

ARTICLE THREE

REPRESENTATIONS AND WARRANTIES

The Mortgagor represents and warrants that:

SECTION 3.01. It is a corporation duly organized and existing under the laws of the State of Oregon and has the corporate power to own its property and to carry on its business as now being conducted and is duly qualified to do business and in good standing in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary.

SECTION 3.02. It has good and marketable title to all of the mortgaged property, free and clear of all liens and encumbrances except as shown in Exhibit B hereto and except for Permitted Liens, and subject to said exceptions shown in Exhibit B and Permitted Liens, this Mortgage is now, and always will be, maintained by the Mortgagor as a first lien upon the mortgaged property.

SECTION 3.03. There is no provision of law, or in its articles of incorporation, or in its by-laws, or in any agreement to which it is a party or under which it may be bound, which in any way conflicts with or prevents the execution and delivery of the Notes and this Indenture.

SECTION 3.04. All corporate action on its part and on the part of its officers, directors and stockholders necessary for the execution, delivery and performance of the Notes and this Indenture have been duly taken and all authorizations, approvals or consents of all governmental authorities required for the execution and delivery of the Notes and of this Indenture have been obtained, and it has full power and lawful authority to mortgage the mortgaged property in accordance with the terms and conditions of this Indenture.

SECTION 3.05. It has no subsidiary. The term "subsidiary", as used in this Indenture, shall mean any corporation in which at least a majority of the voting stock is owned, directly or indirectly, by the Mortgagor.