

OWNER
719 SECOND AVE.

Ann Ruskoulett

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

The undersigned Subordinator and Owner agree as follows:

1. ITT Rayonier Incorporated (referred to herein as the "Subordinator") is:

(a) the owner and holder of a Second Mortgage dated as of the 19th day of August, 1981 (referred to herein as the "Mortgage") from Lewis County Timber Company (referred to herein as the "Owner") to the Subordinator, which is recorded under the following auditor's file in the records of the following counties of Washington State:

Lewis County #

Mason County #

King County #

Skamania County # 92964

Grays Harbor County #

Jefferson County #

(b) the licensee under the Cutting Contract dated as of the 19th day of August, 1981 (herein referred to as the "Cutting Contract") between the Owner and the Subordinator, which is recorded under the following auditor's file in the records of the following counties of Washington State:

Lewis County #

Mason County #

King County #

Skamania County # 92965

Grays Harbor County #

Jefferson County #

(c) the owner and holder of option rights under the Option Agreement dated as of the 19th day of August, 1981 (referred to herein as the "Option Agreement") between the Owner and the Subordinator, which is recorded under the following auditor's file in the records of the following county of Washington State:

Grays Harbor County #

2. Seattle-First National Bank, as trustee for the



beneficiaries named therein (referred to herein as the "Trustee"), is the owner and holder of a Trust Indenture, Deed of Trust, Security Agreement and Assignment of Leases and Rents dated as of the 19th day of August, 1981 (referred to herein as the "Deed of Trust") between the Owner and the Trustee, which is recorded under the following auditor's file in the records of the following Counties of Washington State:

Lewis County #	Mason County #
King County #	Skamania County # 92963
Grays Harbor County #	Jefferson County #

3. The Owner is the owner of all the property described in the Mortgage, the Cutting Contract, the Option Agreement and the Deed of Trust.

4. In consideration of benefits to the Subordinator from the Owner, receipt and sufficiency of which are hereby acknowledged, and to induce the beneficiaries referred to in the Deed of Trust to purchase \$34,600,000 in aggregate principal amount of the 15.75% Secured Notes due August 1, 1991 to be issued thereunder (referred to herein as the "Notes"), and all agreements in connection therewith, the Subordinator does hereby unconditionally and irrevocably subordinate the lien of each of the Mortgage, the Cutting Contract and the Option Agreement to the lien of the Deed of Trust and to the lien of any mortgage on the property described in the Deed of Trust which secures any indebtedness incurred by the Owner in connection with the refunding or refinancing of any of the Notes, and to all advances or charges made or accruing under either thereof (which may be made without notice to Subordinator), and to any and all extensions, renewals and modifications of either thereof. As a result of the foregoing subordination it is recognized that, inter alia, the Trustee acting on behalf of the holders of the Notes shall be entitled to all of the proceeds from the sale or other disposition of the property described in the Deed of Trust until the indebtedness secured by the Deed of Trust is repaid in full, prior to payment of any of such proceeds to the Subordinator.

5. The Subordinator acknowledges that, prior to the execution hereof, it has had the opportunity to examine the terms of the Deed of Trust, the Notes and the agreements relating thereto, consents to and approves same, and recognizes that the beneficiaries referred to in the Indenture have no obligation to the Subordinator to purchase the Notes or to

advance any funds thereunder or see to the application thereof and any application or use of such funds for purposes other than those provided for in the Deed of Trust, the Notes or such agreements shall not defeat the subordination herein made in whole or in part.

6. It is understood by the parties hereto that the beneficiaries referred to in the Deed of Trust will not purchase the Notes without this agreement.

7. The heirs, administrators, assigns and successors in interest of the Subordinator shall be bound by this agreement. Where the word "mortgage" appears herein it shall also be considered as "deed of trust," and gender and number of pronouns considered to conform to undersigned.

Executed as of this 19th day of August, 1981.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

LEWIS COUNTY TIMBER COMPANY
134 RAYMIDGA, CO. General Partner

Randall Johnson
owner

111 RAYMOND INCORPORATED

Raymond Inc.
subordinator

Attest John B. Canning
Secretary

Attest John B. Canning
Assistant Secretary

STATE OF WASHINGTON)
COUNTY OF SKAMANIA) SS.

I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT OF WRITING FILED BY
Skamania County Title
Stevenson, Wa

9:30 A. Aug 20 1981

58
mtg 222

REC'D COUNTY WASH.

D. A. Messenger
COUNTY CLERK

D. News DEPUTY

Registered
Indexed, Dir.
Indirect
INDEX

STATE OF CONNECTICUT)
 : ss.
 COUNTY OF FAIRFIELD)

On this *17th* day of August, 1981, before me, the undersigned, a Notary Public in and for the State of Connecticut, duly commissioned and sworn, personally appeared *Stewart G. Gordon* and John B. Canning, to me known to be the *Vice* President and Assistant Secretary, respectively, of ITT RAYONIER INCORPORATED, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

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

Janet E. Long
 JANET E. LONG

Notary Public in and for the State of Connecticut residing at Stamford, Connecticut whose commission expires December 31, 1984.

March

STATE OF CONNECTICUT)
 : ss.
 COUNTY OF FAIRFIELD)

On this *17th* day of August, 1981, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared *Randall S. Johnson* and John B. Canning, to me known, to be the Vice President and Secretary, respectively, of RAYMIDGA CO., the general partner in LEWIS COUNTY TIMBER COMPANY, a Washington limited partnership, the partnership that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited partnership, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of the corporation.

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

Janet E. Long
 JANET E. LONG

Notary Public in and for the State of Connecticut residing at Stamford, Connecticut whose commission expires December 31, 1984.

March

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.