

DEED OF TRUST  
(SHORT FORM)

THIS DEED OF TRUST is made this 11 day of SEPTEMBER, 1981, among the Grantor, CAFFALL BROS. FOREST PRODUCTS, INC., (herein "Borrower"), and the Trustee, SAFECO TITLE INSURANCE COMPANY, and the Beneficiary, THE OREGON BANK, an Oregon banking corporation whose address is 1001 Southwest Fifth Avenue, P.O. Box 3066, Portland, Oregon 97208 (herein "Lender").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the real property described in Exhibit "A" attached hereto, situated in the County of Skamania, State of Washington, together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate in the event this Deed of Trust is on a leasehold) are herein referred to as the "Property";

TO SECURE to Lender (a) the repayment of the indebtedness

evidenced by Borrower's note of even date herewith (herein "Note"), in the principal sum of TEN MILLION DOLLARS, with interest thereon; (b) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; (c) the performance of the covenants and agreements of Borrower herein contained; (d) the performance of the covenants and agreements incorporated by reference hereinto; and (e) the repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to paragraph 21 hereof or incorporated by reference hereinto (herein "Future Advances").

Borrower covenants that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Borrower and Lender hereby expressly adopt and incorporate by reference into this Deed of Trust and hereby agree to be bound by the covenants and agreements contained in Uniform Covenants numbered 1 through 17 and Non-Uniform Covenants numbered 18 through 24 of the master form of deed of trust recorded in the office of the county auditor of the county in which the Property is located and in which this Deed of Trust is offered

for record on the date, in the volume and at the page as follows:

<u>County</u>	<u>Date of Record</u>	<u>Book, Volume or Page</u>	<u>Auditor's File No.</u>
Skamania	7/25/68	47 of Mortgages, Page 41 - 44	70197

Such provisions as are incorporated by reference hereinto shall be Uniform Covenants 1 through 17 and Non-Uniform Covenants 13 through 24 of this Deed of Trust. Borrower and Lender agree that all references to the Property, Borrower, Lender, Trustee and Note contained in the above-described master form of deed of trust and incorporated by reference hereinto shall be construed to mean the Property, Borrower, Lender, Trustee and Note defined herein. Borrower acknowledges receipt of a copy of the complete text of the master form of deed of trust which contains the provisions hereby incorporated by reference into this Deed of Trust.

ADDITIONAL COVENANTS:

1. Part of the property mortgage hereby is or may become "Timber Lands." Timber Lands, as hereinafter used, refers to that part of the property described herein which is or may be used, maintained and operated for the production of timber.

2. The Timber Lands shall be operated for their highest and best use as timberlands, having due regard to soil conditions, stand arrangements, and other factors relevant to the conduct of sound silvicultural and harvesting practices. The Grantors further agree that any intermediate harvesting of timber shall be carried out in a manner calculated to produce the maximum

-4-

growth on the maximum number of stems, consistent with the production of the highest quality and greatest quantity of timber and that all harvesting shall be carried on in a manner calculated to realize the maximum investment value in the mortgaged property.

3. Grantors agree that all cutting operations shall be conducted in such a manner as to realize the greatest return from the individual tree and from the timber stand, to effect suitable utilization of the Timber Lands, to assure the early and complete regeneration of stands of desirable timber, and to bring about their optimum development both as to growth and quality. Trees shall be cut as close to the ground as practicable in order to leave the lowest stump with jump-butting to be used when necessary. All desirable trees which are not at the time being harvested, including young trees, shall be protected against unnecessary injury from felling, skidding and hauling. All measures reasonably practicable shall be used to prevent soil erosion, including the proper location of skidways and roads.

4. The Grantors shall not permit grazing of livestock on the Timber Lands in such a way as to be injurious to forest regeneration, soils, or forest growth, or use of fire for eradication of noxious growth or for any other reason whatsoever except with the prior written consent of the Beneficiary.



5. Grantors agree that to the extent economically feasible, all trees which are dead, diseased, fallen or otherwise damaged by casualty, shall be salvaged in accordance with sound silvicultural practices. Any timber salvaged shall be applied against the release provisions provided herein. Any salvage in excess of the volumes permitted herein shall be subject to the prior written approval of the Beneficiary.

6. Grantors agree that all measures shall be taken which are reasonably necessary to protect the Timber Lands from loss by fire, which measures shall be at least equal to fire-control practices generally followed on timber-producing property in the same general area, including the adoption of suitable prevention and control measures, proper disposal of slash and slabs, and full cooperation with state and federal agencies on matters of fire prevention and control. The Grantors shall annually during the month of January in each year submit to the Beneficiary a written report showing, for the preceding calendar year, the number of forest fires, the acres burned and an estimate of the nature and extent of the resulting damage. If in the opinion of the Beneficiary such measures or equipment are inadequate, the Mortgagors will, upon written request of the Beneficiary, adopt additional measures and acquire and maintain fire-fighting equipment, all as the Beneficiary may request.

7. Grantors agree that an adequate system of roads and roadways shall be maintained in such manner as to permit access

of mobile fire-fighting equipment to all parts of the Timber Lands.

8. Grantors agree that all reasonable measures shall be taken to insure proper regeneration of the Timber Lands and when not accomplished by natural means within a reasonable time or if no natural seed source exists, that the Grantors shall institute and maintain a planting program designed adequately to reforest such land.

9. Grantors agree that there shall be maintained at all times in a manner satisfactory to the Beneficiary and in accordance with sound silvicultural practices all reasonable and effective measures to prevent the development of and to control the spread of disease and insect infestation on the property described herein including, but not limited to, the shifting of logging operations to remove diseased or insect-infested trees and other trees threatened with disease or insect infestation, and all such other accepted forest sanitation and control measures as are necessary to prevent the development and spread of disease and insect infestation. The Grantors shall annually, during the month of January in each year, submit to the Beneficiary a written report showing, for the preceding calendar year, the amount and extent of damage to trees by disease or insect infestation.

10. Grantors agree that the property described herein shall be marked to indicate the boundaries thereof in a conspicuous manner satisfactory to the Beneficiary; that such markings shall be renewed from time to time as may be necessary clearly to

-7-

maintain public notice of boundaries; and that the Grantors shall cause the Timber Lands to be inspected for the purpose of preventing trespass of any type or nature, including unauthorized cutting of timber.

11. Grantors agree that no contract for the sale of timber wherein the buyer is granted the privilege of entry upon the property described herein for cutting and removal shall be made without the prior written approval of the Beneficiary.

12. Grantors agree that the Beneficiary shall have the right to inspect the property described herein, and each sawmill ; or other plants owned or operated by the Grantors or Borrower, to examine the scaling sheets and books of account of the Grantors or Borrower relating to the mortgaged property and each sawmill or plant, and to discuss the business, finances, and accounts of the Grantors or Borrower with the Grantors or Borrower and their agents, all at such reasonable times and intervals as the Beneficiary may desire.

13. The Grantors agree neight to cut or remove, nor to permit the cutting or removal of timber from the Timber Lands, without the prior written consent of the Beneficiary, except as hereinafter provided. The Grantors shall have the right to cut timber for non-commercial use on the mortgaged premises (and not for resale) for the purposes of repair, replacement and construction of improvements, including bridges and fences, and for fuel; provided, however, that there shall be no default in accordance with the terms of the note or notes, or of this Deed of Trust,

that only trees not then of merchantable quality and without reasonable prospect of becoming of such quality shall be used for fuel, and that no timber shall be cut for the purposes described in this sentence until timber cut or removed in salvage or thinning operations shall have been used for such purposes to the fullest extent practicable.

IN WITNESS WHEREOF, Grantors have hereunto affixed their signatures the day and year first above written.

CAFFALL BROS. FOREST PRODUCTS, INC.

By *R. C. Caffall* Vice Pres.

By *R. C. Caffall* President

STATE OF OREGON )  
County of Clatsop ) ss.

Personally appeared the within named *R. C. Caffall*  
and *R. C. Caffall*, who being first sworn did say that  
the former is the *Pres.* and the latter is the  
*Vice Pres.* of CAFFALL BROS. FOREST PRODUCTS, INC.,  
a corporation, and that they are the identical individuals who did  
execute the foregoing instrument on behalf of said corporation by  
authority of its Board of Directors as its free and voluntary act  
and deed.

Before me:

*Lee Kepling*  
NOTARY PUBLIC for Oregon  
My commission expires *9-15-84*



REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

DATED \_\_\_\_\_

EXHIBIT A

The East half of the Northeast Quarter; the Southwest Quarter of the Northeast Quarter; and the Northeast Quarter of the Southeast Quarter of Section 12, Township 3 North, Range 7 1/2 East of the Willamette Meridian;

Government Lot 1; the north 28.73 acres of Government Lot 2; and the north 8.2 acres of the west 10.94 acres of the Southeast Quarter of the Northwest Quarter of Section 7, Township 3 North, Range 8 East of the Willamette Meridian;

= A strip of land fifty feet in width described as follows:

Beginning at the Northwest corner of the Northeast Quarter of the Northwest Quarter of the said Section 7; thence south fifty feet; thence east to an intersection with the tract of land conveyed to the State of Washington for Secondary Highway Number 8-C by deed dated October 29, 1956, and recorded at page 485 of book 42 of Deeds, Records of Skamania County, Washington; thence north along the westerly line of said tract to the north line of the said Section 7; thence west to the point of beginning.