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PROMISSORY NOTE

\$17,583.74

Stevenson, Washington
October 29, 1982

FOR VALUE RECEIVED, we promise to pay to the order of
KOPPERS COMPANY, INC., the sum of SEVENTEEN THOUSAND FIVE HUNDRED
EIGHTY-THREE AND 74/100 DOLLARS payable as follows:

In monthly installments of \$800.00 on or before November 30, 1982, and the sum of \$1,771.39, or more at maker's option, commencing on the last day of December, 1982, and continuing on the last day of each month thereafter until the entire principal balance and interest is paid in full, provided however, that the entire principal balance and interest shall be paid in full on or before September 30, 1983. The declining principal balances shall bear interest from the date of this instrument at the rate of ten percent (10%) per annum, and the monthly installments aforesaid shall be first applied to the interest accruing from month to month, and the balance credited to principal.

If any of said installments are not so paid, then the whole balance of principal and interest shall become immediately due and payable without further notice at the option of the holder hereof. This note shall bear interest at the rate of twelve percent (12%) per annum after maturity, or after failure to pay any installment herein, and if this note is placed in the hands of an attorney for collection, or if suit shall be brought to collect any portion of the principal or interest herein, then we promise to pay a reasonable sum as attorney fees. Each maker of this note executes the same as a principal and not as a surety.

This note is secured by the assignment, for security purposes, of all leases on equipment presently used by maker in the conduct of maker's sawmill operation in Carson, Washington, and the further assignment of the lease with the Port of Skamania County for the real property on which the sawmill operations are conducted, copies of such leases being attached hereto and maker, by the execution of this instrument hereby confirms and executes such assignment and agrees that, in the event of default hereunder, payee shall be privileged to realize on such assignments by taking possession of and operating under the terms of said leases.

HORIZONS FOREST PRODUCTS, INC.

By:

Michael L. Knobel

Michael L. Knobel, President

No. 118

TRANSACTION EXCISE TAX

FEB 1984

Amount Paid 118

Skamania County Treasurer

MILLER & LAHMANN
ATTORNEYS AT LAW
335 N.E. 5TH AVE.
CAMAS WASHINGTON 98607
AREA CODE 206 TELEPHONE 834-4502

STATE OF WASHINGTON
COUNTY OF SKAMANIA
HEREBY CERTIFY THAT THE WITHIN

INSTRUMENTS WERE FILED BY

John T. Ray

400 8-3 1984

400 8-3 1984

RECORDS

George M. (Uncle)
E. M. Ford

Now, made and entered into this _____ day of _____, 1982, by and between _____, hereinafter called the lessor, and _____, hereinafter called the lessee, WITNESSETH that the lessor does hereby lease and convey unto the lessee, and the lessee hires from the lessor, subject to the terms and conditions hereinafter set forth, the following described personal property, to-wit:

LOADER CAT 950 FRONT END LOADER

SERIAL # 90 P 1446

TO HAVE AND TO HOLD the same unto the lessee from the 30 day of APRIL, 1982, until the 30 day of MAY, 1983, at and for a rental for the use of said property of the sum of \$345.00 per MONTH, payable in advance to the order of the lessor; the lessor hereby acknowledges payment by the lessee of the sum of \$_____ covering the period from _____, 19____, to _____, 19____; subsequent rental payments shall become due and payable on the 5 day of

each MONTH hereafter. All rents not paid when due shall bear interest after maturity at the highest lawful rate until paid. The receipt and acceptance by the lessee of the leased property shall constitute acknowledgment that the property has been found by lessee to be in good, safe and serviceable condition.

During the term of this lease the lessee will take proper care of said leased property and be responsible for and will pay all charges for upkeep and storage of said property and will make, at lessee's own expense, any and all repairs and will supply and pay for any and all parts and accessories necessary to maintain said leased property in proper condition and good order. Lessee agrees that he will not remove said leased property or any thereof from the address set forth below his signature hereto and that he will not subject said property or use in this lease unless lessor's written consent has first been had and obtained.

The lessor and his representatives at all times shall have free access to lessee's premises during business hours for the purpose of inspecting said personal property or watching its use and operation or of altering, repairing, improving or adding to it or determining the nature or extent of lessee's use thereof, and the lessee shall afford the lessor and his representatives all reasonable facilities therefor. The lessor reserves the privilege of terminating this lease and removing the said leased property from the possession of the lessee on twenty-four hours written notice, if, upon inspection, lessor finds that said personal property is in any manner being abused or neglected or is being used in excess of its capacity.

The lessee further agrees to defend, at lessee's own expense, any and all actions brought against either or both of the parties hereto for damages to persons or property caused by the leased property or by its operation, and agrees to hold lessor free and harmless of and from any and all claims and demands that may arise or be occasioned to any person or to any property by or through the use of the leased property during the term of this lease or any renewal hereof.

Time is of the essence of this contract. Should lessee fail to make any of said rental payments promptly in advance as specified, or should he for any reason be or become in default in the performance of this lease, or should he sell or dispose of or attempt to sell or dispose of any of said personal property, or should any thereof be attached or levied upon or removed or attempted to be removed from said premises, or should bankruptcy or receivership proceedings be brought by or against lessee, then in any such event lessor, at lessor's option, may terminate this lease forthwith.

Upon the termination in any manner whatsoever of this lease or of any renewal hereof, lessor shall be entitled to the immediate possession of said leased property, and lessee agrees forthwith to deliver the leased property to the lessor at lessor's address below, complete and in good order and condition, reasonable wear and tear alone excepted; should the lessee fail to do so, the lessor may take said personal property into his possession, and for that purpose may enter the premises of the lessee and in said personal property therefrom, in which event the lessee waives any trespass or right of action by reason of such removal. Lessee's liability for said rentals shall continue until said leased property is delivered to lessor, or possession thereof is recovered by lessor, in the condition aforesaid.

No waiver by the lessor of the nonperformance or violation of any condition of this lease or of any default hereunder shall be construed to be or operate as a waiver of any subsequent nonperformance, violation or default.

In the event of any further action to recover said rentals or to recover possession of said personal property, or any thereof or to recover damages from the lessee or account of any breach of this agreement, lessee agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees, in the event of any such suit or action and in the event any appeal is taken from any judgment or decree in such suit or action, the lessee shall pay such further sum as the appellate court shall adjudge reasonable as plaintiff's attorney's fees on such appeal.

No agreement between the parties hereto for the sale of said personal property to the lessee has been made or is to be implied.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals in triplicate on this, the day and year first above written.

Lessor

By _____

Lessor's Address: _____

ICE KNIFE 206/837-3346

Horizon Forest Prod. Inc.

By _____ Pres.

Lessee's Address: P.O. Box 418

Carson, Wash 98610

6-903

Goods
(For Commercial Use Only)

Date 10-1-1982

Forest Products

Lessor AET LEASING CO

Box 418

Address 824 SW Westwood Dr

State OR Zip 97201 Phone 246-3300

City Portland

Property will be located and used on State Road - NW

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