

101073

BOOK 101 PAGE 46

[Chattel Mortgage Type Instrument. Do Not Use for Inventory or Retail Sale Transactions on Consumer Goods]

SECURITY AGREEMENT - EQUIPMENT, FARM EQUIPMENT, FIXTURES, OR CONSUMER GOODS
(May Be Used for Motor Vehicles and Aircraft in Above Categories)

THE UNDERSIGNED WILSONVILLE TIMBER CO., LTD. and ~~CASCADE LOGS & FOREST PRODUCTS, INC.~~
P.O. Box 248, Wilsonville, OR 97070

(hereinafter called "Debtor") hereby grants to UNITED PACIFIC INSURANCE COMPANY
P.O. Box 5669, Portland, OR 97228
(hereinafter called "Secured Party"), a security interest in the following described property; together with all increases therein, all added and substituted parts and equipment, tools, parts, accessories, supplies and improvements therefor, together with all proceeds of all such property, to-wit:

[Insert full description of property, including identifying data such as year, make, model, serial and identification numbers.]

See attached Exhibit "A" incorporated herein by reference

*under that certain Continuing Agreement of Indemnity - Contractors Form dated 6/24/82

All of said property is hereinafter referred to as the "Property" and it is located in Skamania County, Washington.

This Security Agreement is given to secure the payment and performance of all indebtedness and obligations of Debtor to Secured Party* presently existing and hereafter arising, direct or indirect, and interest thereon. Regardless of the adequacy of any security which the Secured Party may at any time hold hereunder, and regardless of the adequacy of any other security which Secured Party may obtain at any of its offices from Debtor in connection with any other transactions, any deposits or other moneys owing from Secured Party at any of its offices to Debtor shall (as collateral in the possession of Secured Party) constitute additional security for, and may be set off against, obligations secured hereby even though said obligations may not then be due. When more than one person is the Debtor they shall be jointly and severally liable.

DEBTOR HEREBY REPRESENTS, COVENANTS AND AGREES WITH SECURED PARTY AS FOLLOWS:

1. Use of Property - Residence of Debtor.

Debtor agrees to comply with any governmental regulation affecting the use of the property and will not waste, injure nor destroy the property, nor use nor permit the use of the property in any unlawful manner. Debtor represents and agrees that the primary use of the property is and will be as checked here:

- Personal, family or household purposes
- Business use
- Farming use

The Debtor resides in the county set forth below, unless some other county is indicated here:

Clackamas County, Oregon ~~County, Washington~~

2. Fixtures.

If any of the property is to be or has been attached to real estate, the description of the real estate is as follows:

Registered S County, Washington

Indexed, S

Indirect S

Filmed

Mailed

The terms and conditions appearing on the back hereof are part of this Security Agreement.

Signed this 28 day of April, 1986.

P.O. Box 248, Wilsonville, OR 97070

Street City

~~County, Washington~~

MAILING ADDRESS OF DEBTOR (Print)

WBA UCC 1A

3. Ownership and Liens.

Debtor is over 18 years of age and owns the property and the same is free and clear of all security interests and encumbrances of every nature. Debtor will not create nor permit the existence of any lien or security interest other than that created hereby on the property without the written consent of Secured Party. Any certificate of title now or hereafter existing on any of the property will be delivered to Secured Party and will recite the interest of Secured Party.

4. Taxes.

Debtor will pay before delinquency all taxes or other governmental charges levied against the property and will pay any tax which may be levied on any obligation secured hereby.

5. Repairs and Inspection.

Debtor will keep the property in good repair. Secured Party may inspect the property at reasonable times and intervals and may for this purpose enter the premises upon which the property is located.

6. Insurance.

Debtor will keep the property continuously insured by an insurer approved by Secured Party against fire, theft and other hazards designated at any time by Secured Party, in an amount equal to the full insurable value thereof or to all sums secured

Butterville Lbx Co GP.
by P. C. Clark as Pres.

(SIGNATURE OF DEBTOR)

Washington Legal Blank Co., Bellevue, Wa.

10-6-20 2300

hereby, with such form of loss payable clause as designated by and in favor of Secured Party, and will deliver the policies and receipts showing payment of premiums to the Secured Party. In the event of loss, Secured Party shall have full power to collect any and all insurance upon the property and to apply the same at its option to any obligation secured hereby, whether or not matured, or to the restoration or repair of the property. Secured Party shall have no liability whatsoever for any loss that may occur by reason of the omission or lack of coverage of any such insurance.

7. Removal or Sale.

Without the prior written consent of Secured Party, Debtor will not remove the property from the State of Washington, and Debtor will not sell nor lease the property or any interest therein.

8. Expenses Incurred by Secured Party.

Secured Party is not required to, but may at its option, pay any tax, assessment, insurance premium, expense, repair or other charges payable by Debtor, and any filing or recording fees, and any amount so paid, with interest thereon at the maximum rate permitted by law from date of payment until repaid shall be secured hereby and shall be repayable by Debtor on demand. The rights granted by this paragraph are not a waiver of any other rights of Secured Party arising from breach of any of the covenants hereof by Debtor.

9. Waivers.

This Security Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms or conditions hereof shall be effective unless in writing signed by Secured Party. No waiver nor indulgence by Secured Party as to any required performance by Debtor shall constitute a waiver as to any subsequent required performance or other obligations of Debtor hereunder. Debtor hereby waives any counter claims or defense hereunder against any assignee for value.

10. Default.

Time is of the essence in this Security Agreement, and in any of the following events, hereinafter called "Events of Default," to-wit:

- (a) Any failure to pay when due the full amount of any payment of principal, interest, taxes, insurance premiums or other charges which are or may be secured hereby; or
- (b) Any failure to perform as required by any covenant or agreement herein; or
- (c) The falsity of any representation by Debtor herein or in any credit application or financial statement given by Debtor to Secured Party as a basis for any extension of credit secured hereby; or
- (d) If the property should be seized or levied upon under any legal or governmental process against Debtor or against the property; or
- (e) If Debtor becomes insolvent or is the subject of a petition in bankruptcy, either voluntary or involuntary, or in any other proceeding under the federal

bankruptcy laws; or makes an assignment for the benefit of creditors; or if Debtor is named in or the property is subjected to a suit for the appointment of a receiver; or

- (f) Loss, substantial damage to, or destruction of any portion of the property; or
- (g) Entry of any judgment against Debtor, or
- (h) Dissolution or liquidation of Debtor, or
- (i) The Secured Party deems itself insecure.

Then and in any of such events of default, the entire amount of indebtedness secured hereby shall then or at any time thereafter, at the option of Secured Party, become immediately due and payable without notice or demand, and Secured Party shall have an immediate right to pursue the remedies set forth in this Security Agreement.

11. Remedies.

In the event of a default hereunder, Secured Party shall have all remedies provided by law; and without limiting the generality of the foregoing, shall be entitled as follows:

- (a) Debtor agrees to put Secured Party in possession of the property on demand; and
- (b) Secured Party is authorized to enter any premises where the property is situated and take possession of said property without notice or demand and without legal proceedings; and
- (c) At the request of Secured Party, Debtor will assemble the property and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties; and
- (d) Debtor agrees that a period of five (5) days from the time notice is sent, by first class mail or otherwise, shall be a reasonable period of notification of a sale or other disposition of the property; and
- (e) Debtor agrees that any notice or other communication by Secured Party to Debtor shall be sent to the mailing address of the Debtor stated herein; and
- (f) Debtor agrees to pay on demand the amount of all expenses reasonably incurred by Secured Party in protecting or realizing on the property. In the event that this Security Agreement or any obligation secured by it is referred to an attorney for protecting or defending the priority of Secured Party's interest or for collection or realization procedures, Debtor agrees to pay a reasonable attorney's fee, including fees incurred in both trial and appellate courts, or fees incurred without suit, and expenses of title search and all court costs and costs of public officials. The sums agreed to be paid in this subparagraph shall be secured hereby; and
- (g) If Secured Party disposes of the property, Debtor agrees to pay any deficiency remaining after application of the net proceeds to any indebtedness secured hereby.

FILED FOR RECORD
SKAMAHIA CO. WASH
BY RELIANCE UNITED
PACIFIC SURETY MANAGERS
May 5 3 10 PM '86
A. Davis, Dep.
AUDITOR
GARY M. OLSON

EXHIBIT "A"

A first security interest in all product and proceeds, timber, logs and other wood products removed from the below-described Forest Service timber sales:

Wakepish #4 Contract No. 02625-9

Sections 25, 26, 35 and 36, T 10 N, R 6 E, Willamette Meridian, surveyed;
Sections 5 and 6, T 9 N, R 7 E, and Sections 13, 19, 30, 21 and 32, T 10 N,
R 7 E, Willamette Meridian, unsurveyed, Skamania County, Washington

Shine Contract No. 02901-4

Sections 13 and 24, T 8 N, R 8 E, Sections 18, 19 and 20, T 8 N, R 9 E,
Willamette Meridian, unsurveyed, Skamania County, Washington

Right Contract No. 06291-0

Sections 22, 23, 26 and 27, T 7 N, R 9 E, Willamette Meridian, unsurveyed,
Skamania County, Washington

March Contract No. 063165

Sections 4, 8, 9, 16, 17 and 18, T 5 N, R 9 E, Willamette Meridian, unsurveyed,
Skamania County, Washington

Mull Contract No. 063546

Sections 4 and 5, T 8 N, R 9 E, and Sections 33, 34 and 35, T 9 E, R 9 E,
Willamette Meridian, unsurveyed, Skamania County, Washington