

1999 JUL 12 AM 11: 41

WHEN RECORDED RETURN TO:

Name: LeGros, Buchanan & Paul
 Attn: Mr. Robert W. Nolting
 Address: 701 Fifth Avenue, Suite 2500
 Seattle, WA 98104-7051

AMERITITLE, has recorded this
 instrument by request as an accommodation only,
 and has not examined it for regularity and sufficiency
 or as to its effect upon the title to any real property
 that may be described therein.

MTC 13916-1118

Deed of Trust

THIS DEED OF TRUST, made this 2nd day of July, 1999, between Circle DE Lumber Co.
~~husband and wife~~ GRANTORS, whose address is 3121 Crosby Street, Klamath Falls, Oregon 97603, AmeriTitle,
 222 S. 6th Street, Klamath Falls, Oregon, 97601, TRUSTEE, and Mitsui & Co., Ltd., Head Office, Mitsui & Co.
 Building 2-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo and Mitsui & Co. (U.S.A.), Inc., 1001 Fourth Avenue,
 Suite 4000, Seattle, WA 98154, BENEFICIARIES,

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following
 described real property located in Klamath County, Oregon:

See Attached Schedule I

Tax Account Number: _____

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments,
 and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This deed is for the purpose of securing performance of each agreement of grantor herein contained, and payment of all sums
 due pursuant to the Amendment to 1995 Loan Agreement effective December 31, 1997 and the Loan Note given thereunder,
 together with interest, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions
 thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or
 assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or
 about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with
 all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or
 encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an
 amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the
 Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected
 under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application
 by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the
 Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs
 and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by
 Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation
 secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property
 hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be
 added to and become a part of the debt secured in this Deed of Trust.

20

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Oregon, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Oregon is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.
8. This Deed of Trust applies to issues to, the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

Circle DE Lumber Co By Dan Brown Pres

STATE OF _____)
 COUNTY OF Multnomah) ss.

On this day personally appeared before me

to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that _____ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 19 _____.

Notary Public in and for the State of _____,
 residing at _____

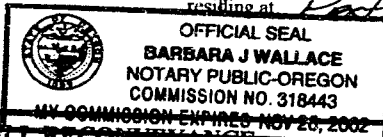
STATE OF _____)
 COUNTY OF Multnomah) ss.

On this 2nd day of July, 19 99
 before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____
Dan Brown
 and _____

to me known to be the _____ President and Secretary, respectfully, of Circle DE Lumber Co. the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the State of _____,
 residing at Portland, Oregon



REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

TO: TRUSTEE,

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied, and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated _____, 19 _____

Schedule 1**Description of Collateral for Amendment To 1995 Loan Agreement**

Real property described as:

That portion of Government Lot 24, Section 33, Township 35 South, Range 7 East of Willamette Meridian, described as follows:

Starting at the East quarter section corner of said Section 33; thence South 0 degrees 28' 45" West along the East line of said Section 1314.0 feet to the Southeast corner of the NE ¼ SE ¼ of said Section, being also the Southeast corner of Lot 24 of said Section and being also 14.69 feet distant Easterly from (when measured at right angles to) the relocated center line of the Dalles-California Highway at Engineers Station 1137 + 25.9; thence South 89 degrees 54' 15" West along the South boundary of said Lot 24 a distance of 65.63 feet to the West right of way line of said Highway, being also 50 feet distant Westerly from (when measured at right angles to) Engineers Station 1137 + 37.0; thence South 89 degrees 54' 15" West 234.0 feet to the Easterly right of way line of the Southern Pacific Railroad; thence North 10 degrees 18' 23" West along said R.R. line 188.0 feet to the Northerly line of that certain tract of land described in Deed Volume M73 at page 2936, Klamath County Deed Records, also being the true point of beginning of this description; thence North 89 degrees 54' 15" East 236.6 feet along said Northerly line to the Westerly right of way line of said Highway; thence North nine degrees 32' West along the highway right of way 360.4 feet to the Southerly line of that certain tract of land described in Deed Volume M-75 at page 3135, Klamath County Deed Records; thence along said Southerly line, South 89 degrees 54' 15" West 237 feet more or less to the Easterly right of way line of the Southern Pacific Railroad; thence South 10 degrees 18' 23" East, along said right of way, 362 feet, more or less to the point of the beginning.

State of Oregon, County of Klamath
Recorded 7/12/99, at 11:41 a.m.
In Vol. M99 Page 27766
Linda Smith,
County Clerk Fee \$ 20 KR