

EXCHANGE AGREEMENT

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JUNE
DATED: *May* 1, 2000

o/v BETWEEN: Crown Pacific Limited Partnership
121 S.W. Morrison Street, Suite 1500
Portland, Oregon 97204

("Crown")

and

Stafford Ranches, an Oregon General Partnership
c/o Stafford Logging
1110 N.E. Laughlin Road
Prineville, Oregon 97754

("Stafford")

RECITAL:

A) Crown owns certain Real Property in Klamath County, Oregon legally described in the attached Exhibit A, which by this reference is made a part hereof and described herein as "the Crown Property".

B) Stafford owns certain Real Property in Klamath County, Oregon legally described in the attached Exhibit B, which by this reference is made part hereof and described herein as "the Stafford Property". Crown currently owns title to the merchantable timber on the Stafford Property pursuant to a Timber Deed granted by Stafford to Crown on January 13, 2000.

C) Subject to a Timber Reservation, Crown wishes to exchange the Crown Property for like kind property consisting of the Stafford Property in a transaction which will qualify as a tax-deferred exchange under the provisions of Section 1031 of the Internal Revenue Code.

AGREEMENT:

Now therefore, to accomplish the intents and purposes of the parties, the parties hereby agree as follows:

1. Conveyance and Exchange of Crown Property. Subject to a Timber Reservation covered in paragraph 3 below, Crown agrees to convey to Stafford the Crown Property in exchange for Stafford's conveyance to Crown of the Stafford Property in a transaction which will qualify as a tax-deferred exchange under the provisions of Section 1031 of the Internal Revenue Code.

2. **Conveyance and Exchange of Stafford Property.** Stafford agrees to convey to Crown the Stafford Property in exchange for the Crown Property, subject to the Timber Reservation described in paragraph 3 below.

3. **Timber Reservation.** Upon the exchange of the Crown Property to Stafford, Crown will reserve until January 13, 2003 all the merchantable timber currently standing on the Crown Property (the "Timber Reservation"). However, prior to conveyance Crown will mark certain "leave trees" on the Crown Property which will be marked with an orange band and will not be harvested by Crown during the term of its Timber Reservation. Stafford however will pay for these merchantable "leave trees" on the basis of a cruise conducted by Crown Pacific at the rate of \$263.00 per MBF of merchantable timber. This payment to Crown for the "leave trees" will be paid by Stafford within 10 days after Crown has submitted to Stafford an invoice detailing the merchantable cruise volume of the "leave trees" multiplied by the stumpage rate of \$263.00 per MBF. During the term of the Timber Reservation the merchantable timber standing on the Crown Property will be harvested by Stafford Logging for the account of Crown Pacific and delivered to Crown's Gilchrist Mill. Crown Pacific will pay Stafford a logging rate of \$162.00 per MBF for the harvesting and delivery cost to its Gilchrist Mill Yard. The harvest by Stafford Logging of the reserved timber will be done during the term of the Timber Reservation in accordance with harvest and delivery schedule established by Crown.

4. **Closing and Escrow.** This exchange will be closed in Escrow with Chicago Title Insurance Company, 100 N.W. Burnside Road, Gresham, Oregon 97030, at such time that the parties are in a position to close but no later than June 15, 2000. The cost of the Escrow will be shared by the parties. In addition, within 5 days of the date of Closing, Crown will have delivered to Stafford a title policy on Crown's Property insuring marketable title subject to the Timber Reservation in the amount of \$50,000 dollars. The title policy on the Crown Property will be paid for by Crown. Likewise, Stafford will deliver to Crown within 5 business days of Closing a title policy on the Stafford Property insuring marketable title on the Stafford Property (subject to the Timber Reservation) in the amount of \$50,000 at Stafford's expense.

5. **Valuation for Purposes of Exchange.** For the purposes of the exchange the valuation of the Crown Property subject to the Timber Reservation is equal to the valuation of the Stafford Property.

6. **Cost of Exchange.** The costs of the exchange will be shared equally between Stafford and Crown.

7. **General Provisions.**

7.1 **Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

7.2 Assignment. The parties shall be entitled to assign their respective rights and obligations under this Agreement only upon obtaining the other parties' prior written consent. Such consent will not be unreasonably withheld.

7.3 Notices. Notices under this Agreement shall be in writing and shall be effective when actually delivered or two business days after being deposited in the United States Mails, certified, return receipt requested, directed to the other party at the address set forth at the beginning of this Contract, or to such other address as the party may indicate by written notice to the other party.

7.4 Waiver. Failure of either party at any time to require performance of any provision of this Agreement shall not limit such party's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.

7.5 Amendment. This Agreement may not be modified or amended except by the written agreement of the parties.

7.6 Attorneys' Fees. If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Agreement or to interpret or enforce any rights hereunder, the prevailing party shall be entitled to recover its attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law.

7.7 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

7.8 Integration. This Agreement contains the entire agreement and understanding of the parties with respect to the purchase and sale of the Property and supersedes all prior and contemporaneous agreements between them with respect to such purchase and sale.

7.9 Construction and Interpretation. The headings or titles of the sections of this Agreement are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Agreement. The use in this Agreement of the words "including," "such as," and words of similar import following any general statement, term, or matter shall not be construed to limit such statement, term, or matter in any manner, whether or not language of non-limitation (such as "without limitation" or "but not limited to") is used in connection therewith, but rather

shall be deemed to refer to all other items or matters that could reasonably fall within the scope of the general statement, term, or matter. All provisions of this Agreement have been negotiated at arms length and this Agreement shall not be construed for or against any part by reason of the authorship or alleged authorship of any provision hereof.

7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

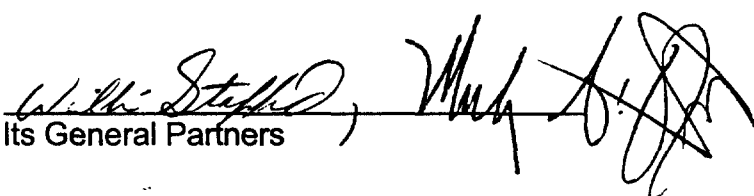
7.11 Disclosure. This instrument will not allow use of the Property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring fee title to the Property should check with the appropriate city or county planning department to verify approved uses.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

"Crown"
Crown Pacific Management Limited Partnership

By: 

"Stafford"
Stafford Ranch, an Oregon General Partnership

By: 
Its General Partners

STATE OF OREGON)
) ss
 County of Deschutes)

The foregoing instrument was acknowledged before me this 20th day of June, 2000, by Willis Stafford and Mark K. Stafford of Stafford Ranch, an Oregon General Partnership.



Mina J McDonald
 Notary Public for the State of Oregon
 My commission expires: 12-7-00

STATE OF OREGON)
) ss.
 County of Multnomah)

The foregoing instrument was acknowledged before me on June 20, 2000 by Roger L. Krage, as Secretary of Crown Pacific Limited Partnership, General Partner of Crown Pacific Management Limited Partnership.



Kari L Skyles
 Notary Public for Oregon
 My Commission Expires: April 22, 2002

EXHIBIT A

Land to be conveyed to Crown Pacific:

N $\frac{1}{2}$ NW $\frac{1}{4}$, Section 14, T30S, R8E

N $\frac{1}{2}$ NW $\frac{1}{4}$, Section 15, T30S, R8E

SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, Section 16, T30S, R8E

Total Acres: 280.00 acres

EXHIBIT B

Land to be conveyed to Stafford Ranches:

SE ¼ SW ¼, T30S, R8E

Pt. of Lot 1 and Lot 2, Section 18, T30S, R9E, south and west of the Military Crossing Road

Lot 3, Section 18, T30S, R9E

Pt. of E ½ W ½, Section 18, T30S, R9E, south and west of the Military Crossing Road

Pt. of NW ¼ SW ¼, Section 18, T30S, R9E, south and west of the Military Crossing Road

Total Acres: 264.45 acres

State of Oregon, County of Klamath
Recorded 07/06/00, at 9:39 a.m.
In Vol. M00 Page 24712
Linda Smith,
County Clerk Fee \$ 51-