

WTC 51050

2010-000491

Klamath County, Oregon



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01/14/2010 02:56:29 PM

Fee: \$77.00

AFTER RECORDING RETURN TO:

Davis Wright Tremaine LLP

1201 Third Avenue

Suite 2200

Seattle, WA 98101-3045

Attn: David W. Thorne, Esq.

**LINE OF CREDIT INSTRUMENT - DEED OF TRUST MODIFICATION AGREEMENT
(Gilchrist)**

THE MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED PURSUANT TO THE LINE OF CREDIT AGREEMENT IS CD\$265,000,000; HOWEVER, SUCH MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED MAY BE EXCEEDED BY PRINCIPAL ADVANCES MADE TO PROTECT THE SECURITY OF THIS DEED OF TRUST. THE MATURITY DATE OF THE CREDIT AGREEMENT IS FEBRUARY 28, 2012, EXCLUSIVE OF OPTION(S) TO EXTEND.

NOTICE TO RECORDER: THIS DOCUMENT SERVES AS A FIXTURE FILING UNDER THE OREGON UNIFORM COMMERCIAL CODE.

Debtor: Interfor Pacific, Inc.
2211 Rimland Drive, Suite 220
Bellingham, WA 98226

Secured Party: Royal Bank of Canada, as agent
P.O. Box 50
Royal Bank Plaza, South Tower, 12th Floor
200 Bay Street
Toronto, Ontario, M5J 2W7

Debtor's Organizational Identification Number: 602-414-194

Tax Account Map Numbers for the property subject to the lien of this instrument are:

2409-01900-00100-000; 2409-01900-00101-000; 2409-03000-00200-000; 2409-03000-00300-000; 2409-03000-00401-000.

Until a change is requested, tax status statements shall be sent to:

Interfor Pacific Inc.
2211 Rimland Drive, Suite 220
Bellingham, WA 98226

67Amf

DEED OF TRUST MODIFICATION AGREEMENT

This Line of Credit Instrument - Deed of Trust Modification Agreement (this "Agreement") is made as of January 14, 2010 by and between INTERFOR PACIFIC INC., a Washington corporation (in such capacity, and together with its successors, "Grantor") and ROYAL BANK OF CANADA, a Canadian Chartered Bank, as agent ("Beneficiary"), with reference to the following facts:

A. Grantor and Beneficiary are parties to that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of August 25, 2004, by Grantor in favor of Chicago Title Insurance Company, a Missouri corporation, as Trustee, for the benefit of Beneficiary, as agent for the Lenders (as defined therein), recorded September 2, 2004 under Klamath County, Oregon Recording No. M04-58947, and re-recorded October 28, 2004 under Klamath County, Oregon Recording No. M04-73943 (collectively, the "Original Deed of Trust") as amended by Line of Credit Deed of Trust Modification Agreement dated as of September 30, 2008, recorded September 30, 2008 under Klamath County, Oregon Recording No. 2008-013505 (the "First Deed of Trust Modification") and together with the Original Deed of Trust as the same may be further amended, supplemented or otherwise modified from time to time, the "Deed of Trust").

B. The Deed of Trust secures, among other things, obligations of Grantor under a guaranty of indebtedness (the "Prior Guarantee") arising under a credit agreement dated August 25, 2004 (amended on several occasions and most recently amended and restated as of April 15, 2009, the "Prior Credit Agreement").

C. The Prior Credit Agreement has been amended and restated in its entirety, the amount of credit available thereunder has been increased, and Export Development Canada, a corporation established pursuant to the *Export Development Act*, Canada, R.S.,c.E-S.1, has become a lender. **THE MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED PURSUANT TO THE LINE OF CREDIT AGREEMENT IS CDN\$265,000,000; HOWEVER, SUCH MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED MAY BE EXCEEDED BY PRINCIPAL ADVANCES MADE TO PROTECT THE SECURITY OF THIS DEED OF TRUST. THE MATURITY DATE OF THE CREDIT AGREEMENT IS FEBRUARY 28, 2012, EXCLUSIVE OF OPTION(S) TO EXTEND.**

D. A new guaranty has been executed by Grantor and others which replaced the Prior Guarantee.

E. The parties desire to modify the Deed of Trust to secure the increased liability under the amended and restated credit agreement and Grantor's guarantee.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Recital A. The Deed of Trust is hereby amended by deleting the existing Recital A and substituting the following Recital A:

A. International Forest Products Limited, a British Columbia company (the "Borrower"), Royal Bank of Canada as Arranger, the Beneficiary as Agent, and Royal Bank of Canada, The Toronto-Dominion Bank, The Bank of Nova Scotia, HSBC Bank Canada, Canadian Western Bank, National Bank of Canada, and Export Development Canada, a corporation established pursuant to the *Export Development Act*, Canada, R.S., cE-18, S.1, together with any successor or replacement lender which has delivered an instrument agreeing to be bound by the Credit Agreement (as hereinafter defined), and their respective successors and permitted assigns (collectively the "Lenders" and individually, a "Lender"), have entered into the credit agreement entitled the "Interfor 2010 Amended and Restated Credit Agreement" dated for reference January 14, 2010 (as the same may be amended, extended, renewed, replaced, restated, or otherwise modified and in effect from time to time the "Credit Agreement"). Subject to the terms and conditions of the Credit Agreement, the Lenders have agreed to make loans and otherwise extend credit to or for the account of the Borrower in an aggregate amount not to exceed \$265,000,000 Canadian Dollars. The loans and other extensions of credit will accrue interest and fees at the rates set forth in the Credit Agreement.

2. Recital B. The Deed of Trust is hereby amended by deleting the existing Recital B and substituting the following Recital B:

B. The Grantor, Interfor U.S. Inc., a Washington corporation ("Interfor Inc."), CEDARPRIME Inc., a Washington corporation ("Cedarprime"), Klamath Northern Railway Company, an Oregon corporation ("KNRC"), Interfor Trading Ltd, a British Columbia company ("Interfor Trading" and together with the Grantor, Interfor Inc., Cedarprime, KNRC and Interfor Trading, collectively, the "Guarantors" and individually, a "Guarantor"), executed and delivered a Guarantee dated for reference January 14, 2010 (as the same may be amended, supplemented or otherwise modified from time to time, the "Interfor Guarantee"), in which, among other things, the Grantor has unconditionally guaranteed all present and future indebtedness, obligations and/or liabilities of every kind, nature and description of the Borrower from time to time owing to the Agent and the Lenders or any of them, whether now existing or hereafter incurred or created, arising under or in connection with the Credit Agreement, the Interfor Guarantee and all of the security and other agreements to be entered into or granted under or pursuant to the Credit Agreement.

3. Definition of Borrower. The definitions of "Borrowers" and "Canadian Borrower" in the Deed of Trust are amended to mean International Forest Products Limited, defined as "Borrower" in Recital A of the Deed of Trust as herein amended, and references in the Deed of Trust to Borrowers or Canadian Borrower, as the case may be, shall mean the Borrower as defined in Recital A of the Deed of Trust as herein amended."

4. Default Rate. The definition of Default Rate in Section 1.1 of the Deed of Trust is deleted in its entirety and the following substituted therefor:

"Default Rate" shall mean the highest rate of default interest set forth in the Credit Agreement.

5. Environmental Agreement. The definition of Environmental Agreement appearing in Section 1.1 of the Original Deed of Trust is deleted in its entirety and the following substituted therefor:

"Environmental Agreement" shall mean the Environmental Indemnity Agreement dated as of August 25, 2004 among the Grantor and Interfor U.S. Holdings L.P. as the US Borrower, in favor of the Beneficiary, as amended pursuant to an amending agreement between the Grantor and the Beneficiary providing for, *inter alia*, the release of Interfor U.S. Holdings' L.P. as the US Borrower, to reflect the windup and dissolution of Interfor U.S. Holdings L.P. as the US Borrower, as the same may be further amended, modified, extended, renewed, replaced, restated, and in effect from time to time.

6. Obligations. For greater certainty, "Obligations" as defined in the Deed of Trust includes any increased liability of the Grantor under or pursuant to the Interfor Guarantee or any other Credit Document to which it is a party, as a result of the amendment and restatement of the Interfor Guarantee and the Prior Credit Agreement providing for, *inter alia*, an increase in the amount of credit available thereunder.

7. Grantor's Address. The address of the Grantor as set forth in the Deed of Trust is changed to 2211 Rimland Drive, Suite 220, Bellingham, WA 98226.

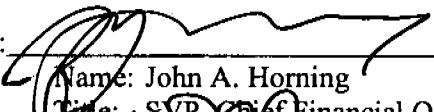
8. Incorporation of Recitals. All recitals of this Agreement are hereby incorporated by reference into the body of this Agreement.

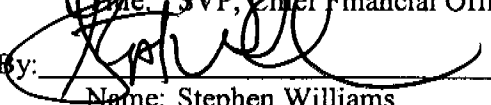
9. No Other Changes. Except as modified herein, the Deed of Trust is unmodified and in full force and effect.

[SIGNATURES ON NEXT PAGE]

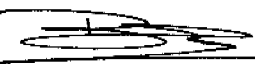
IN WITNESS WHEREOF, Grantor and Beneficiary have caused this Agreement to be duly executed and delivered as of the day and year first above written.

INTERFOR PACIFIC INC., a
Washington corporation

By: 
Name: John A. Horning
Title: SVP, Chief Financial Officer

By: 
Name: Stephen Williams
Title: Vice President and Treasurer

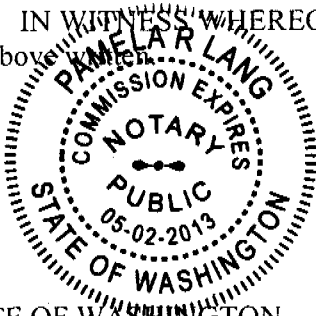
ROYAL BANK OF CANADA, as Agent

By: 
Baljit Mann
Its Authorized Signatory

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

On this 13th day of January, 2010, before me, a Notary Public in and for the State of Washington, personally appeared JOHN A. HORNING, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the SVP, Chief Financial Officer of INTERFOR PACIFIC INC., a Washington corporation, to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

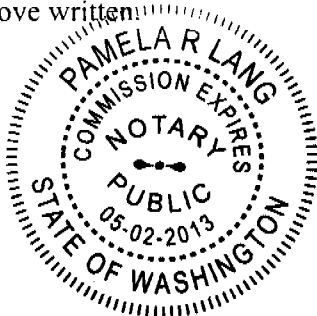


Pamela R. Lang
NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham
My appointment expires 5/2/2013

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

On this 13th day of January, 2010, before me, a Notary Public in and for the State of Washington, personally appeared STEPHEN WILLIAMS, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the Vice President and Treasurer of INTERFOR PACIFIC INC., a Washington corporation, to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Pamela R. Lang
NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham
My appointment expires 5/2/2013

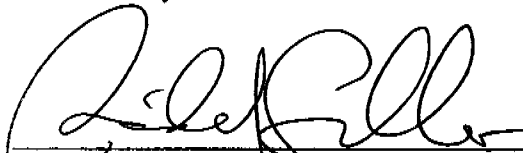
PROVINCE OF BRITISH COLUMBIA)

CITY OF VANCOUVER)

ss.

On this 12th day of January, 2010, before me, a Notary Public in and for the Province of British Columbia, personally appeared Baljit Mann, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the Authorized Signatory of ROYAL BANK OF CANADA, as Agent, to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



NOTARY PUBLIC in and for the Province of
British Columbia, residing at Vancouver
Print Name Richard Sarabando

RICHARD SARABANDO
BARRISTER & SOLICITOR
BULL, HOUSSEY & TUPPER LLP
#3000, 1055 WEST GEORGIA
VANCOUVER, B.C. V6E 3R3
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