

97427

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SK-13349

REAL ESTATE MORTGAGE

03-07-00-0-0-1400-00

This mortgage is made this 16 day of March, 1984, between DEEP CREEK TIMBER ASSOCIATES-I, an Oregon limited partnership, hereinafter called the MORTGAGOR, and MUTUAL FIRE MARINE AND INLAND INSURANCE COMPANY, Philadelphia, PA, 19103, hereinafter called the MORTGAGEE.

In consideration of the sum of FIVE MILLION THREE HUNDRED THOUSAND DOLLARS (\$5,300,000.00), the receipt of which is hereby acknowledged, MORTGAGOR does hereby grant, bargain, sell and convey to MORTGAGEE, its successors and/or assigns, that certain real property described on Exhibit "A", attached.

This conveyance is intended as a mortgage to secure the payment of the sum of FIVE MILLION THREE HUNDRED THOUSAND DOLLARS (\$5,300,000.00) in accordance with the terms of that certain promissory note in like amount, dated the _____ day of March, 1984, payable at the rate of ONE MILLION SIXTY THOUSAND DOLLARS (\$1,060,000.00) annually together with accrued interest and providing for acceleration of the principal for default in the payment of interest or any installment of principal, and providing for reasonable attorney fees in the event of suit or action.

The condition of this mortgage is that MORTGAGEE shall consent to the release of any portion of the real property being sold to a third party in exchange for payment of all net proceeds from such sale; "net proceeds" being defined as the gross sales price less all commissions and expenses of sale, and less 20% of the gross price less expenses as an amount to be retained by MORTGAGOR for income taxes resulting from such sale.

This mortgage shall not be deemed to preclude MORTGAGOR from conducting logging operations on the subject property, or include the proceeds thereof, so long as it is not in default herein.

MORTGAGOR covenants to and with the MORTGAGEE, its successors and/or assigns, that it is lawfully seized in fee simple of said premises and has a valid, unencumbered title thereto and will warrant and forever defend the same against all persons; that it will pay said note, principal and interest, according to the terms thereof; that while any part of said note remains unpaid it will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note above described, when due and payable and before the same may become delinquent; that it will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage.

Now, therefore, if said MORTGAGOR shall keep and perform the covenants herein contained and shall pay said note according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payment of said note; it being agreed that upon a failure to perform any covenant herein, or if proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the MORTGAGEE shall have the option to declare the whole amount unpaid on said note or on this mortgage at once due and payable, and this mortgage may be foreclosed at any time thereafter. And if the MORTGAGOR shall fail to pay any taxes or charges or any lien, encumbrance as above provided for, the MORTGAGEE may at its option do so, and any payment so made shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as said note without waiver, however, of any right arising to the MORTGAGEE for

for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the MORTGAGEE at any time while the MORTGAGOR neglects to repay any sums so paid by the MORTGAGEE. In the event of any suit or claim being instituted to foreclose this mortgage, the MORTGAGOR agrees to pay all reasonable cost incurred by the MORTGAGEE for title reports and title search, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as plaintiff's attorney's fees in such suit or action and if an appeal is taken from any judgment or decree entered therein MORTGAGOR further promises to pay such sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal, all such sums to be secured by the lien of mortgage and included in the decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to and bind the successors and/or assigns of said MORTGAGOR and of said MORTGAGEE respectively.

In case suit or action is commenced to foreclose this mortgage, the Court, may, upon motion of the MORTGAGEE, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same to the payment of the amount due under this mortgage, first deducting all proper charges and expenses attending the execution of said trust.

DEEP CREEK TIMBER ASSOCIATES-I
Timber Management, Inc., general partner

By

James Spolyar
President

State of Oregon)
County of Lane) ss

Personally appeared before me James ^{Spolyar} ~~Spolyar~~, President of Timber Management, Inc., and acknowledged the foregoing instrument to be his voluntary act and deed on behalf of Timber Management, Inc. and at the direction of its Board of Directors.

Dated: March 16, 1984.



James Spolyar
Oregon Notary Public
My commission expires: 11/18/85

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5. The land referred to in this Commitment is in the State of Washington, County of SKAGANIA and is described as follows:

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 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.

STATE OF WASHINGTON)
COUNTY OF SKAGANIA)

I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT OF WITHIN IS SIGNED BY

Sho Co. Little Co

Strummen Sho

300 4-12 19 84

RECORDED IN 60

MTG 244

BOOKS OF SKAGANIA COUNTY WITH

Harry M. Olson

COUNTY AUDITOR

E. Mayfield DEPUTY