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Klamath County, Oregon



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RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Jeffrey A. Benson, Esq.  
Kilpatrick Stockton LLP  
3737 Glenwood Avenue  
Suite 400  
Raleigh, NC 27612

*[Space Above This Line For Recorder's Use]*

**LINE OF CREDIT INSTRUMENT**

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

**Counties of Klamath and Lake, State of Oregon**

TRUSTOR: JWTR Timber Holdings, Inc., an Oregon corporation  
(Organizational ID Number: 247024-90)

TRUSTEE: Chicago Title Insurance Company

BENEFICIARY: General Electric Capital Corporation

**THE MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED PURSUANT TO THE  
PROMISSORY NOTES SECURED BY THIS DEED OF TRUST IS \$50,000,000. THE  
TERM OR MATURITY DATE OF THE PROMISSORY NOTES SECURED BY THIS  
DEED OF TRUST, EXCLUSIVE OF ANY OPTIONS TO RENEW OR EXTEND IS  
MARCH 4, 2013.**

212 Amt

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING** (hereinafter referred to as this "Deed of Trust") dated as of March 4, 2010 from **JWTR Timber Holdings, Inc.**, an Oregon corporation, with a principal place of business at 6400 Highway 66, Klamath Falls, Oregon 97601 ("Trustor"), to **Chicago Title Insurance Company**, having an address at 1211 SW 5<sup>th</sup> Ave., Suite 2150, Portland, Oregon 97204 ("Trustee"), for the benefit of **General Electric Capital Corporation** (together with its successors and assigns, any other lenders under the Credit Agreement described below and the other Secured Parties [as defined in the Credit Agreement]), whose address is 201 Merritt 7, Norwalk, CT 06851, Attn: Account Manager - JWTR (being herein individually and collectively called "Beneficiary").

I.  
RECITALS

**WHEREAS**, reference is made to that certain Credit Agreement of even date herewith (as it may have been and may hereafter be amended, supplemented, assigned, modified and/or restated, the "Credit Agreement"), by and among JWTR Oregon, LLC, an Oregon limited liability company as "Borrower" (herein so called), Trustor and JWTR Holding Company, LLC each as Guarantor (as defined in the Credit Agreement), and Beneficiary as Lender (as defined in the Credit Agreement), as to the Loan (as defined in the Credit Agreement) pursuant to which, subject to certain terms and conditions, Beneficiary has agreed to make a certain Loan to the Borrower;

**WHEREAS**, the loans and other extensions of credit from time to time by Beneficiary to Borrower are evidenced by the Credit Agreement and those certain Notes in an aggregate principal amount of \$50,000,000.00;

**WHEREAS**, Borrower and Guarantors, which includes Trustor, are part of a group of commonly owned companies and as such, the Trustor and other Guarantors will derive direct and indirect economic benefit from the making of the Loan to Borrower pursuant to the Credit Agreement and in connection therewith Trustor is willing to guaranty the Loan and grant a lien, including this Deed of Trust, on its assets to secure the same;

**WHEREAS**, Trustor and Beneficiary hereby agree that, as used hereinafter in this Deed of Trust:

The term "Notes" shall mean, collectively, with respect to the Loan, those certain promissory notes as defined in the Credit Agreement in the aggregate principal amount of FIFTY MILLION AND NO/100 DOLLARS (\$50,000,000.00), issued from time to time by Borrower to Beneficiary under the Credit Agreement, and any other promissory note issued by Borrower and Trustor, by its Guaranty and Security Agreement to evidence the obligations of Borrower to repay advances made pursuant to the Credit Agreement, and any extensions, renewals, or amendments to, or replacements or restatements of the foregoing;

The term "Loan" shall mean and include that certain Tranche A Loan (as defined in the Credit Agreement) and that certain Tranche B Loan (as defined in the Credit Agreement) and any extensions, renewals, or amendments to, or replacements or restatements of the foregoing;

**WHEREAS**, Trustor has determined that its execution, delivery and performance of the Credit Agreement and Guaranty and Security Agreement directly benefit, and are within the company purposes and in the best interests of, Trustor;

**WHEREAS**, as a condition precedent to the extension of the Loan or other financing by the Beneficiary and pursuant to the Credit Agreement, the Beneficiary required Trustor to, and Trustor was willing to, execute this Deed of Trust securing the payment and performance by Trustor of its Obligations (as defined in the Credit Agreement) and other covenants under the Credit Agreement, the Notes, the Guaranty and Security Agreement and the other Loan Documents executed by Trustor as Borrower in connection therewith;

**WHEREAS**, this Deed of Trust is given to secure the prompt payment and the performance in full when due, whether at stated maturity, by acceleration or otherwise (including the payment of amounts which would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a)) of all Secured Indebtedness (as hereinafter defined) and also to secure the performance of all Secured Indebtedness herein contained; and

**WHEREAS**, as a condition precedent to the extension of the Secured Indebtedness by the Beneficiary and pursuant to the Credit Agreement, the Beneficiary has required Trustor, and Trustor is willing, to assume and perform all of the obligations under this Deed of Trust securing the payment and performance of all of the Secured Indebtedness.

**NOW, THEREFORE**, in consideration of the foregoing, the parties agree as follows:

## II. DEFINITIONS

**DEFINITIONS.** All capitalized words and terms used in this Deed of Trust shall have the meanings set forth in the Credit Agreement, unless otherwise defined herein.

## III. GRANT

In order to secure the repayment of the Secured Indebtedness, Trustor has executed this Deed of Trust and does hereby agree as follows:

**TRUSTOR HAS IRREVOCABLY GRANTED, ASSIGNED, BARGAINED, SOLD, CONVEYED, ALIENED, REMISED, RELEASED AND CONFIRMED AND BY THESE PRESENTS DOES HEREBY IRREVOCABLY GRANT, ASSIGN, BARGAIN, SELL, CONVEY, ALIEN, REMISE, RELEASE AND CONFIRM UNTO TRUSTEE, ITS SUCCESSORS AND ASSIGNS, "WITH GENERAL WARRANTY", IN TRUST, WITH POWER OF SALE, AND RIGHT OF ENTRY AND POSSESSION, AND TO THE EXTENT THE SAME CONSTITUTES PERSONAL PROPERTY, TRUSTOR HEREBY**

**GRANTS A SECURITY INTEREST TO TRUSTEE, FOR THE BENEFIT AND SECURITY OF THE BENEFICIARY, THEIR SUCCESSORS, SUCCESSORS-IN-TITLE AND ASSIGNS, FOR THEMSELVES AND THE OTHER SECURED PARTIES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, ALL RIGHT, TITLE, INTEREST AND ESTATE OF TRUSTOR IN, TO AND UNDER ALL OF THE FOLLOWING DESCRIBED LAND AND INTERESTS IN LAND, ESTATES, EASEMENTS, RIGHTS, IMPROVEMENTS, PERSONAL PROPERTY, FIXTURES AND APPURTENANCES (ALL OF WHICH PREMISES IS HEREINAFTER REFERRED TO COLLECTIVELY AS THE "PREMISES"):**

A. All of the estate, right, title and interest in those certain tracts, pieces or parcels of land of which Trustor is now seized and in possession, which are described on Exhibit "A", attached hereto and incorporated herein by reference, such right, title and interest of Trustor in said tracts or parcels of land being hereinafter called the "Land";

B. All of the estate, right, title, interest, claim and demand whatsoever of Trustor of, in and to the Premises and every part and parcel thereof;

C. All buildings, structures and improvements now or hereafter located on the Land and owned by Trustor (the "Improvements"), all of which are declared to be a part of the Premises encumbered hereby and shall not be removed from the Premises without the prior written consent of Beneficiary, and all interest of Trustor in and to the streets and roads abutting the Premises to the center lines thereof, the strips and gores within or adjoining the Premises, the air space and right to use said air space above the Premises, all rights of ingress and egress by pedestrians and motor vehicles to parking facilities on or within the Premises, and all easements now or hereafter affecting the Premises, royalties and all rights appertaining to the use and enjoyment of the Premises, including, without limitation, alley, drainage, sewer, mineral, water, oil, gas and hydrocarbons, rights, rights-of-way, vaults, ways, passages, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, licenses, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Premises or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto and the reversion and reversions, remainder and remainders thereof;

D. All crops and all trees, whether now located in or on or hereafter planted or growing in or on the Land, and all timber (whether or not merchantable), whether severed or unsevered, including standing and downed timber, and stumps and cut timber remaining on the Land, and any and all logs, timber, lumber, finished or milled lumber, bark, sawdust, logging and milling waste, hog fuel, wood chips, all timber and lumber subject to any manufacturing process, all raw material and work in progress, and all goods, inventory and other timber products, now or hereafter owned or acquired by Trustor or in which Trustor has an interest arising out of, generated by or from, or in any way related to Trustor's business operations conducted on or from the Land, and any and all products or proceeds of any of the foregoing and wherever located (collectively the "Inventory");

E. All interests of Trustor in all biomass supply agreements, forest management agreements, wood harvesting agreements, log delivery agreements, surface use

agreements, and, stumpage contracts, whether now existing or hereinafter entered into by Trustor or any predecessor or successor in interest;

F. All fixtures and articles of personal property and all appurtenances and additions thereto and substitutions or replacements thereof, owned by Trustor, now or hereafter attached to, contained in, used or intended to be incorporated in or used in connection with the Premises or placed on any part thereof, though not attached thereto, including, but not limited to, all building materials, screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator plants, stoves, ovens (microwave, convection and others), refrigerators, freezers, ranges, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances, equipment, fittings, fixtures and articles of personal property all of which are hereby declared and shall be deemed to be fixtures and accessions to the freehold or leasehold, as the case may be, and a part of the Premises as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the Secured Indebtedness (hereinafter defined) secured by this Deed of Trust, and all trade names, trademarks, trade styles, service marks, copyrights, service contracts, computers and computer software, telephone equipment and systems, warranties, guarantees, business and building licenses and permits, architects and engineers plans, blueprints and drawings relating to the Premises (all of the items described in this paragraph F, the "Personal Property");

G. All leases, master leases, subleases, licenses and other agreements including, but not limited to, recreational, hunting and sporting camp leases, subleases, tenancies and other agreements related to the use or occupancy of all or any portion of the Premises, written or oral, recorded or unrecorded, and all guaranties, amendments, extensions and renewals of any such lease, license or agreement, now or hereafter entered into (collectively, the "Leases") and all rents, receipts, issues, profits, accounts receivable and revenues from time to time accruing of or from Leases or the Premises, the Improvements and the Fixtures (including without limitation all rental payments, tenant security deposits and escrow funds) including, without limitation, the right to receive and collect the rents, issues and profits payable thereunder (the "Rents");

H. All extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to, the foregoing, hereafter acquired by, or released to, Trustor, or constructed, assembled or placed by Trustor or by others for Trustor's benefit thereon, and all conversions of the security constituted thereby, which immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further conveyance, assignment or other act by Trustor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Trustor and specifically described herein;

I. All unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Trustor in respect of any of the foregoing and all proceeds of the conversion, voluntary or involuntary, of the foregoing or any part thereof into cash or liquidated claims, including, without limitation, proceeds of claims under hazard and title insurance policies and all awards and compensation heretofore and hereafter made to the present

and all subsequent owners of the foregoing by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Premises or any easement therein, including awards for any change of grade of streets; and

J. All products and proceeds of any of the foregoing including all such proceeds acquired with cash proceeds in whatever form, whether real or personal property and, if personalty, whether such property shall constitute "*goods*," "*accounts*," "*inventory*," "*equipment*," "*instruments*," "*chattel paper*," "*documents*" or "*general intangibles*," all as defined under Article 9 of the Uniform Commercial Code in effect in the State of Oregon.

PORTIONS OF THE PREMISES ARE GOODS WHICH ARE OR ARE TO BECOME AFFIXED TO OR FIXTURES ON THE PREMISES DESCRIBED IN OR REFERRED TO IN EXHIBIT "A". THIS DEED OF TRUST IS TO BE FILED FOR RECORD OR RECORDED IN THE REAL ESTATE RECORDS OF EACH COUNTY IN WHICH SAID PREMISES OR ANY PORTION THEREOF IS LOCATED. TRUSTOR IS THE OWNER OF A RECORD FEE SIMPLE INTEREST IN THE PREMISES CONCERNED.

**TO HAVE AND TO HOLD** the Premises and all parts thereof together with the rents, issues, profits and proceeds thereof, hereby granted, or mentioned and intended so to be, with the appurtenances, unto Trustee, its successors and assigns, in Trust with the Power of Sale for the benefit and security of Beneficiary, their respective successors and assigns for the use, benefit and behalf of Beneficiary and the other Secured Parties, their respective successors, successors-in-title and assigns, forever, IN FEE SIMPLE upon the terms and conditions set forth herein.

Trustor represents and warrants that Trustor has good and marketable fee simple title to the Premises, is lawfully seized and possessed of the Premises, and every part thereof, and has good right to grant, convey and assign the Premises, that the Premises are free and clear of all liens, restrictions and encumbrances, except for Permitted Liens (as defined in the Credit Agreement), and that Trustor will warrant and defend generally the title to the Premises against all lawful claims and demands, subject to any easements, restrictions, reservations and other matters heretofore recorded in the records in the county in which the Premises are located and the Permitted Liens. **THIS DEED OF TRUST IS INTENDED TO BE A FIRST DEED OF TRUST LIEN ON THE PREMISES.**

**THIS INSTRUMENT IS A TRUST DEED AND A LINE OF CREDIT INSTRUMENT PURSUANT TO THE LAWS OF THE STATE OF OREGON**, and is given as security for the performance of the covenants and agreements contained in this Deed of Trust and among other obligations, the payment and performance of the following:

(a) All covenants and agreements, "Indebtedness," "Obligations" (as defined in the Credit Agreement), liabilities and other obligations of any kind (including, without limitation, principal, interest, fees, reimbursement obligations, administrative costs and indemnities) of Borrower and Trustor now existing or arising in the future from time to time under or in respect of this Deed of Trust and the Credit Agreement, the Notes, the Guaranty and Security Agreement, and the other Loan Documents. For purposes of clarification, the Indemnity Agreement Regarding Environmental Matters from Borrower for the benefit of Beneficiary is not secured by this Deed of Trust.

(b) Any and all other amounts, liabilities, and obligations for which or for the performance of which Trustor or may become indebted or obligated under the terms of this Deed of Trust, the Credit Agreement, the Notes, and the other Loan Documents (as each such term is defined in the Credit Agreement), and any other related documents, instruments, recordings or filings to which the Trustor and Beneficiary are parties (together with all amendments, supplements, assignments, modifications and/or restatements thereof, collectively the "Loan Documents").

(c) Certain other indebtedness owing to the Secured Parties and permitted to be secured by this Deed of Trust as more fully set forth in the Credit Agreement and the other Loan Documents and the performance of all other obligations of Trustor under the Credit Agreement and the other Loan Documents.

(d) Any and all renewals, increases, rearrangements, modifications, supplements, restatements and extensions of the foregoing items of indebtedness and obligations.

(e) Costs and expenses of collection (including, without limitation, reasonable attorneys' fees and expenses actually incurred), actually incurred by Beneficiary in obtaining performance of, or in collecting any payments due under, the Credit Agreement and the other Loan Documents and commissions, expenses, charges, reimbursement obligations, indemnification obligations, reasonable fees and expenses due and payable to any Secured Party under the Credit Agreement and the other Loan Documents.

(f) Any and all advances for the payment of taxes and municipal assessments, maintenance charges, insurance premiums, costs incurred for the protection of the Premises or the lien of this Deed of Trust, expenses incurred by Beneficiary or by the Trustee by reason of an Event of Default under this Deed of Trust and advances for erection, construction, alteration and repair of the Premises.

Each and every such indebtedness, liability and obligation of any kind described and included in this Deed of Trust, whether such item is absolute or contingent, due or not due, liquidated or unliquidated, arising under or in connection with the Credit Agreement, the Notes and the other Loan Documents or any of them (including, without limitation, the "Obligations", as defined in the Credit Agreement) is intended to be fully secured by the liens, assignments, and security interests created under and by virtue of this Deed of Trust, and all such items so secured (now or hereafter existing or arising) are hereinafter collectively referred to herein as the "Secured Indebtedness."

PROVIDED ALWAYS, that if the Secured Indebtedness be repaid in full in cash and performed by Trustor to Beneficiary and the other Secured Parties at all times and in the manner stipulated in this Deed of Trust, the Credit Agreement and the other Loan Documents, including any renewals, extensions, modifications or amendments thereof, and the "Tranche A Maturity Date" and "Tranche B Maturity Date" (as each is defined in the Credit Agreement) has occurred, then, subject to the terms of this Deed of Trust and applicable Oregon law, Beneficiary shall deliver to Trustee a request for reconveyance of this Deed of Trust and Trustee shall execute and record a reconveyance of this Deed of Trust, at the sole cost and expense of Trustor.

IV.  
GENERAL ASSIGNMENT

4.1 Payment of Indebtedness. Trustor hereby agrees and binds itself to pay, or cause to be paid, the Loan when due without deduction or credit to Beneficiary, their respective successors and assigns, or to the holder or owner of any Secured Indebtedness under and pursuant to the Notes and other Loan Documents executed and delivered by Trustor or Borrower to Beneficiary of certain indebtedness owed by Trustor or Borrower, to Beneficiary according to the Notes, Loan Documents or other evidences of the Secured Indebtedness given to Beneficiary by Trustor or Borrower, from time to time in connection with the Loan Documents.

4.2 Impositions. Trustor shall pay prior to delinquency all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges, fees, taxes, claims, levies, expenses, liens and assessments, ordinary or extraordinary, governmental or nongovernmental, statutory or otherwise (all of the foregoing being herein collectively referred to as "Impositions"), that may be asserted against the Premises or any part thereof or Trustor's interest therein. Provided, however, that Trustor may withhold payment of particular Impositions while contesting them in good faith so long as such withholding does not cause any forfeiture of title.

4.3 Payment of Impositions by Trustor. Upon the occurrence and during the continuance of an Event of Default not cured within any applicable notice, grace, or cure period, Beneficiary are hereby authorized to make or advance, in the place and stead of Trustor, any payment relating to Impositions. Beneficiary may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy or the validity of any Impositions, lien, sale, forfeiture, or related title or claim. Beneficiary are further authorized to make or advance, in place of Trustor, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Section 4.3, whenever, in Beneficiary' judgment and discretion, such advance is necessary to protect the full security intended to be created by this Deed of Trust. All such advances and indebtedness authorized by this Section 4.3 shall constitute Secured Indebtedness and shall be repayable by Trustor upon demand with interest at the Default Rate.

4.4 Insurance. Trustor shall keep the Premises insured against loss or damage by fire and such other casualties and risks as the Beneficiary may require from time to time in accordance with the terms of the Credit Agreement. Irrespective of the insurance required and approved by Beneficiary hereunder, the security interest of Beneficiary hereunder shall cover all policies of insurance which insure against loss or damage to the Premises, and the proceeds from any and all such policies required under this Deed of Trust. The insurance shall provide that no cancellation or reduction in coverage thereunder shall be effective unless the insurer first gives Beneficiary thirty (30) days prior written notice. Forthwith upon the issuance of all such policies required under this Deed of Trust, Trustor shall deliver the same to Beneficiary together with evidence satisfactory to Beneficiary that the premiums have been paid. Within thirty (30) days prior to the expiration date of all insurance policies required under this Deed of Trust, Trustor shall deliver to Beneficiary a renewal policy together with evidence satisfactory to Beneficiary that the premium therefor has been paid. In the event of a foreclosure and sale by Beneficiary of the Premises, the



purchaser of the Premises shall succeed to all rights of Trustor in and to such policies, including the right to the refund of unearned premiums and to dividends thereunder, and Beneficiary may, at Beneficiary's election, assign and deliver the policies to such purchaser without any warranty or representation, express or implied, and without recourse. In the event of damage to or destruction of the Premises or any part thereof, Beneficiary may adjust, settle or compromise claims under such policies, and the proceeds therefrom shall be paid to Beneficiary in accordance with the terms of the Credit Agreement. The proceeds of such insurance shall be applied in accordance with the terms of this Deed of Trust and the Credit Agreement.

**UNLESS TRUSTOR PROVIDES BENEFICIARY WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THE CREDIT AGREEMENT, BENEFICIARY MAY PURCHASE INSURANCE AT TRUSTOR'S EXPENSE TO PROTECT LENDER'S INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT TRUSTOR'S INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE BENEFICIARY PURCHASES MAY NOT PAY ANY CLAIM TRUSTOR MAKES OR ANY CLAIM MADE AGAINST TRUSTOR. TRUSTOR MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT TRUSTOR HAS OBTAINED PROPERTY COVERAGE ELSEWHERE.**

**TRUSTOR IS RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY BENEFICIARY. THE COST OF THIS INSURANCE MAY BE ADDED TO TRUSTOR'S LOAN BALANCE, THE INTEREST RATE ON LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE TRUSTOR'S PRIOR COVERAGE LAPSED OR THE DATE TRUSTOR FAILED TO PROVIDE PROOF OF COVERAGE.**

**THE COVERAGE BENEFICIARY PURCHASES MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE TRUSTOR CAN OBTAIN ON TRUSTOR'S OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.**

4.5 Condemnation and Eminent Domain. Trustor shall give Beneficiary prompt notice of all proceedings, instituted or threatened, seeking condemnation or a taking by eminent domain or like process (herein collectively called "Taking"), of all or any part of the Premises or affecting any related easement or appurtenance (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Beneficiary copies of any and all papers served in connection with any such proceeding. Beneficiary (or, after entry of decree of foreclosure, the purchaser at the foreclosure sale or decree creditor, as the case may be) is hereby authorized at its option to participate in such proceeding and control the same and to be represented therein by counsel of its own choice, and Trustor will deliver, or cause to be delivered to Beneficiary such Deeds of Trust as may be requested by them from time to time to permit such participation or control. In the event of any such Taking, the terms and conditions of the Credit Agreement shall control. Trustor hereby assigns, transfers and sets over unto Beneficiary the entire proceeds of any and all awards and payments resulting from any Taking. In any such event, Beneficiary are hereby authorized to collect and receive from the condemnation authorities all awards and payments (collectively referred to herein as "Awards") and is further authorized to give

appropriate receipts and acquaintances. Such award or payment, less the amount of any expenses incurred in litigating, arbitrating, compromising, or settling any claim arising out of a Taking, shall be applied in the same manner as if they were proceeds from a casualty loss covered by insurance in accordance with the Credit Agreement and in accordance with Section 4.6 hereafter.

4.6 Restoration. In the event there shall be a casualty loss or a Taking, and Beneficiary elect or are required to cause the applicable insurance proceeds or Award to be applied to restore, repair or replace the Premises ("Restoration"), Beneficiary shall disburse such insurance proceeds or Award in accordance with disbursement procedures reasonably acceptable to Beneficiary, including, without limitation, such procedures as are customarily utilized by construction Beneficiary to insure the lien free completion of construction projects. No such insurance proceeds or Award shall be disbursed unless the following conditions are satisfied promptly upon the occurrence of the casualty loss or Taking (but in no event later than 60 days following such occurrence):

(a) Beneficiary shall have received and approved complete plans and specifications for the Restoration;

(b) Beneficiary shall have received and approved a contract for the work of Restoration with a contractor acceptable to Beneficiary;

(c) Beneficiary shall have received copies of all permits and approvals required in connection with the Restoration;

(d) Beneficiary shall be satisfied that the amount of the insurance proceeds or Award actually received (exclusive of the temporary application of insurance proceeds or an Award to repay the Loan and taking into account the ordinary working capital needs of Trustor) are sufficient to pay all costs of the Restoration (as evidenced by a cost estimate prepared by an architect or engineer reasonably acceptable to Beneficiary); and

(e) Beneficiary shall be satisfied that after the Restoration is completed, the value of the Premises, upon completion of the Restoration, will equal or exceed such value immediately prior to the applicable casualty loss or taking.

4.7 Maintenance of Premises. Trustor shall:

(a) keep the Premises in good condition and repair, without waste, and free from mechanics', materialmen's or like liens or claims except for Permitted Liens; and

(b) not make any material alterations in the Premises, except as required by law or municipal ordinance or in the ordinary course of business and except for timber harvesting, silviculture, and other activities permitted under the Loan Documents.

4.8 Prohibited Liens; Prohibited Transfers.

(a) Trustor shall not create, suffer, or permit to be created or filed against the Premises any lien superior or inferior to the lien created by this Deed of Trust except for Permitted Liens.

(b) Trustor may not sell, lease or convey all or any part of the Premises or any interest therein except in accordance with the terms of the Credit Agreement.

#### 4.9 Assignment of Leases and Rents.

(a) All right, title, and interest of Trustor in and to all Leases and Rents are hereby transferred and assigned simultaneously herewith to Beneficiary. Although it is the intention of the parties that the assignment contained in this paragraph shall be a present assignment, it is expressly understood and agreed, anything to the contrary notwithstanding, that Beneficiary shall not exercise any of the rights or powers conferred upon them by this paragraph until an Event of Default shall exist and be continuing under this Deed of Trust after the expiration of any notice, grace, or cure period.

(b) Following the occurrence of an Event of Default and during the continuance thereof, after the expiration of any notice, grace, or cure period, (i) Beneficiary shall have the rights and powers as are provided herein, and (ii) Beneficiary without in any way waiving such default, may direct each or any lessee under the Leases and each guarantor thereof to pay all Rents directly to Beneficiary.

(c) If Trustor, as lessor under any Lease, shall neglect or refuse to perform, observe and keep all of the covenants, provisions and agreements contained in such Lease within reasonable time following demand, then Beneficiary may perform and comply with any such Lease covenants, agreements and provisions. All reasonable costs and expenses incurred by Beneficiary in complying with such covenants, agreements, and provisions shall constitute Secured Indebtedness and shall be payable upon demand with interest payable at the Default Rate (as defined in the Notes).

(d) Beneficiary shall not be obligated to perform or discharge any obligation, duty or liability under any Lease, and Trustor shall and does hereby agree, except to the extent of Beneficiary's gross negligence or willful misconduct, to indemnify and hold the Beneficiary harmless of and from any and all liability, loss or damage which it may or might incur under any Lease or under or by reason of their assignments and of and from any and all claims and demands whatsoever which may be asserted against it by reason of alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in such Lease. Should Beneficiary incur any such liability, loss or damage under any Lease or under or by reason of its assignment to Beneficiary, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall constitute Secured Indebtedness and shall be payable upon demand with interest payable at the Default Rate.

#### 4.10 Uniform Commercial Code.

(a) This Deed of Trust constitutes a Security Agreement as that term is used in Uniform Commercial Code in the State of Oregon (the "UCC") with respect to any part of the

property which may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate (including all replacements thereof, additions thereto and substitutions therefor) (collectively, the "Personal Property Collateral"). All of Trustor's right, title and interest in the Personal Property Collateral is hereby assigned to Beneficiary to secure the payment of the Secured Indebtedness.

(b) At any time after an Event of Default has occurred and shall be continuing after the expiration of any notice, grace, or cure period, Beneficiary shall have the remedies of a secured party under the UCC, including without limitation, the right to take immediate and exclusive possession of the Personal Property Collateral or any part thereof. The remedies of Beneficiary hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the UCC shall not be construed as a waiver of any of the other remedies of the Beneficiary, including having the Personal Property Collateral deemed part of the realty upon any foreclosure so long as any part of the Secured Indebtedness remains unsatisfied.

(c) This Deed of Trust is intended to be a "fixture filing" for purposes of the UCC with respect to the items of property which are or may become fixtures relating to the Premises upon recording of this Deed of Trust in the real estate records of the proper office. The information contained in this Section 4.10(c) is provided in order that this Deed of Trust shall comply with the requirements of the UCC for Deed of Trusts or deeds of trust to be effective as financing statements filed as a fixture filing. The name of the Debtor is JWTR TIMBER HOLDINGS, INC., and the name of the secured party is GENERAL ELECTRIC CAPITAL CORPORATION. The types, or the items, of collateral covered hereby consist of all items of the Personal Property Collateral that constitute fixtures. The mailing addresses of Trustor (debtor) and Beneficiary (secured parties) are set forth in Section 7.1 hereof.

(d) Trustor hereby directs that Beneficiary shall cause to be recorded in the County in which the Premises are located, as well as with the applicable offices of the State, such financing statements and fixture filings as shall be necessary in order to perfect and preserve the priority of Beneficiary's lien upon the Personal Property Collateral.

**4.11 Partial Releases.** Without notice and without regard to the consideration therefor, Beneficiary may release from the lien created hereby all or any part of the Premises, or release from liability any person obligated to repay any of the Secured Indebtedness, without affecting the liability of any party to any of the Notes, this Deed of Trust, the Credit Agreement or any of the other Loan Documents (including without limitation any guaranty given as additional security) and without in any way affecting the priority of the lien created hereby. Beneficiary may agree with any liable party to extend the time for payment of any part or all of the Secured Indebtedness. Such agreement shall not in any way release or impair the lien created by this Deed of Trust or reduce or modify the liability of any person or entity obligated personally to repay any portion of the Secured Indebtedness, but shall extend the lien created by this Deed of Trust as against the title of all parties having any interest in the Premises.

**4.12 Reconveyance and Related Actions.** Subject to the Credit Agreement, if Trustor shall comply with all the terms, conditions and requirements hereof and the terms and conditions of the Credit Agreement (the terms of which are hereby incorporated herein in full), then upon the

full and final satisfaction of all Obligations of Trustor and other Loan Parties to Beneficiary under the Credit Agreement, including without limitation payment in full of the Loan, then, subject to the terms of this Deed of Trust and applicable Oregon law, Beneficiary shall deliver to Trustee a request for reconveyance of this Deed of Trust and Trustee shall execute and record a reconveyance of this Deed of Trust at the sole cost and expense of Trustor. Beneficiary shall also cause all assignments of rents and Uniform Commercial Code Financing Statements relating to this Deed of Trust and the indebtedness secured hereby to be released of record.

4.13 Further Assurances. Trustor agrees that, upon the request of Beneficiary from time to time, it will, at Trustor's sole cost and expense, execute, acknowledge and deliver all such additional Deeds of Trust and further assurances of title and will do or cause to be done all such further acts and things as may reasonably be necessary to fully effectuate the intent of this Deed of Trust. In the event that Trustor shall fail to do any of the foregoing, either Beneficiary may, in its sole discretion, do so in the name of Trustor, and Trustor hereby appoints each Beneficiary as its attorney-in-fact to do any of the foregoing.

4.14 [Intentionally Omitted].

4.15 Subrogation. Beneficiary shall be subrogated to all right, title, equity, liens and claims of all persons to whom each Beneficiary has paid or pays money in settlement of claims, liens, encumbrances or charges or in the acquisition of any right or title for each Beneficiary's benefit under this Deed of Trust or for the benefit and account of Trustor.

4.16 Inspection. Subject to the Credit Agreement, Trustor shall permit any person designated by Beneficiary to visit and inspect the Premises, to examine the books of account and other records of Trustor with respect to the Premises, and to discuss the affairs, finances and accounts of Trustor with and to be advised as to the same by Trustor or a knowledgeable and duly authorized representative of Trustor, all at such reasonable times and intervals as Beneficiary may reasonably desire and upon reasonable notice.

4.17 Leases and Timber Contracts Affecting Premises. Trustor shall comply in all material respects with and observe its obligations as landlord under all Leases and its obligations under all contracts for sale and harvesting of timber affecting the Premises or any part thereof. If requested by Beneficiary, Trustor shall furnish Beneficiary with executed copies of all Leases, stumpage contracts, and other timber contracts now or hereafter created with respect to all or any part of the Premises. Except to the extent expressly permitted under and pursuant to the terms and provisions of the Credit Agreement, Trustor shall not accept payment of Rent or other similar consideration more than one year in advance or payments for the sale or harvesting of timber more than three (3) months in advance of the due date for such payment without the express written consent of Beneficiary, which consent shall not be unreasonably withheld. To the extent provided herein, in the Credit Agreement, and in the other Loan Documents, Trustor assigns to Beneficiary, and provides a security interest in, as additional security any and all such Leases, forest management agreement, surface use agreements, stumpage contracts, log delivery agreements, and other timber contracts whether now existing or hereafter created, including, without limitation, all Rents, royalties, issues, and profits of the premises from time to time accruing. Except to the extent expressly permitted under and pursuant to the terms and provisions of the Credit Agreement, Trustor shall not amend, terminate, modify, assign or release

any of the forest management agreement, surface use agreements, stumpage contracts, log delivery agreements or other timber contracts without Beneficiary's prior written consent, which consent shall not be unreasonably withheld. Leases shall be managed in accordance with the terms and provisions of the Credit Agreement.

4.18 Restrictive Uses. Trustor shall not initiate, join in, or consent to any change in the current use of the Premises or in any zoning ordinance, private restrictive covenant, assessment proceedings or other public or private restriction limiting or restricting the uses that may be made of the Premises or any part thereof or any timber harvesting operations thereon without the prior written consent of Beneficiary except such changes as are (a) permitted under this Deed of Trust, the Credit Agreement, or any other Loan Documents or (b) not reasonably expected to have a Material Adverse Effect.

4.19 Authorizations. Trustor hereby agrees not to amend, supplement, cancel, surrender, allow to expire, terminate, release or waive any material authorization or any provision thereof, issued to it and required for the use, occupancy, operation, management, repair or maintenance of Premises or for the management, cutting, harvesting, milling or other disposition of the Inventory, or permit any of the foregoing without the prior written consent of Beneficiary if such action is reasonably likely to have a Material Adverse Effect. Consent to one amendment, supplement, cancellation, surrender, expiration, termination, release or waiver shall not be deemed to be a waiver of the right to require consent to other, further or successive amendments, supplements, cancellations, surrenders, expirations, terminations, releases or waivers. Any such amendment, supplement, cancellation, surrender, expiration, termination, release or waiver, whether oral or in writing, made without the prior written consent of Beneficiary shall, to the extent permitted by law, not be valid or effective against Beneficiary. Trustor shall not take any action or omit to take any action which would adversely affect, or permit the suspension, expiration, termination, non-renewal or revocation, of any material authorizations if the same is reasonably likely to have a Material Adverse Effect. Promptly after becoming aware thereof, Trustor shall promptly notify Beneficiary in writing of any default or alleged default by Trustor under any such authorization or the commencement of any investigations, hearings or proceedings that specifically involve any such authorization and could lead to modification, suspension, termination, nonrenewal or revocation of any such authorization. Trustor shall also promptly deliver to Beneficiary copies of all notices, demands, complaints or other communications received or given by it with respect to any such default or alleged default or such investigation, hearing or proceeding.

4.20 Leasing. Trustor will manage the Leases in accordance with terms and provisions of the Credit Agreement. Without limitation, the entering into of any Leases of or relating to all or any part of the Premises shall be subject to, and governed by, any applicable terms and provisions of the Credit Agreement.

## V.

### EVENT OF DEFAULT AND REMEDIES

5.1 Event of Default. The occurrence of an "Event of Default" as such term is defined in the Credit Agreement, shall constitute an "Event of Default" under this Deed of Trust.

5.2 Foreclosure and Sale. If an Event of Default has occurred and is continuing beyond any applicable notice, grace or cure period, Beneficiary may, at their election and either with or without entry or taking possession as herein provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy to: (a) enforce payment of the Notes, any guaranty agreements, or the performance of any term, covenant, condition or agreement of Trustor under any of the Loan Documents; (b) foreclose the lien hereof judicially, in the same manner as a mortgage, or specifically enforce any of the covenants hereof or cause Trustee to foreclose this Deed of Trust by power of sale; (c) secure the appointment of a receiver for the Premises; and/or (d) exercise their respective rights under Section 4.10 herein above with respect to all or any portion of the Personal Property Collateral in accordance with the provisions of the UCC; provided Trustee or Beneficiary shall have no obligation to clean up or otherwise prepare such Personal Property Collateral for sale nor marshal any Personal Property Collateral in favor of Trustor or any other secured party; and/or (d) pursue any other right or remedy available to Trustee and/or Beneficiary under or by the law and decisions of the State in which the Premises is located. Trustee or Beneficiary may comply with any applicable state or federal law requirements in connection with a disposition of the Personal Property Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Personal Property Collateral.

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 such Loan Documents 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 recorded, published and delivered to Trustor such notice of Event of Default and election to sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of Event of Default and after notice of sale having been given as required by law, sell the Premises at the time and place of sale fixed by it in said notice of sale, either as a whole, or in separate lots or parcels or items as Beneficiary shall determine, 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 other than Trustee including, without limitation, Trustor, Beneficiary or any of the Secured Parties, may purchase at such sale. After deducting all reasonable and actual costs, fees and expenses of Trustee and of the trust created herein, including reasonable costs of evidence of title in connection with sale, Trustee, on behalf of Beneficiary or their respective assigns, shall apply the proceeds of sale to the Secured Indebtedness in such manner as provided in Section 5.11 herein below. Trustee may postpone sale of all or any portion of the Premises by public announcement at such time and place of sale or in such other manner as is permitted by law, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement or subsequently noticed sale or in such other manner as is permitted by law, and with such notice as is required by law, or without further notice if not such notice is required by law, make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale. The power of sale under this Deed of Trust shall not be exhausted by any one or more sales (or attempts to sell) as to all or any portion of the Premises remaining unsold, but shall continue unimpaired until all of the Premises has been sold

by exercise of the power of sale herein contained and the entire Secured Indebtedness has been paid in full. Notwithstanding any statute or rule of law to the contrary, the failure to join any tenant or tenants of the Premises as party defendant or defendants in any foreclosure action or the failure of any such order or judgment to foreclose their rights shall not be asserted by Trustor as a defense in any civil action instituted to collect (y) the Secured Indebtedness, or any part thereof or (z) any deficiency remaining unpaid after foreclosure and sale of the Premises.

Trustor agrees that in case of a sale, as herein provided, Trustor or any person in possession under Trustor shall then become and be tenants holding over, and shall forthwith deliver possession to the purchaser at such sale, or be summarily dispossessed in accordance with the provisions of law applicable to tenants holding over; the power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, and are in addition to any and all other remedies which Beneficiary or Trustee may have at law or in equity; Trustor agrees that in the event a foreclosure hereunder should be commenced by Trustee, or his substitute or successor, Beneficiary may at any time before the sale of the Premises direct Trustee to abandon the sale, and may then institute suit for the collection of the Secured Indebtedness, and for the foreclosure of this Deed of Trust; it is further agreed that if Beneficiary should institute a suit for the collection thereof, and for a foreclosure of this Deed of Trust, that it may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, his substitute or successor to sell the Premises in accordance with the provisions of this Deed of Trust.

Beneficiary may, at their election, exercise any or all of the remedies available to a secured party under the applicable Uniform Commercial Code, including but not limited to, delivery to Trustee of a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Premises to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County in which the Premises is located.

5.3 Remedies Cumulative and Non-Waiver. No remedy or right of Beneficiary hereunder or under the Credit Agreement or any of the Loan Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy. Each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on the occurrence of any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by Beneficiary. All obligations of the Trustor, and all rights, powers and remedies of Beneficiary shall be in addition to, and not in limitation of, those provided by law or in the Credit Agreement or contained in any of the Loan Documents or any other written agreement or Deed of Trust relating to any of the Secured Indebtedness or any security therefor.

5.4 Expenses. In any proceeding to foreclose or partially foreclose the lien of this Deed of Trust, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting therefrom, all expenses paid or incurred by or on behalf of Beneficiary in the protection of the Premises and the exercise of Beneficiary's rights and remedies hereunder, which expenses



may be estimated as to items to be expended after entry of any judgment or decree of foreclosure. Such expenses shall include: reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, survey costs, and costs of procuring all abstracts of title, title searches and examinations, title insurance policies, and any similar data and assurances with respect to title to the Premises as Beneficiary may deem reasonably necessary either to prosecute any such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of all or any portion of the Premises. All such expenses shall be due and payable by Trustor upon demand with interest thereon at the Default Rate.

5.5 Beneficiary' Performance of Trustor's Obligations. Following the occurrence of an Event of Default and during the continuance thereof not cured within any applicable notice, grace or cure period, Beneficiary, either before or after acceleration of the Secured Indebtedness or the foreclosure of the lien hereof and during the period of redemption, if any, may, but shall not be required to (a) make any payment or perform any act herein, in the Credit Agreement or any other Financing Document which is required of Trustor (whether or not Trustor is personally liable therefor) in any form and manner deemed expedient to Beneficiary; (b) make full or partial payments of principal or interest on any permitted prior deed of trust or encumbrance and purchase, discharge, compromise or settle any tax lien or other prior lien on title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises, or contest any Impositions; and (c) complete construction, furnishing and equipping of the Improvements upon the Premises and rent, operate and manage the Premises and such Improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and Improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, shall constitute Secured Indebtedness, and shall become due and payable upon demand and with interest thereon at the Default Rate. Beneficiary, in making any payment hereby authorized: (x) for the payment of Impositions, may do so according to any bill or statement, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (y) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim or lien which may be asserted; or (z) for the completion of construction, furnishing or equipping of the Improvements or the Premises or the rental, operation or management of the Premises or the payment of operating cost and expenses thereof, may do so in such amounts and to such persons as such Beneficiary may deem appropriate and may enter into such contracts therefor as Beneficiary may deem appropriate or may perform the same themselves.

5.6 [Intentionally Omitted].

5.7 Application of Income Received by Beneficiary. Beneficiary, in the exercise of the rights and powers hereinabove conferred upon it, shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Beneficiary may determine: (i) to the payment of the operating expenses of the Premises including cost of management thereof, established claims for damages, if any, and premiums on insurance hereinabove authorized; (ii) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and (iii) to all other

items which may under the terms hereof constitute Secured Indebtedness additional to that evidenced by the Notes and Credit Agreement, with interest thereon as provided herein or in the other Loan Documents.

5.8 Appointment of Receiver. If an Event of Default has occurred and is continuing after the expiration of any applicable notice, grace, or cure period, Beneficiary may, at their election and by themselves or any nominees or assignees, or an officer appointed by judgment of foreclosure, make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Trustor or regard to the adequacy of the Premises for the repayment of the Secured Indebtedness, the appointment of a receiver of the Premises, and Trustor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Premises upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 5.7. Beneficiary shall also have the right to seek appointment of a general receiver for Trustor if permitted by law.

5.9 Beneficiary' Agents. Beneficiary may appoint or delegate any one or more entities or persons as agent to perform any act or acts necessary or incident to any sale held by Beneficiary, including the posting of notices and conduct of sale, but in the name and behalf of Beneficiary.

5.10 Rescission of Notice of Default. Beneficiary may from time to time rescind any notice of default or notice of sale before any foreclosure sale by executing and delivering to an officer appointed by a judgment of foreclosure to sell the Premises (if any has then been appointed) a written notice of such rescission, which such notice, shall also constitute a cancellation of any prior declaration of default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustor, other declarations or notices of default to satisfy the obligations of this Deed of Trust or the obligations secured hereby, nor otherwise affect any provision, covenant or condition of any Financing Document or any of the rights, obligations or remedies the Beneficiary hereunder or thereunder.

5.11 Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority, except to the extent otherwise required by applicable law: first, to all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Section 5.4 hereof; second, to all other items which may under the terms hereof constitute Secured Indebtedness additional to that evidenced by the Credit Agreement and the Notes, with interest thereon as provided herein or in the other Loan Documents; third, to all amounts owing under the Credit Agreement and the other Loan Documents; and fourth, any surplus to Trustor, its successors or assigns, as their rights may appear or to any other party legally entitled thereto.

5.12 Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in repairing, restoring, replacing or rebuilding any portion of the Premises, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In case of the foreclosure of this Deed of Trust, the court in its judgment may provide that the judgment creditor may cause a new

or additional loss clause to be attached to each of said policies making the loss thereunder payable to said judgment creditor; and any such foreclosure judgment may further provide, unless the right of redemption has been waived, that in case of redemption under said judgment, then, and in every such case, the redemptory may cause the preceding loss clause attached to each insurance policy to be canceled and a new loss clause to be attached thereto, making the loss thereunder payable to such redemptory.

5.13 Waiver of Statutory Rights. Trustor shall not apply for or avail itself of any appraisal, valuation, redemption, stay, extension, or exemption laws, or any so-called "*moratorium laws*," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, and Trustor hereby waives the benefit of such laws. Trustor, for itself and all who may claim through or under it, waives any and all rights to have the Premises and estates comprising the Premises marshaled upon any foreclosure of the lien of this Deed of Trust, and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold in its entirety. Trustor further waives any and all rights of redemption from foreclosure and from sale under any order or decree of foreclosure of the lien created by this Deed of Trust, for itself and on behalf of: (i) any trust estate of which the Premises are a part; (ii) all beneficially interested persons; (iii) each and every person acquiring any interest in the Premises or title to the Premises subsequent to the date of this Deed of Trust; and (iv) all other persons to the extent permitted by the provisions of laws of the State in which the Premises are located.

5.14 Effect of Judgment. The obtaining of any judgment by Beneficiary and any levy of any execution under any judgment upon the Premises shall not affect in any manner or to any extent the lien of this Deed of Trust upon the Premises or any part thereof, or any liens, powers, rights and remedies of Beneficiary hereunder, but such liens, powers, rights and remedies shall continue unimpaired as before until the judgment or levy is satisfied.

5.15 Request for Notice. Trustor hereby requests a copy of any notice of default and requests that any notice of sale hereunder be mailed to Trustor at the address referenced in Section 6.1 hereof. Otherwise, except as otherwise required by law, Beneficiary are not under any obligation to notify any person or entity of any action or proceeding of any kind in which Trustor or Beneficiary shall be parties, unless brought by Beneficiary, or of any pending sale under any other Deed of Trust.

## VI. PARTICULAR PROVISIONS

6.1 [Intentionally Omitted].

6.2 [Intentionally Omitted]

6.3 Appointment of Successor Trustee. Beneficiary shall at any time have the irrevocable right to remove Trustee herein named without notice or cause and to appoint its successor by an instrument in writing, as authorized by Oregon law, and in such form as to entitle such written instrument to be recorded in the county and state in which the Premises is located. In the event of the incapacity or resignation of the Trustee herein named, Beneficiary shall have the right to

appoint Trustee's successor by such written instrument. Any Trustee so appointed shall be vested with the title to the Premises and shall possess all the powers, duties and obligations herein conferred on Trustee in the same manner and to the same extent as though it were named herein as Trustee.

6.4 Trustee Provisions. Trustee accepts the trust hereunder but only upon the terms and conditions hereof, to all of which Trustor and Beneficiary (by its acceptance hereof) agree:

(a) Duties of the Trustee. Trustee undertakes by such acceptance, for the benefit of Beneficiary, to take such action from time to time for the protection and enforcement of rights of Beneficiary under this Deed of Trust as may be necessary or appropriate in the interests of Beneficiary, provided that:

(i) Trustee shall not be obligated to take any action hereunder which might in its sole judgment involve Trustee in any expense or liability unless Trustee shall have been furnished with reasonable indemnity;

(ii) Unless and until an Event of Default shall have occurred, Trustee shall not be obligated to take any action hereunder except for the performance of such duties as are specifically set forth in this Deed of Trust called to Trustee's attention by Beneficiary and as may be requested from time to time in writing by Beneficiary;

(iii) Trustee shall not be deemed to have notice of existence of any Event of Default hereunder or the occurrence or existence of any other event or condition that may affect Trustee's obligation to act or refrain from acting, unless notified hereof in writing by Beneficiary;

(iv) If an Event of Default shall have occurred, Trustee shall exercise such rights, powers and remedies (whether vested in Trustee by this Deed of Trust or at law or in equity or by statute or otherwise) for the protection and enforcement of Trustee's rights and the rights of Beneficiary under this Deed of Trust as Trustee may be directed in writing to exercise by Beneficiary;

(v) Trustee may at any time request written instructions from Beneficiary with respect to the interpretation of this Deed of Trust or action to be taken or suffered or not taken hereunder and may refrain from taking any action under this Deed of Trust until Trustee shall have received such written instructions from Beneficiary, and upon receipt of such written instructions, Trustee shall be entitled to rely conclusively thereon, and shall be relieved of any liability whatsoever as a result of acting or refraining from acting in accordance with such instructions, provided that if in Trustee's sole judgment such action or refraining from action might involve Trustee in any expense or liability for which Trustee shall not have been adequately indemnified by Beneficiary, Trustee shall be entitled to petition a court of competent jurisdiction for the purpose of obtaining a declaration of Trustee's rights and duties under this Deed of Trust; and

(vi) Trustee shall be protected in acting upon any notice, consent, demand, statement, note or other paper or document believed by Trustee to be genuine and to have been signed by the party or parties purporting to sign the same. Trustee shall not be liable for any

error of judgment, nor for any act done or step taken or omitted, nor for any mistakes of law or fact, nor for anything which Trustee may do or refrain from doing in good faith, nor generally shall Trustee have any accountability hereunder except for Trustee's willful default or gross negligence, nor for any action taken or suffered or not taken in accordance with the written request or instructions of Beneficiary.

(b) Implied Duties of Trustee. No implied covenants or duties against Trustee shall be read into this Deed of Trust, but the duties and obligations of Trustee to Trustor and Beneficiary and to all others shall be determined solely by the express provisions of this Deed of Trust.

## VII. MISCELLANEOUS

7.1 Notices. Any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, or sent by United States mail and shall be deemed to have been given when delivered in person, upon receipt of telecopy or four business days after depositing it in the United States mail, registered or certified, with postage prepaid and properly addressed as follows:

Notices shall be addressed as follows:

(a) If to Trustor, at:

JWTR Timber Holdings, Inc.  
6400 Highway 66,  
Klamath Falls, Oregon 97601

(b) If to Trustee, at:

Chicago Title Insurance Company  
1211 SW 5<sup>th</sup> Ave., Suite 2150  
Portland, Oregon 97204

(c) If to Beneficiary, at:

General Electric Capital Corporation  
201 Merritt 7  
Norwalk, CT 06851  
Attn: Account Manager - JWTR

Kilpatrick Stockton LLP  
3737 Glenwood Avenue  
Suite 400  
Raleigh, NC 27612  
Attn: Hilary P. Jordan, Esq.

7.2 Time of Essence. Time is of the essence of this Deed of Trust.

7.3 Covenants Run with Premises. All of the covenants of this Deed of Trust shall run with the land constituting the Premises.

7.4 Governing Law. THIS DEED OF TRUST SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF OREGON (INCLUDING RIGHTS TO A DEFICIENCY AFTER JUDICIAL OR NONJUDICIAL FORECLOSURE).

7.5 Severability. If any provision of this Deed of Trust, or any paragraph, sentence, clause, phrase, or word, or their application, in any circumstance, is held invalid, the validity of the remainder of this Deed of Trust shall be construed as if such invalid part were never included.

7.6 Non-Waiver. Unless expressly provided in this Deed of Trust to the contrary, no consent or waiver, express or implied, by any party, to or of any breach or default by any other party shall be deemed a consent to or waiver of the performance by such defaulting party of any other obligations or the performance by any other party of the same, or of any other, obligations.

7.7 Headings. The headings of sections and paragraphs in this Deed of Trust are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions.

7.8 Grammar. As used in this Deed of Trust, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

7.9 Successors and Assigns. This Deed of Trust shall be binding upon Trustor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Trustor, provided that Trustor may not assign any of its rights, duties or obligations hereunder except as permitted by the Credit Agreement.

7.10 Counterparts. This Deed of Trust Agreement may be executed in multiple counterparts to be recorded in each county in which a portion of the Premises is located, each of which shall constitute an original, but all of which shall constitute one document.

7.11 Mortgagee in Possession. Nothing contained in this Deed of Trust shall be construed as constituting Beneficiary to be a mortgagee in possession in the absence of the actual taking of possession of the Premises.

7.12 Incorporation of Credit Agreement; No Conflicts. The terms of the Credit Agreement are incorporated by reference herein as though set forth in full detail. In the event of any conflict between the terms and provisions of Section 4.10 hereof and that certain Security Agreement, dated as of the date hereof among Trustor, certain affiliates of Trustor in favor of Beneficiary, as amended, supplemented, restated or otherwise modified from time to time (the "Security Agreement"), the terms and provisions of the Security Agreement shall control; in the event of a

conflict between any other term or provision of this Deed of Trust or the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

7.13 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Deed of Trust. In the event an ambiguity or question of intent or interpretation arises, this Deed of Trust shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of this Deed of Trust.

7.14 Secured Indebtedness to Include Judgments; Other Collateral. The term "Secured Indebtedness" as defined in this Deed of Trust shall include, without limitation, any judgment(s) or final decree(s) rendered to collect any money obligations of Trustor to Beneficiary and/or the Secured Parties and/or to enforce the performance or collection of all rights, remedies, obligations, covenants, agreements, conditions, indemnities, representations, warranties, and other liabilities of the Trustor under this Deed of Trust or any or all of the other Loan Documents. The obtaining of any judgment by Beneficiary and/or the other Secured Parties (other than a judgment foreclosing this Deed of Trust) and any levy of any execution under any such judgment upon the Premises shall not affect in any manner or to any extent the lien of this Deed of Trust upon the Premises or any part thereof, or any liens, powers, rights and remedies of Beneficiary and/or the Secured Parties hereunder, but such liens, powers, rights and remedies shall continue unimpaired as before until the judgment or levy is satisfied. Furthermore, Trustor acknowledges and agrees that the Secured Indebtedness is secured by the Premises and various other collateral at the time of execution of this Deed of Trust. Trustor specifically acknowledges and agrees that the Premises, in and of itself, if foreclosed or realized upon may not be sufficient to satisfy the outstanding amount of the Secured Indebtedness. Accordingly, Trustor acknowledges that in such case it is in Trustor's contemplation that the other collateral pledged to secure the Secured Indebtedness may be pursued by Beneficiary in separate proceedings in the various states and counties where such collateral may be located and additionally that Trustor will remain liable for any deficiency judgments in addition to any amounts Beneficiary and/or the other Secured Parties may realize on sales of other property or any other collateral given as security for the Secured Indebtedness. Specifically, and without limitation of the foregoing, it is agreed that it is the intent of the parties hereto that in the event of a foreclosure of this Deed of Trust, that the Secured Indebtedness shall not be deemed merged into any judgment of foreclosure, but shall rather remain outstanding to the fullest extent permitted by applicable law.

7.15 [Intentionally Omitted].

7.16 Multisite Real Estate Transaction. Trustor acknowledges that this Deed of Trust is one of a number of other deeds of trust, Deed of Trusts, and other security documents that secure the Obligations. Trustor agrees that the lien of this Deed of Trust shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of Beneficiary, and without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by the Beneficiary of any security for or guarantees of any of the Obligations hereby secured, or by any failure, neglect or omission on the part of Beneficiary to realize upon or protect any Obligation or Indebtedness hereby secured or any collateral security therefor including the other deeds of trust, Deed of Trusts and other security documents. The lien and security title hereof shall not in any manner be impaired or affected by

any release (except as to the property released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing, modification or disposition of any of the Obligations secured or of any of the collateral security therefor, including the other deeds of trust, Deed of Trusts and other security documents or of any guarantee thereof, and Beneficiary may at its discretion foreclose, exercise any power of sale, or exercise any other remedy available to it under any or all of the other deeds of trust, Deed of Trusts and other security documents without first exercising or enforcing any of its rights and remedies hereunder. Such exercise of Beneficiary's rights and remedies under any or all of the other deeds of trust, Deed of Trusts and other security documents shall not in any manner impair the indebtedness hereby secured or the lien of this Deed of Trust and any exercise of the rights or remedies of Beneficiary hereunder shall not impair the lien of any of the other deeds of trust, Deed of Trusts and other security documents or any of Beneficiary's rights and remedies thereunder. Trustor specifically consents and agrees that the Beneficiary may exercise their respective rights and remedies hereunder and under the other deeds of trust, Deed of Trusts and other security documents separately or concurrently and in any order that it may deem appropriate and waives any rights of subrogation.

7.17 Cross Collateralization; Cross Default. Trustor acknowledges that the Secured Indebtedness is secured by, among other things, this Deed of Trust together with additional deeds of trust, deeds of trust or similar security Deed of Trusts, as the case may be, and as the same may have been and may be hereafter be amended, all as more specifically set forth in the Credit Agreement and Financing Documents (together with their respective assignments of leases and rents and other documents securing or evidencing the Secured Indebtedness (the "Additional Security Deed of Trusts") and encumbering the additional properties (the "Additional Properties"), all as more specifically set forth in the Credit Agreement. Upon the occurrence of an Event of Default not cured within any applicable notice, grace, or cure period, Beneficiary shall have the right to institute a proceeding or proceedings for the total or partial foreclosure of this Deed of Trust and any or all of the Additional Security Deed of Trusts whether by court action, power of sale or otherwise, under any applicable provision of law, for all of the Secured Indebtedness or the portion of the Secured Indebtedness allocated to the land and premises in the Credit Agreement, and the lien and the security interest created by the Additional Security Deed of Trusts shall continue in full force and effect without loss of priority as a lien and security interest securing the payment of that portion of the Secured Indebtedness then due and payable but still outstanding. Trustor acknowledges and agrees that the land and premises and the Additional Properties are located in one or more states and counties, and therefore, Beneficiary shall be permitted to enforce payment of the Secured Indebtedness and the performance of any term, covenant or condition of this Deed of Trust, the Credit Agreement, the Financing Documents, or the Additional Security Deed of Trusts and exercise any and all rights and remedies under this Deed of Trust, the Credit Agreement, the Financing Documents or the Additional Security Deed of Trusts, or as provided by law or at equity, by one or more proceedings, whether contemporaneous, consecutive or both, to be determined by Beneficiary, in its sole discretion, in any one or more of the States or counties in which the land and premises or any Additional Properties are located. Neither the acceptance of this Deed of Trust, the Credit Agreement, the Financing Documents or the Additional Security Deed of Trusts nor the enforcement thereof in any one state or county, whether by court action, foreclosure, power of sale or otherwise, shall prejudice or in any way limit or preclude enforcement by court action, foreclosure, power of sale or otherwise, of this Deed of Trust, the Credit Agreement, the



Financing Documents or any Additional Security Deed of Trusts through one or more additional proceedings in that state or county or in any other state or county. Any and all sums received by Beneficiary under this Deed of Trust and the Credit Agreement shall be applied to the Secured Indebtedness in the order set forth in the Credit Agreement.

7.18 Venue. TRUSTOR HEREBY CONSENTS AND AGREES THAT TO THE EXTENT PERMITTED BY LAW, THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN TRUSTOR AND BENEFICIARY PERTAINING TO THIS DEED OF TRUST OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS DEED OF TRUST; PROVIDED, THAT BENEFICIARY AND TRUSTOR ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE STATE OF OREGON; PROVIDED FURTHER, THAT NOTHING IN THIS DEED OF TRUST SHALL BE DEEMED OR OPERATE TO PRECLUDE BENEFICIARY FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF BENEFICIARY; AND FURTHER PROVIDED, THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIEN CREATED BY THIS DEED OF TRUST SHALL BE LITIGATED IN THE STATE OF OREGON. TRUSTOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND TRUSTOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS.

7.19 Jury Trial Waiver. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, TRUSTOR, AND BY ITS ACCEPTANCE OF THIS DEED OF TRUST, BENEFICIARY, HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE BETWEEN BENEFICIARY AND TRUSTOR ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THE RELATIONSHIP, COURSE OF DEALINGS OR COURSE OF CONDUCT ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS DEED OF TRUST OR THE TRANSACTIONS RELATED THERETO. TRUSTOR AND BENEFICIARY ACKNOWLEDGES THAT THEY HAVE BEEN REPRESENTED (OR

**HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING AND ACCEPTANCE OF THIS DEED OF TRUST AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL.**

7.20 [Intentionally Omitted].

7.21 [Intentionally Omitted].

7.22 Compliance with Applicable Law. Anything elsewhere herein contained to the contrary notwithstanding:

(a) In the event that any provision in this Deed of Trust shall be inconsistent with any provision of Oregon law regarding judicial or nonjudicial foreclosure, exercise of an assignment of rents and receivership (the "Oregon Foreclosure Law"), the provisions of the Oregon Foreclosure Law shall take precedence over the provisions of this Deed of Trust, but shall not invalidate or render unenforceable any other provision of this Deed of Trust that can be construed in a manner consistent with Oregon Foreclosure law; and

(b) If any provision of this Deed of Trust shall grant to Beneficiary or a receiver appointed pursuant to the provisions of this Deed of Trust, any rights or remedies prior to, upon or following the occurrence of an Event of Default which are more limited than the rights that would otherwise be vested in Beneficiary or such receiver under the Oregon Foreclosure Law in the absence of said provision, Beneficiary and such receiver shall be vested with the rights granted under the Oregon Foreclosure Law to the full extent permitted by law.

**THIS INSTRUMENT WILL NOT ALLOW THE 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 THE FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.**

**UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BENEFICIARY AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BENEFICIARY TO BE ENFORCEABLE.**

Trustor acknowledges receipt of a copy of this instrument at the time of execution thereof.

**[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY]**



IN WITNESS WHEREOF, Trustor has duly signed and delivered this Deed of Trust as of the date first above written.

**TRUSTOR:**

JWTR TIMBER HOLDINGS, INC., an Oregon corporation

By: \_\_\_\_\_

Name: Thomas C. Ludlow

Its: Chief Financial Officer

STATE OF Oregon )

COUNTY OF Klamath ) ss.

On the 3rd day of March, 2010, before me, the undersigned, personally appeared Thomas C. Ludlow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual who executed the within instrument in his capacity as the Chief Financial Officer of JWTR TIMBER HOLDINGS, INC., the corporation that executed the within instrument, and acknowledged to me that he executed the same in the capacity therein stated and that he was duly authorized to do pursuant to the corporation's bylaws or a resolution of its board of directors.

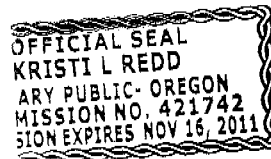
Kristi L. Redd

Notary Public State of Oregon

Residing at: Klamath County, Oregon

Originally Qualified in the County of Klamath

My commission expires: 11/16/2011



**EXHIBIT A**

**Legal Description of Premises**

**Located in the Counties of Klamath and Lake, State of Oregon**

**IN THE COUNTY OF KLAMATH, STATE OF OREGON, AS FOLLOWS:**

**DEEP CREEK PARCEL**

**PARCEL 1:**

Section 3 - S1/2  
Section 4 - Government Lots 1, 2, 3 and 4, S1/2 N1/2, S1/2  
Section 5 - Government Lots 1, 2, 3 and 4, S1/2 N1/2, S1/2  
Section 6 - Government Lots 1 and 2, S1/2 NE1/4, SE1/4  
Section 7 - E1/2 NE1/4  
Section 8 - N1/2, SE1/4, NE1/4 SW1/4  
Section 9 - All  
Section 10 - All  
Section 11 - All  
Section 12 - All  
Section 13 - All  
Section 14 - All  
Section 15 - All  
Section 16 - All  
Section 17 - E1/2  
Section 20 - NE1/4, E1/2 SE1/4  
Section 21 - All  
Section 22 - All  
Section 23 - All  
Section 24 - All  
Section 25 - All  
Section 26 - All  
Section 27 - All  
Section 28 - All  
Section 29 - E1/2 E1/2  
Section 32 - E1/2 E1/2  
Section 33 - All  
Section 34 - All  
Section 35 - All  
Section 36 - All

All being in Township 31 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

**PARCEL 2:**

Section 1 - Government Lots 1, 2, 3 and 4, S1/2 N1/2, S1/2  
Section 2 - Government Lots 1, 2, 3 and 4, S1/2 N1/2, S1/2  
Section 3 - Government Lots 1, 2, 3 and 4, S1/2 N1/2, S1/2  
Section 4 - Government Lots 1, 2, 3 and 4, S1/2 N1/2, S1/2  
Section 5 - Government Lot 1, SE1/4 NE1/4, E1/2 SE1/4  
Section 8 - E1/2 E1/2  
Section 9 - All  
Section 10 - All  
Section 11 - All  
Section 12 - All  
Section 13 - All  
Section 14 - All  
Section 15 - All  
Section 16 - All  
Section 17 - E1/2 E1/2  
Section 20 - E1/2 E1/2  
Section 21 - All  
Section 22 - All  
Section 23 - All  
Section 24 - All  
Section 25 - All  
Section 26 - All  
Section 27 - All  
Section 28 - All  
Section 33 - All  
Section 34 - All  
Section 35 - All  
Section 36 - All

All being in Township 32 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

**IN THE COUNTY OF LAKE, STATE OF OREGON, AS FOLLOWS:**

**PARCEL 78**

**TOWNSHIP 31 SOUTH, RANGE 12 EAST OF THE WILLAMETTE MERIDIAN**

Section 7: ALL  
Section 8: ALL  
Section 9: ALL  
Section 10: ALL  
Section 11: ALL

Section 12:	ALL
Section 13:	ALL
Section 14:	ALL
Section 15:	ALL
Section 16:	ALL
Section 17:	ALL
Section 18:	ALL
Section 19:	ALL
Section 20:	ALL
Section 21:	ALL
Section 22:	ALL
Section 23:	ALL
Section 24:	ALL

PARCEL 79

TOWNSHIP 31 SOUTH, RANGE 12 EAST OF THE WILLAMETTE MERIDIAN

Section 25:	ALL
Section 26:	ALL
Section 27:	ALL
Section 28:	ALL
Section 29:	ALL
Section 30:	ALL
Section 31:	ALL
Section 32:	ALL
Section 33:	ALL
Section 34:	ALL
Section 35:	ALL
Section 36:	ALL

PARCEL 80

TOWNSHIP 31 SOUTH, RANGE 13 EAST OF THE WILLAMETTE MERIDIAN

Section 5:	ALL
Section 6:	ALL
Section 7:	ALL
Section 8:	ALL
Section 17:	ALL
Section 18:	ALL
Section 19:	ALL
Section 20:	ALL

PARCEL 81

TOWNSHIP 31 SOUTH, RANGE 13 EAST OF THE WILLAMETTE MERIDIAN

Section 29:	ALL
Section 30:	ALL
Section 31:	ALL
Section 32:	ALL

PARCEL 82

TOWNSHIP 32 SOUTH, RANGE 12 EAST OF THE WILLAMETTE MERIDIAN

Section 1:	ALL
Section 2:	ALL
Section 3:	ALL
Section 4:	ALL
Section 5:	ALL
Section 6:	ALL
Section 7:	ALL
Section 8:	ALL
Section 9:	ALL
Section 10:	ALL
Section 11:	ALL
Section 12:	ALL
Section 13:	ALL
Section 14:	ALL
Section 15:	ALL
Section 16:	ALL
Section 17:	ALL
Section 18:	ALL
Section 19:	ALL
Section 20:	ALL
Section 21:	ALL
Section 22:	ALL
Section 23:	ALL
Section 24:	ALL
Section 25:	ALL
Section 26:	ALL
Section 27:	ALL
Section 28:	ALL
Section 29:	ALL
Section 30:	ALL
Section 31:	ALL
Section 32:	ALL
Section 33:	ALL
Section 34:	ALL
Section 35:	ALL
Section 36:	ALL

PARCEL 83

TOWNSHIP 32 SOUTH, RANGE 13 EAST OF THE WILLAMETTE MERIDIAN

Section 29:	ALL
Section 30:	ALL
Section 31:	ALL
Section 32:	ALL

PARCEL 84

TOWNSHIP 32 SOUTH, RANGE 13 EAST OF THE WILLAMETTE MERIDIAN

Section 5:	ALL
Section 6:	ALL
Section 7:	ALL
Section 8:	ALL
Section 17:	ALL
Section 18:	ALL
Section 19:	ALL
Section 20:	ALL