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2012-006250

Klamath County, Oregon



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Fee: \$92.00

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Pepple Cantu Schmidt PLLC
1501 Western Avenue, Suite 600
Seattle, WA 98101
attn. Thomas L. Palotas

[SPACE ABOVE THIS LINE FOR RECORDER'S USE]

**This instrument is executed in duplicate for simultaneous recording
in Lake County and in Klamath County**

**THIRD MODIFICATION OF
LINE OF CREDIT DEED OF TRUST
ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FIXTURE FILING**

LINE OF CREDIT TRUST DEED

**This Deed of Trust constitutes a line of credit instrument under ORS 86.155.
The maximum principal amount to be advanced is \$51,220,000 and the maturity date is on
or before September 1, 2027.**

THIS THIRD MODIFICATION OF DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING (this "*Modification*") dated June 4, 2012, for reference purposes is entered into by and among: COLLINS TIMBER COMPANY LLC, an Oregon limited liability company ("*Trustor*" or "*Borrower*") having an address at 1618 S.W. First Avenue, Suite 500, Portland, Oregon 97201; and AMERICAN AGCREDIT, FLCA, an Agricultural Credit Association chartered pursuant to the Farm Credit Act of 1971, as amended, ("*AgCredit*") having an address at 5560 South Broadway, Eureka, California 95503; and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("*Prudential*") having an address at 2998 Douglas Blvd, Suite 225, Roseville, California 95661. Prudential and AgCredit are together referred to as "*Lenders*" and each "*Lender*".

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RECITALS

- A. **Deed of Trust Modification.** This Modification amends the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated September 7, 2002, from Borrower as trustor in favor of Lenders as Beneficiaries, recorded September 10, 2002, in Lake County, Oregon in Book 130 at Page 443, Lake County Mortgage Records, and in Klamath County, Oregon in Volume M02, Page 51350, Klamath County Mortgage Records, (the ***"Original Deed of Trust"***) as amended by the Modification of Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated August 30, 2007, and recorded in such Counties, and as further amended by as amended by the Second Modification of Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated August 29, 2008, and recorded in such Counties. The Original Deed of Trust together with the two prior amendments and this Modification, as partially reconveyed to date, are together referred to as this ***"Deed of Trust"***.
- B. **Land.** This Deed of Trust encumbers the Land in Lake County and Klamath County, Oregon, legally described in the Original Deed of Trust.
- C. **Loan Administration Agreement.** Pursuant to the Amended & Restated Loan Administration Agreement dated the same as this Modification and entered into by Borrower, Lender and COLLINS PINE COMPANY, an Oregon corporation, (***"Pine Company"***) Lenders have agreed to amend the terms of the Loan and the Notes secured by this Deed of Trust.

AGREEMENT

THEREFORE, Borrower and Lenders hereby agree to modify the Original Deed of Trust, as amended to date, as follows:

1. **Definitions.** All capitalized terms not otherwise defined in this Modification have the meanings defined in the Original Deed of Trust, as amended to date. In addition to the Recitals in this Modification, and for all references in this Deed of Trust, the following terms have the following meanings, or the definitions of the following terms have their meanings modified for all references in this Deed of Trust:

"Forest Products" means any and all logs, timber, lumber, pulpwood, veneer, finished or milled lumber, bark, sawdust, logging and milling waste, hog fuel, wood chips, all timber and lumber subject to any manufacturing process and other timber products, now or hereafter owned or acquired by Trustor or in which Trustor has an interest, which are produced from the Land or the Timber.

"Hazardous Substances Agreement" means the Amended & Restated Hazardous Materials Substances Remediation and Indemnification Agreement (Oregon Property) dated the same as this Modification and executed by Borrower and Pine Company in favor of Lenders with respect to the Land.

“Loan Administration Agreement” means the Amended & Restated Loan Administration Agreement referred to in Recital C above.

“Loan Documents” is defined in the Loan Administration Agreement; provided that for the purposes of this Deed of Trust, “Loan Documents” does not include and Hazardous Substance Agreement (as defined in the Loan Administration Agreement) and the obligations of Borrower and Pine Company under each Hazardous Substance Agreement (as defined in the Loan Administration Agreement) continue to be “Unsecured Obligations” as defined in the Original Deed of Trust.

“Nonrecourse Guaranty” means Timber LLC’s Guaranty Agreement as defined in the Loan Administration Agreement.

“Notes” means the “Timber Notes” and the “Pine Notes” as such terms are defined in the Loan Administration Agreement, each dated the same as this Modification, and which are as follows:

- “Pine Note C”*** (through and including 8/30/12) the Amended & Restated Promissory Note in the original principal amount of \$5,000,000, with a current principal balance of \$3,500,000, payable to Prudential, Loan No. 717608976;
- “Pine Note D”*** the Amended & Restated Promissory Note in the original principal amount of \$20,000,000, with a current principal balance of \$14,000,000, payable to Prudential, Loan No. 717608950;
- “Pine Note E”*** (as of 8/31/12) the Promissory Note in the amount of \$6,000,000, payable to Prudential, Loan No. 717610504;
- “Pine Note F”*** (as of 8/31/12) the Promissory Note in the amount of \$7,740,000, payable to Prudential, Loan No. 717610505; and
- “Pine Note G”*** the Promissory Note in the amount of \$5,260,000, and payable to AgCredit, Loan No. 426839102.
- “Timber Note A”*** (through and including 8/30/12) the Amended & Restated Promissory Note in the original principal amount of \$10,500,000, with a current principal balance of \$9,240,000, payable to Prudential, Loan No. 717609827;
- “Timber Note C”*** the Amended & Restated Promissory Note in the original principal amount of \$13,000,000, with a current balance of \$12,220,000, payable to Prudential, Loan No. 717610013; and
- “Timber Note D”*** the Promissory Note in the amount of \$6,000,000, payable to AgCredit, Loan No. 428711301.

Subject to the terms of the Loan Agreement:

- (i) ***“Notes”*** through and including August 30, 2012, means Pine Note C, Pine Note D, Pine Note G, Timber Note A, Timber Note C and Timber Note D, but not Pine Note E or Pine Note F; then
- (ii) ***“Notes”***, effective as of August 31, 2012, shall mean only Pine Note D, Pine Note E, Pine Note F, Pine Note G, Timber Note C and Timber Note D.

"Timber" means all crops and all trees of every kind and species, whether now located in or on or hereafter planted or growing in or on the Land, and all timber of every kind and species (whether or not merchantable), whether severed or unsevered, including standing and downed timber, all biomass, fibers, stumps and cut timber lying, being or remaining on the Land or removed from the Land (until scaled at the sawmill, at which time such property shall cease to constitute "Timber" hereunder), and all Forest Products and carbon credits arising out of, generated by or from, the Land (until the Timber giving rise to such Forest Products is scaled at the sawmill, at which time such Forest Products shall cease to constitute "Timber" hereunder), and any and all products or proceeds of any of the foregoing and wherever located.

2. **Aggregate Indebtedness; Maturity Date.** The aggregate, maximum principal amount of the Indebtedness evidenced by the Notes and secured by this Deed of Trust is FIFTY-ONE MILLION TWO HUNDRED TWENTY THOUSAND and no/100 DOLLARS (\$51,220,000.00) upon funding of Pine Note E and Pine Note F on August 31, 2012. The maturity of the Indebtedness secured by this Deed of Trust is on or before September 1, 2027.
3. **Insurance.** Borrower covenants to maintain insurance as required under the Loan Administration Agreement. All of Borrower's right, title and interest in and to all policies of property insurance with respect to the Property and any unearned premiums paid thereon are hereby assigned (to the fullest extent assignable) to Lenders who shall have the right, but not the obligation, to assign the same to any purchaser of the Property at any foreclosure sale.
4. **Ratification.** The terms and conditions of the Original Deed of Trust, as previously amended and as amended by this Modification, are hereby affirmed and ratified. This Modification is not intended and shall not be construed to impair the validity, priority or enforceability of the Original Deed of Trust.
5. **Execution in Counterpart.** This Modification may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, with the same effect as if all parties hereto had signed the same signature page. Any signature page of this Modification may be detached from any counterpart of this Modification without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Modification identical in form hereto but having attached to it one or more additional signature pages.
6. **Execution in Duplicate.** This Modification is being executed in duplicate originals for simultaneous recording in both Lake County and Klamath County. The duplicates together constitute a single instrument.

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IN WITNESS WHEREOF, the undersigned Lender has signed this Modification as of the date first written above.

"Lender"

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA, a New Jersey corporation

By: William Beyer, VP
William Beyer, Vice President
Agriatun Thiruputs

Prudential Acknowledgment

STATE OF CALIFORNIA)
) ss.
COUNTY OF Placer)

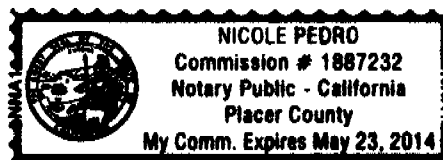
On June 5, 2012, before me, Nicole Pedro, a Notary Public, personally appeared William Beyer, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

(notary stamp or seal)

WITNESS my hand and official seal.

Nicole Pedro
Notary Public



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