

# LOAN AGREEMENT AND MORTGAGE

- 522 18023
1. **Date and Parties:** This Agreement made on 10-9-93, by and between WEYERHAEUSER COMPANY ("Weyerhaeuser") and Ed Heffernan, Sr. BOOK 138 PAGE 661
2. **Loan:** Ed Heffernan, Sr. acknowledges that he has borrowed and received one hundred sixty nine thousand dollars (\$169,000.00); (\$50,000.00 to be paid at closing and the balance of \$119,000.00 to be paid by January 31, 1994), from Weyerhaeuser to finance his purchase of timber on the real estate described in Exhibit A. Ed Heffernan, Sr. is indebted to Weyerhaeuser in that amount and agrees to repay the same on the terms set forth.
3. **Interest:** The unpaid balance of said loan shall begin bearing interest 30 calendar days after closing. At that time, it shall bear interest at the rate of ten percent (10%) per year.
4. **Security - Mortgage:**
- A. As security for his repayment of the said loan with interest, if any, Ed Heffernan, Sr. hereby grants Weyerhaeuser a mortgage on his interest in the timber described on Exhibit A.
  - B. Ed Heffernan, Sr. also agrees to harvest the timber to the extent that it is merchantable, and to sell and deliver all export logs to Weyerhaeuser at the prices and location set forth in Exhibit B (log price list).
  - C. Said timber harvest and log deliveries shall be completed on or before July 31, 1994.
  - D. If for any reason Ed Heffernan, Sr. fails to harvest and deliver the aforesaid logs at the said delivery point by July 31, 1994, Weyerhaeuser may, in its discretion, perform these functions, or hire a contractor to perform them, for and on behalf of Ed Heffernan, Sr. in performing these functions.
  - E. Ed Heffernan, Sr. warrants that he owns the said timber and has full authority to encumber, harvest and sell it.
  - F. All receipts from the sale of non-export logs from the properties listed above will be paid to Weyerhaeuser, minus logging costs not to exceed \$115/MBF for scaled wood and \$17.50/Ton for weighed wood, until the loan is satisfied.
5. **Loan Amortization:**
- A. The aforementioned one hundred sixty nine thousand dollar (\$169,000.00) loan shall be amortized by applying a part of the price due for the logs which Ed Heffernan, Sr. must deliver to the principal of the loan set forth in Exhibit C (loan amortization schedule). The purpose of this amortization schedule is to assure the complete repayment of the loan on or before July 31, 1994. If the anticipated rate of log deliveries fails to materialize, Weyerhaeuser may adjust the amortization schedule accordingly.
  - B. If for any reason the loan is not repaid in full by July 31, 1994, the unpaid balance then remaining, shall be paid in cash within 15 days.
6. **Guarantee:**
- The obligations under the above agreement between Ed Heffernan, Sr. and Weyerhaeuser Company are guaranteed by me personally.

Ed Heffernan, Sr. 10-9-93 Weyerhaeuser Company 10/8/93  
Ed Heffernan, Sr. Date Weyerhaeuser Company Date  
Longview Operations

STATE OF WASHINGTON )

County of Skamania )

On this 9th day of OCT, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Ed Heffernan, Sr. and Weyerhaeuser Company to me known to be the persons who executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said persons, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and date above written.

Notary Public and for the State of Washington  
residing at Longview, WA  
My appointment expires 10/96

Registered 0  
Indexed, Dir 0  
Indirect 0  
Filed 0  
Mailed 0

## EXHIBIT A

FILED FOR RECORD  
SKAMANIA CO. WASH  
BY SKAMANIA CO. TITLE

### TIMBER LEGAL DESCRIPTION

OCT 11 10 35 AM '93

*P. Larry*  
AUDITOR

GARY H. OLSON

All timber live or dead, lying or standing, located in:

BOOK 138 PAGE 662

A Tract of land in the Southwest Quarter of the Northeast Quarter of Section 29, Township 3 North, Range 8 East of the Willamette meridian, in the County of Skamania, State of Washington, described as follows:

Beginning at the Southwest corner of the Northeast Quarter of Section 29, Township 3 North, Range 8 East of the Willamette Meridian; running thence North along the Quarter Section line to the Northwest corner of the Southwest Quarter of the Northeast Quarter of said Section; thence running East on the North line of the South Half of the Northeast Quarter until it intersects the present county road known as the Sprague Landing and Carson Road; thence following the meander of said county road in a Southwesterly direction to the intersection of said road with the West line of the Southeast Quarter of said Section 29, same Township and Range; thence North along said West line to the place of beginning.

EXCEPTING THEREFROM the following:

A. Beginning at a point on the North line of the Southwest Quarter of the Northeast Quarter of Section 29, West 324.4 feet from the Northeast corner of the Southwest Quarter of the Northeast Quarter of said Section 29; thence South 18 degrees 43' East 440.6 feet; thence North 72 degrees 20' East 147 feet, more or less, to intersection with the center of the old county road known as Stevenson-Carson Road, now abandoned; thence Northerly along the center of said road 324.4 feet, more or less, to the North line of the Southwest Quarter of the Northeast Quarter of said Section 29; thence West 211.8 feet to the Point of Beginning.

B. That portion thereof lying within the 300 foot strip of land acquired by the United States of America for the Bonneville Power Administration's electric power transmission lines.

C. The East Half of the Southwest Quarter of the Southwest Quarter of the Northeast Quarter, and that portion of the East Half of the Northwest Quarter of the Southeast Quarter, lying Northerly of Wind River Highway. Also known as Lot 2 of Beaudry Short Plat recorded in Book 2, Page 112 of Short Plats.

D. That portion conveyed to George M. Aker et. ux., by instruments recorded in Book 48, Page 213 and in Book 59, Page 238, Skamania County Deed Records.

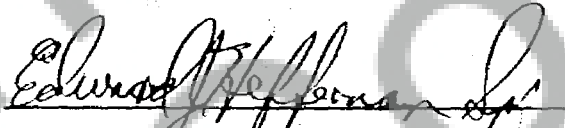
## NOTICE AND DISCLAIMER

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Weyerhaeuser Company has agreed to make a loan of one hundred sixty nine thousand dollars (\$169,000.00) to Ed Heffernan, Sr. (Borrower) for the purpose of buying standing timber, land or both. The decision to make this loan was based on Weyerhaeuser's business judgement. By this decision Weyerhaeuser makes no statement, express or implied, to Borrower or anyone else, that the quality, quantity or species mix of said timber to be purchased will, when harvested and sold to Weyerhaeuser, provide sufficient funds to pay back the loan.

The dollar amount of the loan described in the attached LOAN AGREEMENT AND MORTGAGE must be repaid. The loan will not be canceled or marked paid in full just because the timber purchased with the borrowed funds did not produce enough funds to pay the loan. Borrower is hereby cautioned to exercise its own judgement as to whether the timber, when harvested and sold to Weyerhaeuser, will produce enough money to repay the loan.

Read, understood and accepted the 9 day of October, 1993.

  
Ed Heffernan, Sr.  
