

COLLINS PRODUCTS LLC

Grantor

U. S. BANK OF WASHINGTON, N.A.

Trustee

UNITED STATES NATIONAL BANK OF OREGON

Beneficiary

The maximum principal amount to be advanced pursuant to the credit agreement secured by this line of credit instrument is \$45,000,000, consisting of a \$10,000,000 revolving loan and a \$35,000,000 term loan.

The term of the credit agreement secured by this line of credit instrument, exclusive of any option to renew or extend such term, expires June 30, 1997, with respect to the revolving loan and September 1, 2006, with respect to the term loan.

After Recording, Return to:

**Mr. Mark Johnson
Vice President
Oregon Corporate Banking
United States National Bank
of Oregon (T-4)
111 S.W. Fifth Avenue
Portland, Oregon 97204**

DEED OF TRUST, SECURITY AGREEMENT,
ASSIGNMENT OF RENTS, AND FIXTURE FILING

Dated: August 30, 1996

By: COLLINS PRODUCTS LLC, an Oregon limited liability company (the "Grantor"), whose address is 1618 S.W. First Avenue, Portland, Oregon 97201

To: U. S. BANK OF WASHINGTON, N.A., a national banking association ("Trustee"), whose address is 111 S.W. Fifth Avenue, Portland, Oregon 97204

In Favor of: UNITED STATES NATIONAL BANK OF OREGON, a national banking association ("Beneficiary"), whose address is c/o Oregon Corporate Banking (T-4), 111 S.W. Fifth Avenue, Post Office Box 4412, Portland, Oregon 97208

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to a \$35,000,000 Term Loan and \$10,000,000 Revolving Loan Agreement between Grantor and Beneficiary dated August 30, 1996 (the "Loan Agreement"), Grantor hereby irrevocably grants a security interest in, assigns, transfers, and conveys with power of sale in trust to Trustee for the benefit of Beneficiary all of the right, title, interest, and estate now existing or hereafter acquired, of Grantor in and to:

Certain real property located in Klamath and Lake Counties, Oregon (the "Land"), more particularly described in Exhibit A hereto (the Land, together with the Improvements, the Timber, the Appurtenant Rights and the Development Rights (as each is defined below), are hereinafter collectively referred to as the "Real Property");

Any and all buildings, structures, fixtures and improvements now or hereafter erected on or appurtenant to the Land including all machinery, attachments, appliances, and other equipment now or hereafter incorporated into or attached to such buildings, structures, fixtures and improvements, and all support and ancillary facilities, all roads and miscellaneous storage and parking areas, including all replacements and substitutions of and additions and accessions to the foregoing (collectively the "Improvements"), all of which shall be deemed and construed for purposes of this deed of trust, security agreement, assignment of rents, and fixture filing financing statement (the "Mortgage") to be a part of the Real Property;

All crops and all trees, timber, whether severed or unsevered and including standing and down timber, stumps and cut timber remaining on the Land, logs in log decks or otherwise, and other forest products, whether now located or hereafter planted, growing, or located in or on the Land (collectively referred to as the "Timber"); all agreements, contracts or arrangements whereby Grantor has granted, grants or will grant rights to other parties to cut, harvest or otherwise remove Timber from the Land, (the "Cutting Rights Agreements"), and all purchase orders, purchase and sale agreements or other arrangements whereby Grantor, as seller, is or may become obligated to cut, harvest or otherwise remove Timber (whether from the Land or elsewhere) and sell or deliver such Timber to third parties, (the "Purchase Orders"), and all agreements, contracts or arrangements whereby third parties have granted or will grant to Grantor the right to purchase, cut, harvest or otherwise remove Timber from property other than the Land and all rights of Grantor to purchase, cut, harvest or otherwise remove Timber from property other than the Land (the "Harvesting Contracts") (collectively the Timber Agreements); and all computer programs, records, and plans relating to the Timber or the Timber Agreements;

All leases, subleases, franchises, licenses, tenancies, concessions and rental, hiring and occupancy agreements (including all guarantees, modifications, amendments, supplements, replacements, renewals and extensions thereof) covering, affecting or connected with the use, hiring, occupancy, management, harvesting, maintenance or operation of the Land or any portion thereof now or hereafter existing; and all right, title and interest of Grantor thereunder including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature (collectively the "Leases");

All accounts, instruments, chattel paper, and other contract rights, now owned or hereafter acquired by Grantor relating to or arising from the Trust Property (as defined below), specifically including Grantor's rights under Plant Asset Purchase Agreement dated August 7, 1996, between Grantor and U. S. Timberlands Holdings Company, L.L.C.; the Asset Purchase Agreement between Weyerhaeuser Company and U. S. Timberlands Holdings Company, L.L.C., dated July 20, 1996; and the other instruments and contracts delivered thereunder and pursuant thereto;

All permits, entitlements, licenses, orders, approvals, exemptions, authorizations, certifications, franchises,

building permits, subdivision approvals, timber harvesting plan reviews and approvals, site plan reviews, environmental approvals (including an environmental impact statement or report if required under applicable law for Grantor's acquisition or disposition of the Land or harvesting of the Timber or otherwise), sewer and waste discharge permits, appropriative water 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 Real Property (collectively the "Authorizations");

All easements, rights-of-way and rights now owned or hereafter acquired by Grantor and used or usable in connection with or appurtenant to the Real Property, including, without limiting the generality of the foregoing, all easements, reciprocal easement agreements, rights and rights-of-way to enter, use, occupy and have access to all portions of the Real Property that may be located off the Land, if any, and all rights to the use of logging roads and common drive entries, and all tenements, hereditaments, easements and appurtenances of and to the Real Property, and all proceeds, rents, issues, royalties and profits therefrom (collectively the "Appurtenant 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");

All personal property now or at any time hereafter located on or used in connection with the Real Property;

All interests, estates or other claims, both in law and in equity, which Grantor now has or may hereafter acquire in the Real Property and all right, title and interest now owned or hereafter acquired by Grantor in and to any greater estate therein;

All other claims or demands, both in law and in equity, including claims or demands with respect to the proceeds of insurance, which Grantor now has or may hereafter acquire in the Real Property or any part thereof, and any and all awards heretofore or hereafter made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages or any

other damage to any part of the Real Property for which compensation shall be given by any governmental or quasi-governmental authority;

All present and future amendments, modifications, supplements, extensions and renewals to any of the contracts, agreements, arrangements, Authorizations, and rights described above, and all guaranties of the obligations of any third parties thereto (collectively the "Related Rights"); and

All revenues, rents, issues, profits, royalties, proceeds, income and other benefits derived from any of the Trust Property (as defined below), including without limitation all grazing fees, hunting fees, fishing fees, and firewood permit fees, all amounts paid under all agreements providing for the payment of royalties (including overriding royalties) derived from any part of the Trust Property, and all issues and profits from the sale or other disposition of Timber (collectively the "Rents").

The above-described real and other property is hereafter collectively called the "Trust Property."

This Deed of Trust is intended as a deed of trust, security agreement, assignment of rents and fixture filing to secure (a) payment to Beneficiary of the sum of \$45,000,000.00 (or so much thereof as may be disbursed), together with interest on the unpaid balance thereof, comprised of a \$35,000,000 term loan due September 1, 2006, and a \$10,000,000 revolving loan payable on demand (collectively, the "Debt"), in accordance with the promissory notes issued pursuant to the Loan Agreement (the "Notes"), as the same may be amended, modified, supplemented, extended or renewed from time to time, (b) payment of all other amounts payable and performance of all covenants and obligations of Grantor under this Deed of Trust, the Notes, that certain Commercial Security Agreement dated August 30, 1996, between Grantor and Beneficiary, or any other related agreement between Beneficiary and Grantor, (c) payment of all advances (such as for the payment of senior liens or taxes where necessary to protect the priority or value of the lien of this Deed of Trust) and reasonable out-of-pocket costs, expenses and inside and outside attorneys' fees (whether at trial or on appeal) incurred by Beneficiary in servicing and enforcing the Debt and all other obligations and liabilities of Grantor hereby secured and in reviewing, auditing, preserving, handling, protecting, collecting, foreclosing, disposing and otherwise realizing on any of the Trust Property, and (d) payment of any other present or future debts, liabilities or obligations of any kind or nature, direct or indirect, of Grantor to Beneficiary (the above

described obligations secured by this Deed of Trust are collectively referred to as the "Obligations").

To induce Beneficiary to make advances under the Notes, Grantor has represented and warranted and does hereby represent and warrant that (a) except as indicated in the title insurance policy insuring this deed of trust, Grantor is now the sole owner in fee simple absolute of the Real Property; (b) Grantor is now the sole owner of all the Timber, and the Timber is not subject to any lien, security interest, or any third-party cutting, removal or purchase rights; (c) Grantor has the unconditional right and authority to mortgage, grant a security interest in, and assign the Trust Property as provided herein, (d) the Trust Property is now free and clear of all liens, encumbrances and burdens of any kind or nature whatsoever except for those listed on the title insurance policy insuring this Deed of Trust; (e) to the best of Grantor's knowledge, the Real Property is in good condition and is free from all pests, blight, fungus, or disease which would materially impair the value thereof, (f) with de minimis exceptions, Grantor has legal and practical access to all Timber, (g) Grantor maintains membership in an Oregon Timber Fire Protection District or other forest protective association in which the Land is located, and has paid all fees or premiums as are required to maintain provision of fire protection services to the Land, (h) Grantor has the lawful right to cut and remove the Timber, and Grantor is not now subject to any fine, penalty, citation, notice to cease, or legal or administrative proceeding relating to the Timber or the harvest thereof, (i) upon the occurrence of an Event of Default (as defined in Section 17) and during the pendency of any foreclosure and judgment debtor redemption period, Grantor will not contest or dispute the right of Beneficiary to harvest and sell Timber or cause Timber to be harvested under cutting contracts with third parties from the Land and to apply the net proceeds thereof to the Debt.

Grantor hereby covenants and agrees as follows:

1. Covenant of Payment and Performance. Grantor will pay and perform the Obligations, specifically including, but not limited to, principal and interest and costs in accordance with the Notes, promptly when due, and will punctually and strictly perform all additional obligations, covenants and agreements that are contained in this Deed of Trust, the Commercial Security Agreement, the Notes, and any other applicable instrument or agreement between Beneficiary and Grantor. While the terms of the Notes and this Deed of Trust are intended to be complementary, in the event of any conflict in terms, the terms of the Notes shall control over any conflicting terms herein.

2. Payment of Lease Payments, Taxes and Liens. Grantor will (a) promptly pay and satisfy when due all ad valorem real property taxes and personal property taxes, timber taxes

(including harvesting privilege and severance taxes and estimates), and other material taxes, assessments and charges of every nature which may be levied or assessed upon or against the Real Property, or any part thereof, or any other Trust Property, and any future material taxes, assessments and charges which may hereafter be levied or assessed in lieu thereof; (b) promptly pay and satisfy amounts due and perform obligations required under any leases of the Trust Property, specifically including that certain lease under which Grantor is tenant, originally between Weyerhaeuser Company (as lessee) and Holliday Ranch, Inc., C.L. Holliday, Jr., and Margaret C. Holliday, dated October 17, 1969; and (c) promptly pay and satisfy as and when required all material logger's liens and other liens or encumbrances that are or might by operation of law or otherwise become a prior lien on the Real Property; provided, however, that Grantor shall not be deemed in default hereunder by reason of failure to pay any taxes, assessments, liens or other charges levied, assessed or imposed upon or against the Real Property when due and payable so long as Grantor is contesting such taxes, assessments, liens or charges in good faith by appropriate means and Grantor provides to Beneficiary assurances reasonably satisfactory to Beneficiary (including without limitation cash deposits or bonds) that Beneficiary's interest will not be jeopardized as a result of the contest.

3. Maintenance, Repair. Grantor (a) shall manage and operate the Land in accordance with good forest management practices and shall keep the Improvements in good condition and repair; (b) shall not remove, demolish or materially alter any of the Improvements (except logging roads), except with the prior written consent of Beneficiary; (c) shall complete promptly and in a good and workmanlike manner any Improvement (including roads and erosion control devices) now or hereafter constructed and 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; (d) shall not commit or permit any waste or deterioration of the Real Property; (e) shall not commit or suffer any strip or waste of the Real Property and shall not, except in the ordinary course of business, allow any third party to cut or remove any Timber from the Land.

4. Compliance with Laws. Grantor will promptly and fully comply in all material respects with all laws, ordinances, orders, rules, regulations, covenants, conditions and restrictions (including those relating to silviculture, land use and development, water rights and use, noise and pollution) now or hereafter affecting the Real Property or the use thereof or

the harvesting of Timber therefrom and, without thereby limiting the generality of the foregoing, Grantor will promptly (a) file all harvest and severance tax returns and estimates on proper forms, (b) file all fire protection, management and harvesting plans and reports prescribed by law, (c) comply with all orders and notices of the Department of Natural Resources or its delegates or agents, and (d) register all brands used by Grantor in the forest products brand register maintained by the Department of Natural Resources.

5. Hazardous Substances.

(a) Grantor agrees to provide written notice to Beneficiary immediately upon Grantor becoming aware that the Real Property or any adjacent property is being or has been contaminated with hazardous or toxic waste or substances. For purposes of this Deed of Trust, the term "hazardous or toxic waste or substances" means any substance or material defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term by any applicable federal, state or local statute, regulation or ordinance now or hereafter in effect.

(b) Grantor will indemnify and hold Beneficiary harmless from and against any and all claims, demands, damages, costs, expenses, losses, liens, liabilities, penalties, fines and lawsuits and other proceedings, (including attorneys' fees), arising directly or indirectly from or out of, or in any way connected with (i) the inaccuracy of the certifications contained herein or in any other document executed by Grantor in connection with the loan evidenced by the Notes, (ii) any activities on the Real Property during Grantor's ownership, possession or control of the Real Property which directly or indirectly result in the Real Property or any other property becoming contaminated with hazardous or toxic waste or substances, (iii) the discovery of hazardous or toxic waste or substances on the Real Property, or the discovery of hazardous or toxic waste or substances on any other property caused by activities on the Real Property, or (iv) the clean-up of hazardous or toxic waste or substances from the Real Property or the clean-up of hazardous or toxic waste or substances from any other property caused by activities on the Real Property. Grantor acknowledges that it will be solely responsible for all costs and expenses relating to the clean-up of hazardous or toxic waste or substances from the Real Property or from any other properties which become contaminated with hazardous or toxic waste or substances as a result of the contamination of or activities on the Real Property.

(c) Beneficiary and its representatives may enter the Real Property at any time for the purpose of conducting an environmental audit, committing only such injury to the Real Property as may be necessary to conduct the environmental audit.

Beneficiary shall not be required to remedy any such injury or compensate Grantor therefor. Grantor shall cooperate in all respects in the performance of the audit. Grantor shall pay the costs of any environmental audit if either a default exists under this Deed of Trust at the time Beneficiary arranges to have the audit performed or the audit reveals a default pertaining to hazardous substances. If Grantor refuses to permit Beneficiary or its representatives to conduct an environmental audit on the Real Property, Beneficiary may specifically enforce performance of this provision.

6. Timber Covenants. Grantor covenants as follows:

(a) Logging Operations. Grantor will conduct or cause to be conducted logging operations on the Land in a businesslike and efficient manner in accordance with modern and approved harvesting methods and harvest plans on file, and will keep and observe in all material respects all state and federal laws, rules and regulations now or hereafter applicable thereto, including, but not being limited to, the laws and regulations pertaining to the burning and disposal of slashing and debris, abatement of fire hazards, the leaving of seed trees, and the protection and conservation of forest and water resources. Grantor shall perform diligently all obligations for the restocking of the Land for future forest growth. Without limiting the generality of the foregoing, Grantor shall provide to Beneficiary copies of all plans for harvesting and operation that it is required by law to file, and any amendments, supplements, or replacements thereof.

(b) Utilization. Grantor will make every reasonable effort to secure the greatest practicable utilization of merchantable Timber in each harvest area of the Land, including without limitation varying lengths so as to secure the greatest practicable utilization of merchantable material. Grantor shall make every reasonable effort to protect all merchantable Timber from damage.

(c) Branding. Grantor will brand all logs harvested from the Land using only brands registered by Grantor with the Oregon Department of Forestry. Grantor represents that logs harvested from the Land will be identifiable in log decks and where otherwise located off the Land using Grantor's normal tagging system. Beneficiary's security interest in logs shall continue therein wherever located until the reasonable value thereof is paid to Beneficiary.

(d) Fire Suppression and Fire Precautions. Grantor will maintain membership in an Oregon Timber Fire Protection District or other forest protective association in which the Land is located and will pay such fees, premiums or assessments as are required to obtain such fire protection services. Grantor will

use all reasonable diligence and precaution to prevent and adequately protect against fires upon the Land and adjacent property, shall equip Grantor's engines, and cause other engines operating on the Land to be equipped with spark arresters, and, if necessary, shall use Grantor's logging crews to fight fires and to save the Real Property as well as all Timber thereon. In the event of any fire upon the Real Property, regardless of the cause or place of origin, Grantor covenant and agree to use all reasonable diligence to prevent and to minimize the loss therefrom, and also to salvage all down Timber as well as standing Timber killed by fire before any additional Timber is felled. Such salvage operations shall be conducted by Grantor in a reasonable and orderly fashion and as promptly as possible, taking into account Grantor's operations and capacities at the time such salvage operations are conducted.

(e) Wood Supply Agreement. Grantor will promptly and fully comply with all the terms and conditions of the Wood Supply Agreement between U. S. Timberlands Klamath Falls, L.L.C., and Grantor, entered into in connection with the acquisition of the Klamath Falls mill properties by Grantor, providing for the purchase and sale of timber.

7. Indemnification. Grantor shall protect, defend, indemnify and save harmless Beneficiary from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable attorneys' fees and expenses), imposed upon or incurred by or asserted against Beneficiary by reason of (a) ownership of this Deed of Trust, the Trust Property or any interest therein or receipt of any Rents; (b) any use, nonuse or condition in, on or about the Real Property or any part thereof, including without limitation the logging operations (including slashing disposal) of Grantor, or any of their agents, servants, employees, independent contractors, and successors or assigns, as the case may be, on the Real Property, (c) the patrol or protection of the Land from fire or pests, however caused and whether originating on the Land or any part thereof or spreading thereto from other lands, (d) the spread of fire from any part of the Real Property to other lands, (e) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Real Property or any part thereof or on adjacent property, streets or ways, (f) any failure on the part of Grantor to perform or comply with any of the terms of this Deed of Trust, and (g) performance of any labor or services or the furnishing of any materials or other property in respect of the Real Property or any part thereof. Any amounts payable to Beneficiary by reason of the application of this Section or Section 5 shall be secured by this Deed of Trust and shall become immediately due and payable and shall bear interest at the rate stated in the Notes until paid. The obligations and liabilities of Grantor under this Section and Section 5 shall survive any termination,

satisfaction, assignment, entry of a judgment of foreclosure or delivery of a deed in lieu of foreclosure of this Deed of Trust.

8. Production of Documents and Inspection Rights.

Grantor will afford Beneficiary and its agents and designees the right to enter upon and inspect the Real Property at all reasonable times and to inspect Grantor's records relating to the Real Property, Grantor's operations thereon, and removal of Timber therefrom, specifically including, but not limited to, all scaling reports.

9. Authorizations. Grantor shall not amend,

supplement, cancel, surrender, release, or waive any material Authorization issued to it and required for the management, cutting, harvesting or other disposition of the Timber, or any provision thereof, or permit any of the foregoing without the prior written consent of Beneficiary.

10. Required Insurance.

(a) Grantor will keep all improvements now or hereafter on the Real Property insured against loss or damage by fire with extended coverage endorsement by a responsible insurance company reasonably satisfactory to Beneficiary in an amount equal to the lesser of (a) the full replacement value of the improvements or (b) the outstanding principal balance of the debt hereby secured. The insurance policy shall name Grantor and Beneficiary insured parties as their respective interests may appear and provide that such insurance coverage will not be canceled without at least ten days' prior written notice having been given to Beneficiary. Grantor will give prompt notice to Beneficiary of any insured or uninsured casualty.

(b) Grantor shall at all times maintain or cause to be maintained (i) workers' compensation and employer's liability insurance, (ii) fire and casualty insurance on all material Improvements on an "all risks" basis with extended coverage, with loss payable to Beneficiary, pursuant to a standard form first mortgagee endorsement and/or lender's loss payable endorsement acceptable to Beneficiary, without contribution, substantially equivalent to the Oregon standard mortgagee endorsement, in amounts and with companies acceptable to Beneficiary, and (iii) such additional insurance covering such casualties, risks, perils, liabilities, losses, damage and other hazards as may be reasonably required by Beneficiary from time to time, in such amounts and with such companies and with such mortgagee clauses and lender's loss payable endorsements as may be reasonably required by Beneficiary from time to time.

(c) Certificates evidencing the insurance coverage required under this Deed of Trust or an original of such policies shall be maintained with Beneficiary at all times and such

certificates or policies shall provide for 30 days' notice to Grantor prior to any cancellation or material change of coverage.

(d) Grantor shall give prompt written notice to Beneficiary of the happening of any casualty to or in connection with the Real Property whether or not covered by insurance. To the extent Grantor receives any payment of insurance proceeds with respect to any Trust Property, unless otherwise provided in the Loan Agreement, such amounts shall be paid to Beneficiary and shall be applied to the Obligations.

11. Right of Beneficiary to Inspect and Cross Real Property. Beneficiary, its agents, and its designees shall have the right to inspect, cross and recross the Real Property at any time for any purpose as long as such does not unreasonably interfere with Grantor's operations. Grantor agrees that Beneficiary and its agents may use any roads now existing or hereafter constructed by Grantor at any time.

12. Transfer of Trust Property. The financial stability and managerial and operational ability of Grantor and of those persons or entities having a direct or beneficial interest in Grantor are a substantial and material consideration to Beneficiary in its agreements to make the loan evidenced by the Notes. Grantor understands that a transfer of the Trust Property or change in the person operating or managing the Trust Property may significantly and materially alter and reduce Beneficiary's security for the Obligations. Therefore, in order to induce Beneficiary to enter into the transactions secured hereby, Grantor hereby agrees that, in the event of (a) any transfer of the Trust Property or (b) the use, occupancy, management or operation of the Trust Property by a person other than Grantor (or its agents approved by Beneficiary) without the prior written consent of Beneficiary, Beneficiary shall have the absolute right at its option, by notice to Grantor, to declare all Obligations secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to the provisions of this Deed of Trust. As used herein, "transfer" includes the sale, agreement to sell, lease, transfer, hypothecation, conveyance or other disposition of the Trust Property, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Trust Property, or the lease of all or any substantial portion of the Trust Property or the sale or agreement to sell Timber or to allow the cutting or harvesting or other disposition of Timber other than in the ordinary course of business. "Transfer" shall also include the sale, agreement to sell, issuance, transfer, assignment, hypothecation, pledge,

conveyance or other disposition of the legal or beneficial ownership of any interest of any member Grantor, to the extent restricted in the Loan Agreement. Notwithstanding the foregoing, the Note evidencing the revolving loan is a demand note which may be called at any time for any or no reason.

13. Eminent Domain. (a) If any proceeding or action be commenced for the taking of all or any portion of the Trust Property for public or quasi-public use under the power of eminent domain, or all or any portion of the Trust Property be damaged or its value diminished by reason of any taking or any public improvement or any inverse condemnation, or should Grantor receive any notice or other information regarding such proceeding, action, taking or damage, Grantor shall give prompt written notice thereof to Beneficiary. Grantor shall have the right to commence, appear in and prosecute in its own name any such action or proceeding. Beneficiary shall be entitled at its option, without regard to the adequacy of its security, to join Grantor in any such action and, in any case involving a taking or damage in excess of \$100,000, to commence, appear in and prosecute in the name of Grantor or in its own name any such action or proceeding. Grantor may, upon written notice to Beneficiary, make any compromise or settlement in connection with such taking or damage not in excess of \$100,000. Grantor shall consult with Beneficiary in settling or compromising any such taking or damage for more than \$100,000 but less than the aggregate outstanding principal balance of the Notes, provided that Beneficiary may settle or compromise any such taking or damage after five business days' notice to Grantor. Grantor may settle or compromise any taking or damage for more than the aggregate outstanding principal amount of the Notes, provided that if Grantor has not settled or compromised such taking or damage within sixty (60) days after the occurrence thereof, then Beneficiary may settle or compromise such taking or damage after five business days' notice to Grantor. All compensation, awards, damages, rights of action and proceeds awarded with respect to the Trust Property by reason of any such taking or damage (including any sale in lieu of condemnation) (the "Condemnation Proceeds") are hereby assigned to Beneficiary, and Grantor agrees to execute such further assignments of the Condemnation Proceeds as Beneficiary may reasonably require.

(b) After deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including without limitation attorneys' fees, incurred by it in connection with any such action or proceeding, Beneficiary shall apply the net Condemnation Proceeds to the repayment of the outstanding balance of the Notes, together with accrued interest thereon, notwithstanding that said outstanding balance may not be due and payable, and of all Obligations of Grantor secured hereby. If there are Condemnation Proceeds remaining after repayment of the Notes and the

satisfaction of all Obligations in full, such remaining proceeds shall be paid to Grantor as Grantor may direct.

(c) Any expense incurred by Beneficiary in connection with the foregoing, and interest thereon at the rate in the Notes accruing from the date paid by Beneficiary until reimbursed by Grantor, shall be added to the indebtedness secured by this Deed of Trust and be a lien or charge on the Trust Property.

14. Security Agreement. This Deed of Trust is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code in effect in Oregon (the "UCC"). The Trust Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Grantor in the Trust Property. By executing and delivering this Deed of Trust, Grantor has granted and hereby grants to Beneficiary, as security for the Obligations, a security interest in the Trust Property to the full extent that the Trust Property may be subject to the UCC (such portion of the Trust Property and any other collateral granted under the Commercial Security Agreement so subject to the UCC is hereinafter referred to as the "Personal Property"). So long as an Event of Default shall not have occurred and be continuing, Grantor may have possession of that portion of the Personal Property in which a security interest may be perfected by filing or recording and use it in any lawful manner not inconsistent with this Deed of Trust, the Notes, the Commercial Security Agreement, or any related agreement between the parties. Upon the occurrence and continuation of an Event of Default, Beneficiary shall, in addition to any other rights and remedies which it may have under this Deed of Trust, the Notes, or the Commercial Security Agreement, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing, the right to take possession of the Personal Property or any part thereof, and to take such other measures as Beneficiary may deem necessary for the care, protection and preservation of the Personal Property. Upon request or demand of Beneficiary, Grantor shall at its expense assemble the Personal Property and make it available to Beneficiary at a convenient place acceptable to Beneficiary. Grantor shall pay to Beneficiary on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Beneficiary in protecting the interest in the Personal Property and in enforcing the rights hereunder with respect to the Personal Property. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personal Property sent to Grantor in accordance with the provisions hereof at least ten (10) days prior to such action, shall constitute commercially reasonable notice to Grantor. The proceeds of any disposition of the Personal Property, or any part thereof, may be applied by Beneficiary to the payment of the Debt in such

priority and proportions as Beneficiary in their discretion shall deem proper.

15. Fixture Filing. The Trust Property shall, to the extent permitted by applicable law, be considered to be real property and forming the Real Property hereby conveyed. To the extent that any part of the Real Property is not so considered but is held to be Personal Property subject to the UCC, this Deed of Trust shall also constitute a financing statement between Grantor (as debtor) and Beneficiary (as secured party), and shall be effective as a financing statement filed as a fixture filing under the UCC from the date of its filing in the real estate records of the county in which the Land is located.

16. Assignment of Rents.

(a) Assignment. Grantor hereby presently assigns and transfers over to Beneficiary all of its right, title, and interest now owned or hereafter acquired in and to all Rents derived by Grantor from the Trust Property, including without limitation all Rents under all agreements providing for the payment to Grantor of royalties (including overriding royalties) derived from any part of the Real Property, all Rents from the lease, sale, or other disposition of any or all of the Trust Property (the Trust Property subject to this assignment is hereinafter referred to as the "Assigned Agreements"). This assignment of Rents is intended to be an absolute assignment from Grantor to Beneficiary and not merely the passing of a security interest; provided, however, that unless and until the occurrence and continuation of an Event of Default, Grantor shall have a license to collect all Rents then due and payable to it.

(b) Rights Included in Assignment. The foregoing assignment includes, without limitation, all rights of Grantor:

(i) to demand, sue for and receive payment of the Rents and all awards in lieu thereof made in any bankruptcy, insolvency or reorganization proceedings;

(ii) to sue for and receive damages payable to Grantor upon termination of any of the Assigned Agreements;

(iii) to sue for and receive damages arising upon default by the other party to any of the Assigned Agreements;

(iv) to cure any defaults by Grantor under the Assigned Agreements; and

(v) to give or receive any notice, consent, waiver or approval under the Assigned Agreements, to

exercise any election or option thereunder or in respect thereof, or any release or other instrument, and to do any and all other things Grantor is entitled to do under the Assigned Agreements.

(c) Grantor's Rights Prior to Event of Default.

Unless and until the occurrence and continuance of an Event of Default, Grantor shall have the right, subject to the provisions of this Deed of Trust or the Notes, to exercise all rights under or with respect to the Assigned Agreements, including the right to receive and collect all Rents, provided that in any event all Rents received or collected by Grantor after the occurrence of and during an Event of Default shall be paid to Beneficiary or its designee. Notwithstanding anything to the contrary contained herein, neither Grantor may amend, modify, supplement, surrender, terminate or cancel any Assigned Agreement or waive, release or discharge any right or claim thereunder or permit any of the foregoing whether or not an Event of Default shall have occurred, without the prior written consent of Beneficiary.

(d) Extent of Beneficiary's Obligations.

(i) Beneficiary Not Responsible Prior to Exercise of Rights. It is expressly understood and agreed by Grantor that unless and until Beneficiary exercises its rights to enter upon and take possession of the Real Property as provided in this Deed of Trust, (1) Beneficiary does not assume any of Grantor's obligations concerning any Assigned Agreement, (2) nothing contained herein shall obligate Beneficiary to perform any of the agreements, covenants or obligations contained in any Assigned Agreement or otherwise impose any obligation upon Beneficiary with respect to any Assigned Agreement, and (3) this assignment shall not place upon Beneficiary any responsibility for the operation, control, care, or management of the Real Property or any portion thereof, it being understood and agreed by Grantor that all responsibility for the operation, control, care, or management of the Real Property shall be that of Grantor prior to the exercise by Beneficiary of its rights of entry and possession under this Deed of Trust.

(ii) Grantor Remains Responsible. Notwithstanding any other provision contained in this Deed of Trust, (1) Grantor shall at all times remain liable under the Assigned Agreements to perform, and shall perform, all of its obligations thereunder to the same extent as if this Deed of Trust had not been executed, (2) the exercise by Beneficiary of any of the rights assigned hereunder shall not release Grantor from any of its obligations under any Assigned Agreement, this Deed of Trust, the Notes, or the Commercial Security Agreement, (3) Beneficiary shall be under no obligation to cure any default of Grantor under any Assigned

the terms of, and/or renew then-existing Assigned Agreements, and/or to make concessions to parties to the Assigned Agreements. Grantor hereby releases, waives and discharges all claims of any kind or nature against Beneficiary arising out of such use, management, operation and maintenance, possession, or by virtue of this assignment, excepting the liability of Beneficiary to account as hereinafter set forth and excepting claims arising from Beneficiary's gross negligence or willful misconduct. Upon such entry pursuant to this assignment, Beneficiary shall, after payment of all proper charges and expenses, including, without limitation, reasonable compensation to such manager as it may select and employ, and after the accumulation of a reasonable reserve to meet foreseeable operating expenses payable in connection with the Real Property, credit the net amount of the Rents received by it by virtue of this assignment to any amounts due and owing to Beneficiary by Grantor under the terms of this Deed of Trust, the Commercial Security Agreement, or the Notes. Beneficiary shall not be accountable for more moneys than it actually receives from the Real Property, and shall not be liable for failure to collect Rents.

(iii) No Cure of Default. The exercise of any of the foregoing rights or remedies by Beneficiary shall not cure or waive any Event of Default or waive, modify or affect any notice of Event of Default under any of the foregoing, invalidate any act done pursuant to any such notice, or constitute a waiver of any of the remedies of Beneficiary set forth in this Deed of Trust, in the Notes, in the Commercial Security Agreement, or any other related agreement between the parties.

(f) Assignment upon Foreclosure. Beneficiary is hereby authorized, but not required, to assign the Assigned Agreements with or without consideration to any person claiming title to the Real Property or any part thereof by virtue of foreclosure proceedings under this Deed of Trust; to sell the same with the Real Property in the event of a foreclosure of this Deed of Trust by power of sale or otherwise as though the Assigned Agreements had been assigned in and by this Deed of Trust; and to assign the Assigned Agreements with or without consideration to or for the benefit of anyone who purchases the Notes and to whom this Deed of Trust is assigned; provided, that after a foreclosure of this Deed of Trust, no such assignee of Grantor's interest in the Assigned Agreements shall be liable to account to Grantor for any Rents thereafter accruing.

(g) No Impairment of Benefits. Grantor covenants not to do any act which would destroy or impair the benefits to Beneficiary of this assignment.

Agreement nor be liable for such default, and

(4) Beneficiary shall not be bound by any payment to Grantor of Rent under any Lease for more than one month in advance.

(e) Remedies Upon Event of Default. Upon and during the occurrence of any Event of Default, Beneficiary may exercise any one or more of the following remedies (in addition to those remedies set forth in Section 18, to the extent permitted by law):

(i) Entry by Beneficiary. At its option, to be exercised by written notice by Beneficiary to Grantor, Beneficiary may enter upon the Real Property (and Grantor immediately after demand by Beneficiary shall surrender possession of the Real Property to Beneficiary) and collect in the name of Grantor or in Beneficiary's own name the Rents accrued but unpaid and in arrears at the date of the Event of Default, as well as the Rents thereafter accruing and becoming payable during the continuance of the Event of Default and observe, perform and discharge all of the obligations agreed to be performed by, or imposed upon, Grantor under the Assigned Agreements, and/or perform all acts which Beneficiary deems necessary or advisable in its sole discretion to protect the benefits and security thereof. To this end, Grantor hereby irrevocably authorize and direct each person who shall be a party to or liable for the performance of any of the Assigned Agreements, upon written notice from Beneficiary after the occurrence of an Event of Default, to attorn to Beneficiary as owner of the Assigned Agreements and to pay Rents to, and to observe and perform the obligations under the Assigned Agreements to or for, Beneficiary or its designee and accept performance of same from Beneficiary or its designee as though Beneficiary were the party named in the Assigned Agreements. Grantor hereby irrevocably constitutes and appoints Beneficiary as its attorney-in-fact, with full power of substitution, which power is coupled with an interest, upon the occurrence and during the continuation of an Event of Default, acting in Beneficiary's own name, to enforce and carry out the foregoing rights.

(ii) Management by Beneficiary. Grantor also hereby authorizes Beneficiary upon the occurrence and during the continuance of an Event of Default, at Beneficiary's option, to assume the management, operation and maintenance of the Real Property and to perform all acts Beneficiary in its sole discretion deems necessary and proper and to expend such sums out of Rents as may be needed in connection therewith, in the same manner and to the same extent as Grantor might have done, including, without limiting the generality of the foregoing, the right to effect new Assigned Agreements, to cancel, surrender, alter or amend

the terms of, and/or renew then-existing Assigned Agreements, and/or to make concessions to parties to the Assigned Agreements. Grantor hereby releases, waives and discharges all claims of any kind or nature against Beneficiary arising out of such use, management, operation and maintenance, possession, or by virtue of this assignment, excepting the liability of Beneficiary to account as hereinafter set forth and excepting claims arising from Beneficiary's gross negligence or willful misconduct. Upon such entry pursuant to this assignment, Beneficiary shall, after payment of all proper charges and expenses, including, without limitation, reasonable compensation to such manager as it may select and employ, and after the accumulation of a reasonable reserve to meet foreseeable operating expenses payable in connection with the Real Property, credit the net amount of the Rents received by it by virtue of this assignment to any amounts due and owing to Beneficiary by Grantor under the terms of this Deed of Trust, the Commercial Security Agreement, or the Notes. Beneficiary shall not be accountable for more moneys than it actually receives from the Real Property, and shall not be liable for failure to collect Rents.

(iii) No Cure of Default. The exercise of any of the foregoing rights or remedies by Beneficiary shall not cure or waive any Event of Default or waive, modify or affect any notice of Event of Default under any of the foregoing, invalidate any act done pursuant to any such notice, or constitute a waiver of any of the remedies of Beneficiary set forth in this Deed of Trust, in the Notes, in the Commercial Security Agreement, or any other related agreement between the parties.

(f) Assignment upon Foreclosure. Beneficiary is hereby authorized, but not required, to assign the Assigned Agreements with or without consideration to any person claiming title to the Real Property or any part thereof by virtue of foreclosure proceedings under this Deed of Trust; to sell the same with the Real Property in the event of a foreclosure of this Deed of Trust by power of sale or otherwise as though the Assigned Agreements had been assigned in and by this Deed of Trust; and to assign the Assigned Agreements with or without consideration to or for the benefit of anyone who purchases the Notes and to whom this Deed of Trust is assigned; provided, that after a foreclosure of this Deed of Trust, no such assignee of Grantor's interest in the Assigned Agreements shall be liable to account to Grantor for any Rents thereafter accruing.

(g) No Impairment of Benefits. Grantor covenants not to do any act which would destroy or impair the benefits to Beneficiary of this assignment.

(h) Enforcement and Performance. Grantor shall at all times diligently enforce or cause to be enforced its rights in, and the obligations of the other parties to, the Assigned Agreements and shall promptly perform all of the obligations of Grantor under the Assigned Agreements and shall give prompt notice to Beneficiary of any claim made by any other party thereto that Grantor has failed to perform any such obligation and shall promptly deliver to Beneficiary copies of all notices, demands, complaints, or other communications received or given by Grantor in connection with the Assigned Agreements, unless otherwise directed by Beneficiary in writing, and shall, at Grantor's sole cost and expense, appear in and defend Beneficiary in any action or proceeding in any way connected with any of the Assigned Agreements (unless relating to the claim of any person claiming solely by, through or under Beneficiary) and shall pay all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, which Beneficiary, may incur in connection with Beneficiary's appearance, voluntarily or otherwise, in any such action or proceeding (unless relating to any such claim).

17. Events of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" under this Deed of Trust:

(a) if any substantial part of the Timber or the Improvements is destroyed or damaged as a result of which the security value of the Real Property is materially reduced;

(b) if Grantor fails to make any of the payments on the Notes when due (including any grace period given in the Loan Agreement or the Notes), whether on demand at stated maturity, by acceleration, or otherwise;

(c) if Grantor sells or transfers the Trust Property or any part thereof in violation of Section 12 hereof;

(d) if any representation or warranty made by Beneficiary in this Deed of Trust shall prove to have been incorrect in any material respect when made;

(e) if Grantor shall breach or fail to observe or perform any covenant or agreement set forth in this Deed of Trust and such failure or breach shall continue for 30 days after the earlier of (i) notice by Beneficiary to Grantor, or (ii) actual knowledge thereof by Grantor, provided that if the failure of performance or nonobservance does not involve the payment of money and cannot reasonably be remedied within 30 days, such period will be extended for such period (but not more than twice during the same calendar year for the same or any related nonobservance or

nonperformance) as Grantor is diligently seeking to complete such performance or observance;

(f) except as permitted in Section 2, if the Real Property becomes subject to any mechanic's, materialman's or other lien (other than a lien for local real estate taxes and assessments not then due and payable) and such lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days; or

(g) an event of default shall occur under the Loan Agreement.

18. Remedies. TIME IS OF THE ESSENCE. Without limiting the demand nature of the Note evidencing the revolving loan, upon the occurrence of any one or more Events of Default, Beneficiary may, in addition to any or all other rights or remedies available under this Deed of Trust (including without limitation those set forth under Section 16) or under the Notes and to the extent permitted by applicable law, take such action personally or by its agents or attorneys, with or without entry, and without notice, demand, presentment or protest (each and all of which are hereby waived), as it deems necessary or advisable to protect and enforce its rights and remedies against Grantor and in and to the Trust Property, including the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Beneficiary may in its sole discretion determine, without impairing or otherwise affecting its other rights or remedies:

(a) declare the entire balance of the Debt to be immediately due and payable, and upon any such declaration, the entire unpaid balance of the Debt shall become and be immediately due and payable, without presentment, demand, protest, notice of protest, notice of intention to accelerate, notice of acceleration, or further notice of any kind, all of which are hereby expressly waived by Grantor;

(b) institute a proceeding or proceedings, judicial or otherwise, for the complete or partial foreclosure of this Deed of Trust or the complete or partial sale of the Trust Property under any power of sale contained under any applicable provision of law;

(c) institute an action, suit or proceeding in equity for the specific performance of any of the provisions contained in the Notes, this Deed of Trust, the Commercial Security Agreement, and any other related agreement between the parties;

(d) apply for the appointment of a receiver, custodian, trustee, liquidator or conservator of the Trust Property to be vested with the fullest powers permitted under applicable law, as a matter of right and without regard to, or the necessity to disprove, the adequacy of its security or the solvency of Grantor or any other person liable for the payment of the Debt, and Grantor and each other person so liable waives or shall be deemed to have waived such necessity and consents or shall be deemed to have consented to such appointment;

(e) either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, by notice to Grantor, enter upon and take possession of the Trust Property or any part thereof in its own name and exclude Grantor and all persons claiming under Grantor whose claims are junior to this Deed of Trust, wholly or partly therefrom, without liability for trespass and without interference from Grantor, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Property, increase the income therefrom or protect the security thereof, including without limitation (i) insuring or reinsuring the Trust Property, (ii) making all necessary or proper repairs, renewals, replacements, alterations, additions, betterments, and improvements on and to the Real Property, and (iii) in connection with the foregoing, exercising all rights and powers of Grantor with respect to the Trust Property, either in Grantor's name or otherwise; and, with or without taking possession of the Trust Property, sue for or otherwise collect the Rents thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including, without limitation, attorneys' fees, to any Obligations. The entering upon and taking possession of the Trust Property and the collection of Rents and application thereof shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default. In the event that Beneficiary shall exercise any of the rights or remedies set forth in this subsection or in Section 16(e), (1) Beneficiary shall not be deemed to have entered upon or taken possession of the Real Property except upon the exercise of its option to do so, evidenced by its demand and overt act for such purpose, nor shall it be deemed a Beneficiary or mortgagee in possession by reason of such entry or taking of possession, and (2) Beneficiary shall not be liable to account for any action taken pursuant to any such exercise other than for Rents actually received by Beneficiary, and shall not be liable for any other act or omission of Beneficiary except to the extent such loss is

caused by the willful misconduct or bad faith of Beneficiary;

(f) release any portion of the Trust Property for such consideration as Beneficiary may require without, as to the remainder of the Trust Property, in any way impairing or affecting the lien or priority of this Deed of Trust, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Debt shall have been reduced by the actual monetary consideration, if any, received by Beneficiary for such release and applied to the Debt; and accept by assignment, pledge or otherwise any other property in place thereof as Beneficiary may require without being accountable for so doing to any other lienholder;

(g) for any Event of Default described in subsections 17(e) through (g), Beneficiary shall have the option, but not the obligation, to procure insurance, pay taxes, assessments, charges, or liens, comply with any government ordinance, law, or requirement, or perform other obligations of Grantor, if Beneficiary reasonably believes that such procurement, payment, compliance, or performance is necessary to preserve the value or priority of the mortgage lien and security interest herein granted. The amount of such payment or cost of such procurement or performance, together with interest thereon at the rate provided for in the Notes, shall be immediately due and payable by Grantor to Beneficiary and secured by the lien of this Deed of Trust;

(h) with respect to all Personal Property, have all of the rights and remedies of a secured party under the UCC;

(i) immediately take possession of the Real Property upon foreclosure, to which Beneficiary hereby expressly consents;

(j) elect to foreclose this Deed of Trust pursuant to the power of sale contained herein, as provided by law; or

(k) take any other action, or pursue any other right or remedy, as Beneficiary may have under applicable law, including, without limitation, the right to pursue a deficiency judgment, which Grantor do hereby grant to Beneficiary.

Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify

Trustee and shall deposit with Trustee this Deed of Trust and the Notes and such receipts and evidence of expenditures made and secured hereby as Trustee may require. Upon receipt of such notice from Beneficiary, Trustee shall cause to be given such notice of default as then required by law. Trustee shall, without demand on Grantor, after lapse of such time as may then be required by law and after notice of sale having been given as required by law, sell the Trust Property at the time and place of sale fixed by it in such notice of sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Grantor or Beneficiary, may purchase at such sale. After deducting all costs, fees and expenses of Trustee and of this trust, including costs of evidence of title and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest, all other sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

19. Power of Attorney. Grantor does hereby irrevocably appoint Beneficiary as its attorney-in-fact, with full power of substitution, upon the occurrence and during the continuation of an Event of Default, to execute any document or instrument, including any proofs of claim, to endorse any draft or other instrument for the payment of money, to execute releases, to negotiate settlements, to cancel any insurance referred to herein and to do all other things necessary or required to effect a settlement under any insurance policy or to take any action or perform any obligation or enforce any right with respect to the Trust Property which Grantor would have the right or power to do, all of which actions may be taken in Beneficiary's own name. Beneficiary agrees to give Grantor notice of any actions it has taken pursuant to its appointment as attorney-in-fact within a reasonable time after such action is taken, it being understood that the failure to give such notice will not revoke Beneficiary's appointment as attorney-in-fact or invalidate any actions taken in such capacity. This power of attorney is a power coupled with an interest which cannot be revoked until payment in full of the whole amount then due and unpaid of the indebtedness and other Obligations of Grantor to Beneficiary.

20. Satisfaction of Debt and Other Obligations. If Grantor shall pay and perform the Debt and other obligations

hereby secured promptly when due, then this conveyance shall be void, but otherwise it will remain in full force and effect as a mortgage and security agreement to secure (i) repayment to Beneficiary of amounts due under the Notes, the Commercial Security Agreement, or this Deed of Trust and (ii) the performance of the covenants and agreements contained in this Deed of Trust, the Notes and the Commercial Security Agreement. Upon such payment and performance and provided that no claim by Beneficiary against Grantor under any indemnification clause is then existing and outstanding, Beneficiary shall execute a release of the lien and a termination of the security interest created hereby in proper form for recordation and filing.

21. Miscellaneous.

(a) Additional Acts. Grantor covenants and agrees to take all such actions, including the execution, delivery, and recordation of additional documents and instruments, as, in the opinion of counsel to Beneficiary, are necessary or desirable to perfect, continue and renew the liens created by this Deed of Trust.

(b) No Waiver. No covenant, agreement or condition of this Deed of Trust shall be deemed waived unless expressly waived in writing by Beneficiary. The failure of Beneficiary at any time to require strict performance by Grantor of any covenant, agreement or condition shall not estop or otherwise affect Beneficiary's right to enforce the same nor shall any acceptance of partial payment on account, waiver or forbearance by Beneficiary be held to be a waiver of Grantor's default or the covenant, agreement or condition itself or any future failure to perform the same.

(c) Payment of Costs and Fees upon Foreclosure. In the event civil action is instituted to foreclose this Deed of Trust and security agreement, which results in judgment against Grantor, Grantor agrees to pay all costs and disbursements allowed by law and such sum as the trial judge or appeal court may adjudge reasonable as attorneys' fees in such action, together with reasonable costs incurred by Beneficiary for title reports and title search, all such sums to be secured by the lien of this Deed of Trust and included in the decree of foreclosure.

(d) Other Foreclosure Matters. As a material inducement to Beneficiary to make the loan secured by this Deed of Trust, Grantor covenants and agrees that Beneficiary, either directly or through a receiver appointed by a judge of the court of general jurisdiction for the county in which the Land or Timber is located, may, during the period of foreclosure and any statutory redemption period, take possession of the Real Property upon the occurrence of an Event of Default (whether or not the apparent value of the Real Property exceeds the alleged debts and

liabilities of Grantor to Beneficiary), construct roads and sever, harvest and sell the Timber, collect the proceeds therefrom and apply the same, after payment of costs, charges and expenses, to the payment of the Obligations. Any receiver appointed may serve without bond and may be an employee or designee of Beneficiary.

(e) Notices. Any notices or consents required or permitted by this Deed of Trust shall be in writing and shall be deemed to have been given or made when (a) actually received, (b) telecopied to the telecopy number set forth below, with copies contemporaneously deposited in the United States mail to the address set forth below, with postage prepaid, or (c) if sent by certified mail, postage prepaid, return receipt requested, upon the earlier of actual receipt or five (5) days after mailing. Mailed notices shall be addressed as follows, unless such address is changed by written notice hereunder:

(A) If to the Grantor as follows:

Collins Products LLC
1618 S.W. First Avenue, Suite 300
Portland, Oregon 97201
Attention: James Quinn
Telecopy Number: (503) 227-5349

With copies to:

Stoel Rives LLP
900 S.W. Fifth Avenue, Suite 2300
Portland, Oregon 97204
Attention: Mark Norby
Telecopy Number: (503) 220-2480

(B) If to the Beneficiary:

United States National Bank of Oregon
Oregon Corporate Banking, T-4
111 S.W. Fifth Avenue
Post Office Box 4412
Portland, Oregon 97208
Attention: Mark C. Johnson
Telecopy Number: (503) 275-5795

With copies to:

Miller, Nash, Wiener, Hager & Carlsen LLP
3500 U.S. Bancorp Tower
111 S.W. Fifth Avenue
Portland, Oregon 97204-3699
Attention: Michael E. Arthur
Telecopy Number: (503) 224-0155

(f) Headings. The headings of sections of this Deed of Trust are intended for convenience only and shall not in any way affect the meaning or construction of any provision of this Deed of Trust.

(g) Amendment and Modification. No amendment, modification, termination, or waive of any provision of this Deed of Trust or consent to any departure by Grantor therefrom, shall be effective unless in writing and signed by Beneficiary.

(h) Severability. If any provision (or application of any such provision) under this Deed of Trust shall be invalid, illegal or unenforceable under any circumstances or in any jurisdiction, the validity, legality and enforceability of any other application of such provision or of the remaining provisions shall not in any way be affected or impaired thereby.

(i) Successors and Assigns. This Deed of Trust, and the warranties, covenants and agreements made herein, shall bind Grantor and its successors and assigns and inure to the benefit of Beneficiary and its successors and assigns. Grantor's rights or any interest of Grantor hereunder may not be assigned without the prior written consent of Beneficiary.

(j) Further Assurances. Grantor hereby agrees to do or to cause to be done such further acts and things and to execute and deliver or to cause to be executed and delivered such additional assignments, agreements, powers and instruments, as Beneficiary may reasonably require to carry into effect the purposes of this Deed of Trust or better to assure and confirm unto Beneficiary the rights, powers and remedies granted to it hereunder.

(k) Inspections and Appraisals. Beneficiary or its agents may enter upon the Real Property at any reasonable times to inspect or appraise it, whether or not any default exists hereunder. If Grantor refuses to permit such inspection or appraisal, Beneficiary may specifically enforce performance of this provision. Grantor agrees to pay the cost of all appraisals required by Beneficiary (not to exceed two per calendar year) (a) to comply with (i) any applicable statute or regulation, or (ii) the request or directive (whether or not having the force of law) of any regulatory authority with jurisdiction over Beneficiary, (b) to comply with Beneficiary's policies concerning appraisals, or (c) at any time after the occurrence of an event of default. All such appraisal costs shall become a part of the indebtedness secured hereby and shall be payable on demand, together with interest thereon at the highest rate applicable to any such indebtedness.

(l) Counterparts. This Deed of Trust may be executed in several original counterparts. To facilitate filing and

recording, there may be omitted from certain counterparts the specific descriptions of certain parts of the Trust Property which relate to land under the jurisdiction of offices or located in cities, towns or counties other than the office or city, town or county in which the particular counterpart is to be filed or recorded. Each counterpart shall be deemed to be an original for all purposes, and all counterparts shall together constitute but one and the same instrument; provided, however, Beneficiary shall also have the option to exercise all rights and remedies available to Beneficiary hereunder and under applicable law as though each counterpart hereof were a separate mortgage, or other security instrument covering only the portions of the Trust Property located in the city, town or county wherein such counterpart is recorded.

IN WITNESS WHEREOF Grantor has executed this Deed of Trust as of the date first above written.

COLLINS PRODUCTS LLC

By: OSTRANDER RESOURCES COMPANY, a member

By: James E. Quinn

Title: President

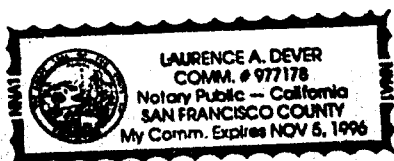
By: FREMONT LUMBER COMPANY, a member

By: James E. Quinn

Title: President

STATE OF CALIFORNIA) SS
COUNTY OF SAN FRANCISCO

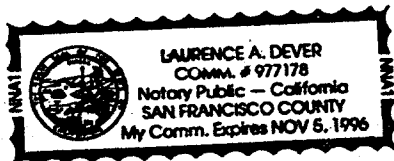
The foregoing instrument was acknowledged before me this 28th day of August, 1996, by JAMES E. QUINN, as PRESIDENT of Ostrander Resources Company, a member of Collins Products LLC, an Oregon limited liability company.



Laurence A. Dever
Notary Public for CALIFORNIA
My commission expires: 11/5/96

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO

The foregoing instrument was acknowledged before me
this 28th day of AUGUST, 1996, by JAMES E. QUINN,
as PRESIDENT of Fremont Lumber Company, a member of Collins
Products LLC, an Oregon limited liability company.



Laurence A. Dever
Notary Public for CALIFORNIA
My commission expires: 11/5/96

L3445

EXHIBIT A

In the County of Lake, State of Oregon, as follows:

Parcel No. 1

Township 38 South, Range 20 East of the Willamette Meridian,

Section 13: The E $\frac{1}{2}$;
the E $\frac{1}{2}$ of the SW $\frac{1}{4}$.
Section 23: The S $\frac{1}{2}$ of the NE $\frac{1}{4}$;
the S $\frac{1}{2}$.

Section 24: The N $\frac{1}{2}$ of the NE $\frac{1}{4}$.

Section 25: The SW $\frac{1}{4}$ of the NW $\frac{1}{4}$

EXCEPTING THEREFROM that parcel conveyed to the State of Oregon, by and through its Department of Transportation, Highway Division, in deed recorded June 26, 1989, in Book 212 at Page 688, Deed Records;
the SW $\frac{1}{4}$.

Section 35: The E $\frac{1}{2}$;
the S $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$;
the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$.
Section 36: The SW $\frac{1}{4}$ of the NE $\frac{1}{4}$;
the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the S $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the S $\frac{1}{2}$.

Township 38 South, Range 21 East of the Willamette Meridian,

Section 17: The SW $\frac{1}{4}$;
the S $\frac{1}{2}$ of the SE $\frac{1}{4}$.

Section 18: Government Lots 1, 3, 4 and 5;
the W $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the S $\frac{1}{2}$ of the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the E $\frac{1}{2}$ of the SW $\frac{1}{4}$;
the W $\frac{1}{2}$ of the SE $\frac{1}{4}$.

Section 19: All.

Section 20: All.

Section 21: The NW $\frac{1}{4}$ of the NE $\frac{1}{4}$;
the S $\frac{1}{2}$ of the NE $\frac{1}{4}$;
the NW $\frac{1}{4}$;
the S $\frac{1}{2}$.

Section 23: All.

Section 24: All.

Section 25: All.

L3445

EXHIBIT A

Township 38 South, Range 21 East of the Willamette Meridian,

Section 26: All.
Section 27: All.
Section 28: All.
Section 29: All.
Section 32: The SE $\frac{1}{4}$ of the NE $\frac{1}{4}$.

Township 38 South, Range 21 East of the Willamette Meridian,

Section 33: All.
Section 34: The NW $\frac{1}{4}$;
the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$.
Section 35: The N $\frac{1}{2}$.

Township 38 South, Range 22 East of the Willamette Meridian,

Section 1: Government Lots 3 and 4;
the S $\frac{1}{2}$ of the NW $\frac{1}{4}$.
Section 7: The E $\frac{1}{2}$;
Government Lots 3 and 4;
the E $\frac{1}{2}$ of the SW $\frac{1}{4}$.
Section 8: All.
Section 9: The NW $\frac{1}{4}$ of the NE $\frac{1}{4}$;
the East 1299 feet of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the SW $\frac{1}{4}$;
the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$;
the W $\frac{1}{2}$ of the SE $\frac{1}{4}$.
Section 10: The SW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the W $\frac{1}{2}$ of the SW $\frac{1}{4}$;
the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$.
Section 11: The NW $\frac{1}{4}$;
the N $\frac{1}{2}$ of the SW $\frac{1}{4}$.
Section 15: The N $\frac{1}{2}$;
the SW $\frac{1}{4}$.
Section 16: The NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the S $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$;
the W $\frac{1}{2}$ of the SW $\frac{1}{4}$.
Section 17: All.
Section 18: All.
Section 19: All.
Section 20: All.
Section 29: The W $\frac{1}{2}$.

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EXHIBIT A

Township 38 South Range 22 East of the Willamette Meridian,

- Section 30: The N $\frac{1}{2}$;
the SW $\frac{1}{4}$;
the W $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$;
the W $\frac{1}{2}$ of the SE $\frac{1}{4}$;
the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$.
- Section 31: The N $\frac{1}{2}$;
the SW $\frac{1}{4}$.

Township 39 South, Range 20 East of the Willamette Meridian,

- Section 1: The N $\frac{1}{2}$;
the S $\frac{1}{2}$ of the SW $\frac{1}{4}$;
the E $\frac{1}{2}$ of the SE $\frac{1}{4}$.
- Section 2: The NE $\frac{1}{4}$.
- Section 3: The NW $\frac{1}{4}$ of Government Lot 2.

Township 39 South, Range 21 East of the Willamette Meridian,

- Section 3: The S $\frac{1}{2}$ of the SW $\frac{1}{4}$.
- Section 10: The NW $\frac{1}{4}$, EXCEPTING THEREFROM a tract of land conveyed to State of Oregon, Highway Commission, by deed recorded in Book 130 at Page 503, Deed Records described as the E $\frac{1}{2}$ of the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 10, Township 39 South, Range 21 East of the Willamette Meridian.

Township 39 South, Range 22 East of the Willamette Meridian,

- Section 6: Government Lots 3, 4 and 5;
the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$.

Township 41 South, Range 17 East of the Willamette Meridian,

- Section 13: The NW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the S $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the SW $\frac{1}{4}$.
- Section 14: The SE $\frac{1}{4}$ of the NE $\frac{1}{4}$.
- Section 15: The N $\frac{1}{2}$;
the N $\frac{1}{2}$ of the SW $\frac{1}{4}$;
the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$.
- Section 21: Government Lots 3 and 4.
- Section 22: The SW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
Government Lots 1 and 4.

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EXHIBIT A

Township 41 South, Range 17 East of the Willamette Meridian,
Section 23: The S $\frac{1}{2}$ of the N $\frac{1}{2}$;
Government Lots 1, 2, 3 and 4.

Township 41 South, Range 18 East of the Willamette Meridian,
Section 23: The NE $\frac{1}{4}$ of the NE $\frac{1}{4}$;
the S $\frac{1}{2}$ of the NE $\frac{1}{4}$;
the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
Government Lots 2, 3 and 4.
Section 24: The W $\frac{1}{2}$ of the NE $\frac{1}{4}$;
the NW $\frac{1}{4}$;
Government Lots 1, 2, 3 and 4.

Parcel No. 2

Township 36 South, Range 19 East of the Willamette Meridian,
Section 10: The SW $\frac{1}{4}$ of the SW $\frac{1}{4}$.
Section 13: The S $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the SW $\frac{1}{4}$.
Section 14: The S $\frac{1}{2}$.
Section 15: The NW $\frac{1}{4}$;
the S $\frac{1}{2}$.
Section 16: All.
Section 19: The SE $\frac{1}{4}$.
Section 20: All.
Section 21: All.
Section 22: All.
Section 23: All.
Section 24: The S $\frac{1}{2}$ of the NE $\frac{1}{4}$;
the W $\frac{1}{2}$;
the SE $\frac{1}{4}$.
Section 25: The NE $\frac{1}{4}$;
the W $\frac{1}{2}$;
the W $\frac{1}{2}$ of the SE $\frac{1}{4}$.
Section 26: All.
Section 27: All.
Section 28: All.
Section 29: All.
Section 30: All.
Section 31: Government Lots 1 and 2;
the E $\frac{1}{2}$ of the NW $\frac{1}{4}$.

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EXHIBIT A

Township 36 South, Range 19 East of the Willamette Meridian,

Section 32: All.
Section 33: All.
Section 34: All.
Section 35: All.
Section 36: All.

Township 37 South, Range 18 East of the Willamette Meridian,

Section 13: The E $\frac{1}{2}$.
Section 24: The NE $\frac{1}{4}$;
the N $\frac{1}{2}$ of the SE $\frac{1}{4}$.

Township 37 South, Range 19 East of the Willamette Meridian,

Section 1: Government Lots 3 and 4;
the S $\frac{1}{2}$ of the NW $\frac{1}{4}$.
Section 2: All.
Section 3: All.
Section 5: Government Lots 2, 3 and 4;
the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$;
the S $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the S $\frac{1}{2}$.
Section 6: Government Lots 1, 2, 3, 4 and 5;
the S $\frac{1}{2}$ of the NE $\frac{1}{4}$;
the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the E $\frac{1}{2}$ of the SW $\frac{1}{4}$;
the SE $\frac{1}{4}$.
Section 7: The E $\frac{1}{2}$;
the E $\frac{1}{2}$ of the W $\frac{1}{2}$.
Section 8: The N $\frac{1}{2}$;
the N $\frac{1}{2}$ of the SW $\frac{1}{4}$;
the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$;
the N $\frac{1}{2}$ of the SE $\frac{1}{4}$;
the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$.
Section 9: All.
Section 10: All.
Section 15: The W $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the SW $\frac{1}{4}$.
Section 16: All.
Section 17: All.
Section 18: Government Lots 1, 2, 3 and 4;
the NE $\frac{1}{4}$;
the E $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the E $\frac{1}{2}$ of the SW $\frac{1}{4}$;
the W $\frac{1}{2}$ of the SE $\frac{1}{4}$.

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EXHIBIT A

Township 37 South, Range 19 East of the Willamette Meridian,

Section 19: Government Lots 1, 2 and 3;

the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$;the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;the E $\frac{1}{2}$ of the SW $\frac{1}{4}$;the SE $\frac{1}{4}$.

Section 20:

The N $\frac{1}{2}$.

Section 21:

The N $\frac{1}{2}$;the SW $\frac{1}{4}$.

Section 22:

The SE $\frac{1}{4}$ of the NE $\frac{1}{4}$;the W $\frac{1}{2}$ of the NW $\frac{1}{4}$;the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$;the S $\frac{1}{2}$ of the SE $\frac{1}{4}$.

Section 26:

The SW $\frac{1}{4}$;the W $\frac{1}{2}$ of the SE $\frac{1}{4}$.

Section 33:

The E $\frac{1}{2}$;the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$.

Section 34:

The NE $\frac{1}{4}$;the E $\frac{1}{2}$ of the E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;the W $\frac{1}{2}$ of the E $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$;the W $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$;the S $\frac{1}{2}$ of the NW $\frac{1}{4}$;the S $\frac{1}{2}$.

Section 35:

The NW $\frac{1}{4}$ of the NE $\frac{1}{4}$;the W $\frac{1}{2}$;the SE $\frac{1}{4}$.

Township 38 South, Range 19 East of the Willamette Meridian,

Section 2: All.

Section 3: All.

Parcel No. 3

Township 38 South, Range 22 East of the Willamette Meridian,

Section 30: The N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$;the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$;the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$.

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Parcel No. 4

Township 38 South, Range 22 East of the Willamette Meridian,
Section 31: The SE $\frac{1}{4}$.

Parcel No. 5

Township 38 South, Range 20 East of the Willamette Meridian,
Section 13: The NE $\frac{1}{4}$ of the NW $\frac{1}{4}$.
Section 35: The NW $\frac{1}{4}$;
the N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$.
Section 36: The NW $\frac{1}{4}$ of the NW $\frac{1}{4}$.

Township 38 South, Range 21 East of the Willamette Meridian,
Section 30: Government Lot 1;
the E $\frac{1}{2}$ of the NW $\frac{1}{4}$;
the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$.
Section 34: The E $\frac{1}{2}$.

Parcel No. 6

Township 38 South, Range 21 East of the Willamette Meridian,
Section 32: The S $\frac{1}{2}$;
the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$;
the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
the S $\frac{1}{2}$ of the NW $\frac{1}{4}$, EXCEPTING THEREFROM the
following described parcels to-wit:
Beginning at the Southwest corner of the SE $\frac{1}{4}$
of the NW $\frac{1}{4}$ of Section 32, Township 38 South,
Range 21 East of the Willamette Meridian;
thence North 800 feet;
thence East 600 feet;
thence South 800 feet;
thence West 600 feet to the point of
beginning;

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and the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of said Section 32, ALSO EXCEPTING THEREFROM the following;
 the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
 that portion of the W $\frac{1}{2}$ of the SE $\frac{1}{4}$ lying Northeasterly of State Highway 140;
 that portion of the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ lying Northeasterly of State Highway 140;
 that portion of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ lying Northeasterly of State Highway 140, AND FURTHER EXCEPTING THEREFROM that portion of the SW $\frac{1}{4}$ lying Southerly of State Highway 140;
 that portion of the W $\frac{1}{2}$ of the SE $\frac{1}{4}$ lying Southerly of State Highway 140.

Parcel No. 7

Township 39 South, Range 21 East of the Willamette Meridian,
 Section 4:
 Government Lots 1, 2, 3 and 4;
 the S $\frac{1}{2}$ of the N $\frac{1}{2}$;
 the N $\frac{1}{2}$ of the S $\frac{1}{2}$;
 the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$;
 EXCEPTING THEREFROM THE FOLLOWING:
 the S $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
 the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
 the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
 the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
 that portion of the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ lying Northeasterly of State Highway 140;
 that portion of the N $\frac{1}{2}$ of the N $\frac{1}{2}$ of the SW $\frac{1}{4}$ lying Northerly of State Highway 140;
 that portion of the N $\frac{1}{2}$ of the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ lying Northerly of State Highway 140;
 the S $\frac{1}{2}$ of the S $\frac{1}{2}$ of the NE $\frac{1}{4}$ lying Northerly of State Highway 140;
 ALSO EXCEPTING THEREFROM that portion of the W $\frac{1}{2}$ of the W $\frac{1}{2}$ of Section 4, lying Southerly of State Highway 140 and Westerly of Forest Service Road 3915, as the same existed on April 1, 1996,

EXHIBIT A

AND FURTHER EXCEPTING THEREFROM that portion of the N $\frac{1}{2}$ of the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ lying Southerly of State Highway 140; that portion of the N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ lying Southerly of State Highway 140; the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$; that portion of the E $\frac{1}{2}$ of the W $\frac{1}{2}$ of the SW $\frac{1}{4}$ lying Southerly of State Highway 140 and Easterly of Forest Service Road 3915, as that same existed April 1, 1996.

Parcel No. 8

Township 38 South, Range 22 East of the Willamette Meridian,
 Section 15: The NW $\frac{1}{4}$ of the SE $\frac{1}{4}$;
 the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$;
 the N $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$.
 Section 22: The NW $\frac{1}{4}$ of the NW $\frac{1}{4}$;
 the N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$;
 the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$.

Parcel No. 9

Township 38 South, Range 21 East of the Willamette Meridian,
 Section 35: The W $\frac{1}{2}$ of the SW $\frac{1}{4}$;
 the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$;
 the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$.
 Section 36: The NW $\frac{1}{4}$.

Township 38 South, Range 22 East of the Willamette Meridian,
 Section 9: The S $\frac{1}{2}$ of the N $\frac{1}{2}$;
 the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$.
 Section 16: Government Lots 1, 2, 3 and 4;
 the SE $\frac{1}{4}$;
 the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$.
 Section 21: The NW $\frac{1}{4}$;
 the W $\frac{1}{2}$ of the SW $\frac{1}{4}$;
 the W $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$;
 the W $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$;
 the N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$.
 Section 28: The N $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$.
 Section 29: The N $\frac{1}{2}$ of the N $\frac{1}{2}$ of the NE $\frac{1}{4}$.

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EXHIBIT A

Parcel No. 10

Lots 1, 2, 4, 5, 7, 9, 10, 11, 12, 16, 17, Camas Prairie
Subdivision, County of Lake, State of Oregon.

Parcel No. 11

Township 38 South, Range 21 East of the Willamette Meridian,
Section 36: The NW $\frac{1}{4}$ of the SW $\frac{1}{4}$.

Parcel No. 12

Beginning at the Northeast corner of Section 11, Township 38
South, Range 19 East of the Willamette Meridian;
thence running West 54 chains;
thence South 55°00' East 5 chains;
thence South 74°00' East 3 chains;
thence South 87°00' East 24 chains;
thence South 82.5° East 4 chains;
thence South 74.5° East 10 chains;
thence North 89°00' East 2 chains;
thence North 61°00' East 2 chains;
thence North 43°00' East 9 chains and 21 links to the point
of beginning.

EXHIBIT 'A'
LEGAL DESCRIPTION

PARCEL 1:

The E1/2 SE1/4 lying Southeasterly of the Klamath Falls-Ashland State Highway #66 in Section 22, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

That portion of the SW1/4 NW1/4 lying South of the Klamath Falls-Ashland State Highway #66 in Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

All of the SW1/4 EXCEPT that portion lying Northwest of the Klamath Falls-Ashland State Highway #66 in Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

That portion of Government Lot 1 (also referred to as S1/2 SE1/4) lying North and West of the Klamath River, Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

The NW1/4 NW1/4 and Government Lots 1, 2 and 3 lying North and West of Klamath River, Section 26, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

The E1/2 NE1/4 and the NE1/4 SE1/4, Section 27, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2:

That portion of the S1/2 SE1/4 lying Southeasterly of the Klamath Falls-Ashland State Highway #66 in Section 14, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

The NE1/4 NE1/4, Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 3:

All that portion of the E1/2 NW1/4 of Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, lying South of the Klamath Falls-Ashland State Highway #66, EXCEPT the following described parcel:

Beginning at a point 26 feet Southwesterly from the North and South center line of Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, which intersects with the South side of the Klamath Falls-Ashland Highway #66; thence in a Southwesterly direction to a point 396 feet from the starting point; thence South at right angles to said Highway 330 feet; thence in an Easterly direction 132 feet parallel with the Highway, more or less, to its intersection with a line parallel to the North and South center line and distant 24 feet West therefrom; thence North to the place of beginning.

PARCEL 4:

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The NW1/4 SE1/4, Government Lot 2, Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

The NW1/4 NE1/4 lying Southeasterly of the Klamath Falls-Ashland State Highway #66 in Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

The S1/2 NE1/4, Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 5:

Those parts of Section 13 and Section 24, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the low water line on the North bank of the Klamath River on the West line of said Section 24, and running thence North along said West line 2,485 feet; thence Northeasterly on a straight line to the Northwest corner of Government Lot 1 of said Section 13; thence continuing Northeasterly along an extension of the same straight line through the NE1/4 of SE1/4 of said Section 13 to the East line of said Section 13; thence South along said East line to said low water line; thence Southwesterly along said low water line to the place of beginning.

EXCEPTING THEREFROM the following:

A portion of the NE1/4 of SE1/4 of Section 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at the Southeast corner of Lot 67 of Block 40, PLAT OF WEST KLAMATH (but in part thereof which has been vacated), as recorded in the office of the County Clerk of said County (which point is South 30 degrees 16' 45" West 998.34 feet from the Northeast corner of said NE1/4 of SE1/4); thence South 24 degrees 29' East, along the Easterly line of said Lot 67 extended Southeasterly, 59.99 feet to the Southerly line of said Lot 73; thence South 25 degrees 01' 13" West 11.63 feet; thence South 62 degrees 46' 36" West 300.97 feet; thence North 14 degrees 53' 47" West 22.25; thence South 65 degrees 31' West 30.40 feet; thence North 16 degrees 24' West 60.6 feet; thence North 65 degrees 31' East 60.6 feet, more or less, to the Northwest corner of said Lot 73; thence North 65 degrees 31' East, along the North line of said Lot 73, 267.04 feet, more or less, to the point of beginning.

PARCEL 6:

The SW1/4 NW1/4, N1/2 SW1/4 and Government Lots 2, 3, 4, 5, 6, 7 and 8, Section 18, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 7:

The SW1/4 NE1/4 of Section 18, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING that portion lying East of the East line contained in Boundary Line Agreement, dated December 11, 1979 and recorded June 11, 1980 in Volume M80, page 10716, Microfilm Records of Klamath County, Oregon.

ALSO EXCEPTING therefrom that portion as contained in Deed to the State of Oregon by and through its Department of Transportation Highway Division, recorded April 10, 1992 in Volume M92, page 7557, Microfilm Records of Klamath County, Oregon.

PARCEL 8:

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The SE1/4 NW1/4, Section 18, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM the following described parcel:

Beginning at a point on the East line of said SE1/4 NW1/4 from which the Northeast corner of said SE1/4 NW1/4 bears North 00 degrees 37' 00" East 100.00 feet; thence along said east line South 00 degrees 37' 00" West 100.00 feet; thence North 89 degrees 23' 00" West 100.00 feet; thence North 00 degrees 37' 00" East 100.00 feet; thence South 89 degrees 23' 00" East 100.00 feet to the point of beginning.

PARCEL 9:

The NW1/4 NW1/4, Section 18, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 10:

A strip of land 100 feet in width parallel to and adjacent to the said low water mark on the left bank of said Klamath River being a portion of the NW1/4 SW1/4 and Government Lot 13 of Section 17, Government Lots 10 and 11 of Section 18 and Government Lots 7 and 8 in Section 19, all in Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

SAVING AND EXCEPTING therefrom that portion as contained in Deed to the State of Oregon by and through its Department of Transportation Highway Division, recorded April 23, 1992 in Volume M92, page 8702, Microfilm Records of Klamath County, Oregon.

PARCEL 11:

A strip of land 60 feet in width lying North of, adjacent to, and parallel with, the North property line of the Weyerhaeuser Timber Company's Millsite in Sections 24 and 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, and more particularly described as follows:

Beginning at the Southwest corner of the Northwest quarter of Northwest quarter of Section 24 of said Township and Range; thence North 840 feet to the Northwest corner of said millsite; thence North 65 degrees 32' East 126 feet to the true point of beginning; thence Northeasterly along the arc of a right curve whose radius is 399.27 feet a distance of 224 feet; thence North 65 degrees 32' East, a distance of 3,829.39 feet; thence Easterly along the arc of a right curve whose radius is 1,472.69 feet a distance of 418 feet, more or less, to a point on the North property line of said millsite; thence South 65 degrees 32' West, along said property line to true point of beginning.

PARCEL 12:

A strip of land 60 feet in width lying 30 feet on each side of a center line as now staked on the ground being a portion of the NW1/4 NW1/4 of Section 24, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the SW corner of the NW1/4 of the NW1/4 of Section 24 of said Township and Range; thence North 840 feet to the Northwest corner of said millsite; thence North 65 degrees 32' East 126 feet to the end of this description.

PARCEL 13:

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A strip of land 60 feet in width lying 30 feet on each side of a center line as now staked on the ground and more particularly described as follows:

Beginning at a point on the East line of the SE1/4 NE1/4 of Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, distant 45.71 feet, more or less, South of the Northeast corner of said SE1/4 NE1/4; thence South 41 degrees 01' West a distance of 1,652 feet, more or less, to the South line of said S1/2 NE1/4.

PARCEL 14:

A strip of land 60 feet in width lying 30 feet on each side of a center line as now staked on the ground and more particularly described as follows:

Beginning at a point on the North line of the N1/2 SE1/4 of Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, distant 1062 feet, more or less, West of the East 1/4 corner; thence South 41 degrees 08' West a distance of 1,427.80 feet; thence along the arc of a 0 degree 24' curve to the right a distance of 351.29 feet, more or less, to the South line of said N1/2 SE1/4 section.

PARCEL 15:

A strip of land 60 feet in width lying 30 feet on each side of a center line as now staked on the ground and more particularly described as follows:

Beginning at a point on the North line of Government Lot 1, Section 23, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, distant 470 feet, more or less, East of the Northwest corner of said lot, said point being on the arc of a 0 degree 24' curve to the right whose tangent at that point bears South 42 degrees 25' West; thence on the arc of said curve a distance of 3,233.00 feet; thence South 55 degrees 21' West a distance of 2,550.00 feet to a point on the West line of the E1/2 NE1/4 of Section 27, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, distant 340 feet, more or less, North of the Southwest corner of said SE1/4 NE1/4.

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

The NW1/4 NW1/4 Section 24; The W1/2 and the W1/2 SE1/4 Section 13, All in Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, all lying Southerly of the Old Klamath Falls-Ashland Highway.

PARCEL 2:

Beginning at the NW corner of the SW1/4 NE1/4, Section 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon; thence South 89 degrees 34' East a distance of 281.51 feet, more or less, along the North line of said SW1/4 NE1/4, Section 13, to its intersection with the Northwestern projection of the Easterly line of 5th Street in a vacated portion of the plat of West Klamath, a subdivision in Klamath County, Oregon; thence South 24 degrees 29' East a distance of 2791.43 feet, more or less, along the Easterly line of said 5th Street to the Southwesterly corner of Block 18 of said vacated portion of West Klamath, which corner is on the Northerly line of the right of way of the Weyerhaeuser Timber Company logging railroad; thence South 65 degrees 31' West a distance of 930 feet, more or less, along the Southerly line of Blocks 17 and 16 of said vacated portion of West Klamath to the Westerly line of said vacated portion of West Klamath; thence North 24 degrees 29' West along the Westerly line of said vacated portion of West Klamath to the West line of the NW1/4 SE1/4, Section 13; thence North along the West lines of said NW1/4 SE1/4 and of SW1/4 NE1/4, said Section 13, to the point of beginning.

PARCEL 3:

Commencing at a point being the SE corner of Lot 3, Block 18, West Klamath, now vacated; thence running Northwesternly along the East line of said Lot 3 to the NE corner thereof; thence Northwesternly across First Avenue of West Klamath, now vacated, to the SE corner of Lot 10, Block 19, West Klamath, now vacated; thence Northwesternly along the West line of Fourth Street in said West Klamath, now vacated, to the SE corner of Lot 32, Block 21 of said West Klamath, now vacated; thence Southwesterly along the North line of Third Avenue of said West Klamath, now vacated, to the SW corner of Lot 26, Block 21, West Klamath, now vacated; thence Southeasterly along the East line of Fifth Street, West Klamath, now vacated, to the SW corner of Lot 1, Block 18, West Klamath, now vacated; thence Northeasterly along the South line of Lots 1, 2 and 3, Block 18, to the point of beginning.

PARCEL 4:

All that portion of the SW1/4 NE1/4 and NW1/4 SE1/4 of Section 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, lying West of the Westerly line of 4th Street extended; North of the Northerly line of 3rd Avenue extended; East of the property described as Parcel 2 in Deed recorded September 29, 1971 in Volume M71, page 10289, Microfilm Records of Klamath County, Oregon; and South of that property conveyed to Klamath County School District by Warranty Deed recorded May 25, 1966 in Volume M66, page 5520, Microfilm Records of Klamath County, Oregon; said property being that portion of Block 21 of vacated portion of West Klamath, lying South of the Klamath County School District property in Deed M66, page 5520, Microfilm Records of Klamath County, Oregon.

SAVING AND EXCEPTING from the above described lands the following described portions thereof:

-continued-

-Parcel 4 continued-

A. That portion of the W1/2 SE1/4, Section 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, included in the original plat of the Townsite of West Klamath.

B. That portion conveyed to Klamath County for highway purposes as described in deed recorded in Volume 60, page 338, Deed Records of Klamath County, Oregon.

C. Tracts described in deeds to Weyerhaeuser Timber Company recorded in Volume 61, page 300, in Volume 81, page 29 and in Volume 88, page 169, all Deed Records of Klamath County, Oregon.

D. A piece or parcel of land situate in Section 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: All those portions of the SW1/4-NE1/4, SE1/4 NW1/4, NE1/4 SW1/4, NW1/4 SE1/4, NE1/4 SE1/4 and the SW1/4 SE1/4, Section 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, presently owned by Lee and Margaret Holliday lying Southeasterly from the Southerly right of way line of the Klamath Falls-Ashland Highway #66 as the same is presently located and constructed, and Northeasterly of the following described drain centerline: Beginning at a point in the Southerly right of way fence of said Highway from which the Northeast corner of the SE1/4 NW1/4, Section 13, bears North 62 degrees 14' 40" East 1348.6 feet distant; thence South 48 degrees 55' 10" East 121.9 feet to a point; thence South 3 degrees 03' 50" East 628.8 feet to a point; thence South 77 degrees 58' East 493.1 feet to a point; thence South 54 degrees 06' 10" East 1644.4 feet to a point; thence South 33 degrees 06' East 446.8 feet, more or less, to a point in the Northerly right of way line of the Weyerhaeuser Company Road as the same is presently located and constructed.

E. Excepting the spring now serving domestic water to the home of C.L. Holliday and Margaret C. Holliday and the home of Howard L. Holliday, with the right to file for water thereon and to conduct water therefrom to said homes.

F. Less portions sold to State of Oregon for gravel pit stockpile site.

G. Less property conveyed to Klamath County School District, by deed recorded May 25, 1966 in Volume M66, page 5520, Microfilm Records of Klamath County, Oregon.

H. Property conveyed to State Highway Commission by Deed recorded December 1, 1971 in Volume M71, page 12576, Microfilm Records of Klamath County, Oregon.

I. A portion of the West 1/2 of Section 13, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 1" pipe at the Northwest corner of the SW1/4 NE1/4 of said Section 13; thence North 01 degree 30' 10" West 52.45 feet to a 5/8" iron pin on the South boundary of the Old Klamath Falls-Ashland Highway; thence South 60 degrees 31' 11" West 1386.85 feet to a 5/8" iron pin and the true point of beginning; thence South 55 degrees 17' 04" East 129.58 feet to a 5/8" iron pin; thence South 04 degrees 07' 03" West 645.79 feet to a 5/8" iron pin; thence South 45 degrees 43' 02" West 512.28 feet to a 5/8" iron pin; thence North 54 degrees 45' 18" West 185.00 feet to a 5/8" iron pin on the Southeasterly line of the Old Klamath Falls-Ashland Highway; thence Northeasterly along the Southeasterly line of said Old Klamath Falls-Ashland Highway to the 5/8" iron pin marking the true point of beginning, with bearings based on Survey No. 1421 on file in the office of the Klamath County Surveyor.

J. Also excepting that portion conveyed to the State of Oregon, by and through its State Highway Commission, recorded May 17, 1972 in Volume M72, page 5271, Microfilm Records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Ameri title the 30th day
of August A.D., 19 96 at 11:06 o'clock A M., and duly recorded in Vol. M96
of Mortgages on Page 27077.

FEE \$245.00

Bernetha G. Lets County Clerk

By [Signature]