

CHATTEL MORTGAGE

This form is subject to legal requirements of states where used.

MORTGAGOR: Hegewald Timber Co. Inc.
Number City Stevenson County Harold State Washington
and Street Zone of of

(Where filing is governed by residence and equipment is in same state, show (a) for individual, his residence address, (b) for corporation, its principal office stated in its charter, and (c) for partnership, its business address and, in the space below, the name and address of each partner.)

The undersigned Mortgagor, whose address is given above, to secure payment of the indebtedness hereinafter described, hereby conveys and mortgages to C.I.T. CORPORATION, 717 Commonwealth Building, Portland 4, Oregon
(Address)

its successors and assigns (all herein referred to as "C.I.T." or "Mortgagee"), the following chattel or chattels:

(Insert serial numbers, model numbers, etc., and full description)

(Insert full location)

All personal property, wherever located or kept, owned by Mortgagor and used, or kept or acquired for use, in connection with the business of Mortgagor, and all personal property which may be acquired hereafter by Mortgagor for such use, which property shall include, but not be limited to, the property described in Schedule "A" attached hereto and by reference made to the first of, consisting of pages 1 through 55, inclusive.

complete with all present and future attachments, accessories, replacements and equipment, hereinafter referred to collectively as "chattels". To have and to hold such chattels unto Mortgagee and Mortgagee's sole use forever. Said chattels shall be kept at the locations indicated or at locations to be reported to Mortgagee monthly, and shall not be removed from any of said locations without Mortgagee's prior consent, and shall not become part of any freehold.

IF MORTGAGOR SHALL PAY to Mortgagee the total sum of \$ 1,314,430.00 in 56 instalments of \$ 21,10.00 each, on the 8th day of each successive month beginning November 8th 1965

followed by a final instalment one month later of \$ 21,740.00, with interest before maturity at 5 per annum payable monthly on unpaid balances and after maturity at the highest lawful contract rate, which amount Mortgagor promises to pay, as evidenced by promissory note, payable at the office of C.I.T. Corporation, at New York, Chicago or San Francisco, then this mortgage shall be void, otherwise to remain in full force and effect.

MORTGAGOR COVENANTS, for itself, its heirs, executors, administrators, successors and assigns, with Mortgagee as follows:

Mortgagor owns said chattels free from all claims and encumbrances and warrants and shall defend the chattels against all claims and demands whatsoever.

If Mortgagor breaches any of the terms hereof or of said note or of any other obligation of Mortgagor to C.I.T., or if Mortgagor becomes insolvent or ceases to do business as a going concern, or if the chattels or any of them be lost, secreted, misused or destroyed, or if a default is declared on any job contracted by Mortgagor, or if a surety takes over performance of such a job or extends financial assistance to Mortgagor, or if a petition in bankruptcy or for arrangement or reorganization be filed by or against Mortgagor, or property of Mortgagor be attached or a receiver be appointed for Mortgagor, or whenever Mortgagee may deem the indebtedness or chattels insecure, the indebtedness herein described and all other debts then owing by Mortgagor to C.I.T. shall at the option of C.I.T. and without notice become due and payable forthwith, and Mortgagor hereby authorizes Mortgagee to enter with or without legal process any premises where the chattels may be and take possession thereof. Mortgagee may foreclose this mortgage in the manner provided by law. To the extent not forbidden by law, Mortgagee may sell the chattels at private or public sale, in bulk or in parcels, with or without notice, without having the chattels present at the place of sale, or in lieu thereof the Mortgagee, or the Sheriff of any county where said property or any part thereof may be, may sell the same in the manner prescribed by applicable law, and Mortgagee may bid and purchase. The proceeds of sale shall first be applied to the expense of settling all liens and claims against and all costs and charges and expenses incurred in taking, removing, holding, repairing and selling the chattels and a reasonable sum (15% if not prohibited by law) as attorneys' fees; then to pay all sums remaining unpaid hereon; any surplus shall belong to Mortgagor, subject to being applied by Mortgagee to any other indebtedness of Mortgagor to C.I.T. Mortgagor agrees to pay any deficiency forthwith. All remedies herein are cumulative to, and any or all thereof may be exercised in lieu of or in addition to, any remedies at law, in equity, or under a statute.

UNTIL ANY DEFAULT, Mortgagor shall remain in possession of the chattels, but Mortgagor shall not without the prior written consent of Mortgagee misuse, sell, rent, lend, encumber, transfer or secrete any of the chattels. Mortgagor shall pay promptly when due all taxes, license fees, assessments and public and private charges on said chattels. The chattels shall at all times be at Mortgagor's risk, and Mortgagor shall keep them insured against fire with extended or combined additional coverage for the full insurable value thereof, and against such other risks in such amounts as Mortgagee may specify, all such fire and other insurance to protect Mortgagee's interest with a Standard Mortgagee or Long-Form Endorsement. Mortgagor hereby waives all exemptions. Waiver of any default shall not be deemed a waiver of any other or subsequent default. Mortgagee may correct patent errors herein and fill in blanks. All notices from Mortgagee to Mortgagor shall be sufficiently given if mailed or delivered to Mortgagor at Mortgagor's address shown above.

Mortgagor shall, if certificate of title be required or permitted by law, obtain such certificate with respect to the chattels, showing the lien hereof, and in any event do everything necessary or expedient to preserve or perfect the lien hereof. No waiver nor change herein shall be binding on Mortgagee unless in writing signed by an officer of Mortgagee. Any part hereof contrary to the laws of any state where used shall be deemed ineffective therein, but shall not invalidate any other parts hereof. Mortgagor acknowledges receipt of a true copy and waives acceptance hereof. If Mortgagor is a corporation, this mortgage is executed pursuant to authority of its Board of Directors.

See Schedule "B" attached hereto and by this reference made a part hereof.

IN WITNESS WHEREOF, Mortgagor has executed and sealed this chattel mortgage on September 30 1965

Hegewald Timber Co. Inc.

(Name of Mortgagor)

(Seal) By [Signature] (Seal)

(Title - If corporation, state official title. Otherwise state whether owner or partner.)