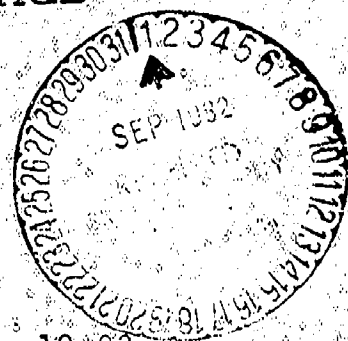


MORTGAGE
(Timberland)



THIS MORTGAGE, made the 20th day of August, 1982,
By THE MURPHY COMPANY, an Oregon corporation (Mortgagee)
unto THE OREGON BANK, an Oregon banking corporation (Mortgagee),

WITNESSETH:

In consideration for sums provided for the use and benefit
of THE MURPHY COMPANY, an Oregon corporation (Borrower),
in the amounts of up to _____

-----EIGHT MILLION EIGHT HUNDRED SEVENTY FIVE THOUSAND

AND NO/100-----(\$ 8,875,000.00 .) DOLLARS,

the receipt of which is hereby acknowledged, and for the purpose
of securing the repayment of said sums with interest, and for the
purpose of Mortgagors' performance of the covenants hereinafter
contained, the Mortgagors do hereby grant, convey, mortgage, and
warrant unto the said Mortgagee the lands, premises, and property,
which are situated in the County of Skamania, and the
State of Washington, and are more fully described in
Exhibit "A", which is attached hereto and incorporated herein by
reference, together with all timber standing, lying, or being
thereon, all improvements now or hereafter placed thereon, and
all right, title, and interest which the Mortgagor has or may
acquire in and to all roads, conduits, ditches, facilities, per-
sonal property, right of way, other easements, water, water rights,
and other rights and privileges now or hereafter upon, appurtenant
to, or used or available for use in connection with the said
premises or any part thereof.

TO HAVE AND TO HOLD the above granted premises, property,
interests, rights, and privileges, the tenements, hereditaments,
and appurtenances thereunto appertaining, the rents, issues, and
profits thereof, and reversions and remainders.

And the Mortgagors hereby covenant with the said Mortgagee
as follows:

FIRST: Mortgagors will pay to Mortgagee or its order, at
such place or places as may be designated in the note or notes
given therefor, all sums loaned or advanced to Borrower by
Mortgagee, together with interest thereon, said sums to be paid
in accordance with the terms of a note or notes payable to the
order of Mortgagee made and delivered to Mortgagee by Borrower,
all of which notes shall have a final maturity of _____

August 31, 1983.

SECOND: The security of this Mortgage shall also extend to and cover any additional loan or loans or advances made by the Mortgagee to the Borrower or Mortgagors, or any of Mortgagors' successors in ownership in the property and property rights hereby conveyed.

THIRD: Mortgagors are lawfully seized of the above described property and property rights in fee simple, and are the sole and exclusive owners thereof and have the right to mortgage same, and will forever warrant and defend the title thereto against lawful claims of all persons whomsoever. The said premises, property, interests, rights, and privileges are free from all contracts, assignments, easements, rights of way, contractual restrictions, leases, licenses, and all liens and encumbrances other than those which are described in Exhibit "B" which is attached hereto and incorporated herein by reference. If no Exhibit "B" is attached hereto, none was intended to be.

FOURTH: Mortgagors will pay before delinquency, and before any penalties, interest, or other charges accrue or are added thereto, any and all taxes, assessments, liens, charges for the use of water on said premises, charges for fire protection, and any other charges or assessments which may become liens thereon with priority over the lien of this Mortgage, and will keep said property free and clear of any and all liens for labor or material, or any lien whatsoever that may have priority over this Mortgage.

FIFTH: Mortgagors will use said mortgaged premises lawfully only, will not commit nor suffer strip or waste upon said premises and will not do or suffer any act or thing which may impair the security of this Mortgage. The said premises and improvements thereon shall at all times be kept in a sound state of preservation and repair, and the character and usage of said property shall not be changed, and alterations or additions thereto shall not be made without the prior written consent of Mortgagee. All judgments, decrees and awards for injury to or condemnation of the mortgaged property are hereby assigned in their entirety to Mortgagee, which may apply the same to the accrued interest and principal of any indebtedness hereby secured.

SIXTH: This Mortgage and any note or notes hereby secured may be extended or modified by Mortgagee at any time for the payor hereunder without notice to any other person, firm, or corporation and without releasing Mortgagors or any subsequent guarantor or payor from any liability hereunder or under said note or notes, and without in any manner impairing, altering, or affecting the lien of this Mortgage. Each of the covenants and agreements herein shall be binding upon all successors in interest of Mortgagors, and shall inure to the benefit of any successor in interest of Mortgagee. And, it is agreed that if any note or notes secured hereby be assigned and transferred by Mortgagee to

any one or more parties without the assignment of this Mortgage, then Mortgagee shall hold this Mortgage in trust for the benefit of the assignee or assignees, and may sue and recover upon such note or notes, and foreclose such mortgage in its own name for the benefit of such assignee or assignees to the same extent as though such notes had not been assigned.

SEVENTH: Mortgagors hereby expressly assign to Mortgagee any and all their rights and powers under any contract, lease, license, assignment, easement, or right of way nor or hereafter in effect which is related to, and all rents and revenues from, the mortgaged premises or any part thereof, and all the interests, rights, and privileges mortgaged hereunder. Mortgagors hereby irrevocably authorize and empower Mortgagee, its agents or attorneys, in the event of default in the performance of any of the provisions, covenants, agreements, or conditions of this Mortgage, or the above note or notes, and during the continuance of such default, at its elections and without notice to Mortgagors or their successors in interest, and as their appointed agent, to take immediate possession of and maintain full control and management over all the lands, property, interests, rights, and privileges covered by this Mortgage, to lease all or any portion of the premises, and release, modify, enforce, and otherwise deal with the interest, rights, and privileges hereby mortgaged, in the name of Mortgagors or their successors in interest and on such terms as Mortgagee may deem advisable, to cut and sell any timber, to make alterations and repairs which Mortgagee may deem advisable, and to deduct the cost thereof from the rents, revenues, or profits, to receive all rents, income, revenues, and profits from the lands and premises, and out of the sums so received pay the necessary operating expenses and retain or pay the customary charges for thus managing the property, and may then apply the net remaining income in such manner as it may, in its sole discretion, deem advisable upon taxes, assessments, insurance premiums, or upon any sums or advances or any portion of the indebtedness secured hereby, and then render any overplus so collected to Mortgagors or their successors in interest. Mortgagee, its agents and attorneys, shall be accountable only to the extent that such moneys or income are actually collected and applied. It is further expressly understood and agreed that the exercise of the above right, authority, and appointment shall in no manner affect, impair, or restrict the right of Mortgagee to foreclose this Mortgage in case of default and shall not in any manner whatsoever delay or retard such foreclosure proceedings. Mortgagors agree at any time and from time to time, upon request of Mortgagee to execute such further assignments, authorizations, powers of attorney, and other documents as shall be necessary or appropriate to enable Mortgagee to exercise any of the rights in this paragraph, or elsewhere herein provided to Mortgagee.

EIGHT: In the event Mortgagee or any Receiver appointed by the Court in connection with the foreclosure of this Mortgage, possession of said premises and property, any personal property owned by Mortgagors and remaining in or about said premises, may be used without charge by Mortgagee or such Receiver in the operation of the premises, or may be removed by Mortgagee or such Receiver, and in no event shall Mortgagee or such Receiver be held liable or responsible in any manner for injuries, loss, destruction, or damage to such property or any portion thereof.

NINTH: Should Mortgagee employ an attorney to enforce or protect its rights hereunder, whether in connection with a suit to foreclose this Mortgage or any suit or action Mortgagee is obliged to prosecute or defend to effect or protect the lien hereof, or otherwise, Mortgagors agree to pay a reasonable sum as attorney's fees and all costs and expenses in connection with such suit, action or other matter, and such sums shall be secured hereby and, if not sooner paid, included in the decree of foreclosure. Mortgagors will pay the cost of title insurance on the mortgaged premises.

TENTH: Should the Mortgagors or Borrower be or become in default in any of the covenants or agreements contained herein, Mortgagee (with or without election to declare the whole indebtedness hereby secured due and payable) may perform the same and all expenditures made by Mortgagee in so doing, or under any of the covenants or agreements herein, shall draw the same rate of interest as is provided to be paid on the principal of the indebtedness hereby secured, and all such expenditures shall be repayable by Mortgagors without demand and together with interest and costs accruing thereon, shall be secured by this Mortgage, and the rights and duties of the parties covenanted for in this paragraph shall apply equally to any and all part payments or advances made by Mortgagee for any of the purposes herein mentioned.

ELEVENTH: That in the event of a sale of the above described premises, or any part thereof, or in the event that Mortgagors' ownership of the above described premises, or any part thereof, shall be terminated by operation of law or otherwise, without the written consent of Mortgagee being first obtained, this Mortgage shall, at Mortgagee's election, become immediately due and payable.

TWELFTH: Should the debt hereby secured and all sums due under the terms and covenants hereof be paid when due, then this indenture shall be void, but in case (1) default be made in the payment of the principal or interest of the indebtedness secured hereby, or any part or installment thereof, or (2) Mortgagors or Borrower shall fail or refuse or default in the payment of any sum which may become due under the terms hereof when and as the same become due, or (3) Mortgagors or Borrower shall default in the fulfillment of any of the terms hereof or the performance of any

act or thing herein required of them as and when the same are herein required to be performed; or (4) Mortgagors shall permit or suffer any default in any of the terms hereof, time being the essence hereof, or (5) if any contracts, assignments, easements, rights of way, contractual restrictions, leases, or licenses shall be terminated for any reason or abandoned or modified in any particular without the prior written consent of Mortgagee, or (6) in the event of the actual or threatened destruction or removal of the timber on the mortgaged land, or loss of access to the mortgaged land or any part thereof for the cutting and removal of timber, then and in any such event the whole of the indebtedness secured hereby and the interest thereon and any and all other sums due Mortgagee under the terms hereof shall, at the option of Mortgagee, become immediately due and payable, without notice, and this Mortgage may be foreclosed. The failure or delay of Mortgagee to exercise such option in any one or more instances shall not be a waiver or relinquishment of the right to exercise such option.

THIRTEENTH: The terms "loans", or "note", or "notes" as used herein may include loans, lines of credit, letters of credit, or other financial accommodations provided by the Mortgagee.

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

FIFTEENTH: 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 Mortgagors further agree that any intermediate harvesting of timber shall be carried out in a manner calculated to produce the maximum 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.

SIXTEENTH: Mortgagors 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.

SEVENTEENTH: The Mortgagors 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 Mortgagee.

EIGHTEENTH: Mortgagors 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 Mortgagee.

NINETEENTH: Mortgagors 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 found 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 Mortgagors shall annually during the month of January in each year submit to the Mortgagee 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 Mortgagee such measures or equipment are inadequate, the Mortgagors will, upon written request of the Mortgagee, adopt additional measures and acquire and maintain fire-fighting equipment, all as the Mortgagee may request.

TWENTIETH: Mortgagors 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.

TWENTY-FIRST: Mortgagors 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 Mortgagors shall institute and maintain a planting program, designed adequately to reforest such land.

TWENTY-SECOND: Mortgagors agree that there shall be maintained at all times in a manner satisfactory to the Mortgagee 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 mortgaged property 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 Mortgagors shall annually, during the month of January in each year, submit to the Mortgagee a written report showing, for the preceding calendar year, the amount and extent of damage to trees by disease or insect infestation.

TWENTY-THIRD: Mortgagors agree that the mortgaged property shall be marked to indicate the boundaries thereof in a conspicuous manner satisfactory to the Mortgagee; that such markings shall be renewed from time to time as may be necessary clearly to maintain public notice of boundaries; and that the Mortgagors shall cause the Timber Lands to be inspected for the purpose of preventing trespass of any type or nature, including unauthorized cutting of timber.

TWENTY-FOURTH: Mortgagors agree that no contract for the sale of timber wherein the buyer is granted the privilege of entry upon the mortgaged property for cutting and removal shall be made without the prior written approval of the Mortgagee.

TWENTY-FIFTH: Mortgagors agree that the Mortgagee shall have the right to inspect the mortgaged property and each sawmill or other plants owned or operated by the Mortgagors or Borrower, to examine the scaling sheets and books of account of the Mortgagors or Borrower relating to the mortgaged property and each sawmill or plant, and to discuss the business, finances, and accounts of the Mortgagors or Borrower with the Mortgagors or Borrower and their agents, all at such reasonable times and intervals as the Mortgagee may desire.

TWENTY-SIXTH: The Mortgagors agree neither to cut or remove, nor to permit the cutting or removal of timber from the Timber Lands, without the prior written consent of the Mortgagee, except as hereinafter provided. The Mortgagors 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 Mortgage, 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.

TWENTY-SEVENTH: Debtor further agrees to apply in payment of its indebtedness to Bank any and all sums realized from the harvest or sale of the timber or said contracts and any and all proceeds of the collateral described above.

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

THE MURPHY COMPANY

By: [Signature]

Title: PRESIDENT

STATE OF OREGON

County of Lane

} ss

8/20

1986

Personally appeared the within named PETER C. MURPHY, and [Signature], who being first sworn did say that the former is the PRESIDENT, and the latter is the [Signature], of THE MURPHY COMPANY, 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:

[Signature]

NOTARY PUBLIC FOR OREGON

My commission expires 5-16-86

STATE OF WASHINGTON)
COUNTY OF GRAYS) ss

I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT OF MORTGAGE IS A TRUE COPY

OREGON BANK

RECORDED 30 PEX 3066

11:35 AM SEPT 1 22

SS

INTG 718

REC'D

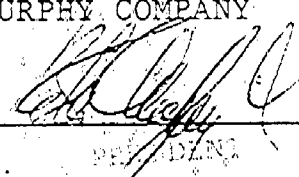
J. M. Olson

A. New

EXHIBIT "A"

The Northeast quarter of the Northeast quarter of Section 22, Township 3 North, Range 7 East of the Willamette Meridian, together with an easement as located and existing on April 17, 1975, for ingress and egress over and across the Northeast quarter of the Northwest quarter and the West one-half of the Northeast quarter of Section 23 of said Township and Range, Skamania County, State of Washington.

THE MURPHY COMPANY

By: 
Title: President

Date: 8/20/82

EXHIBIT "B"

1. Delinquent general taxes for the year 1981.
Amount : \$24.65, \$9.20 Fire Patrol, plus interest
Tax Lot No.: 3-7-1400
2. Delinquent general taxes for the year 1982.
Amount : \$25.21, \$12.40 Fire Patrol, plus interest
Tax Lot No.: 3-7-1400
3. Lien of real estate excise sales tax upon any sale of
said premises, if unpaid.

THE MURPHY COMPANY

By: 

Title: _____

Date: 8/20/81