

SCR 18411 **LOAN AGREEMENT AND MORTGAGE**

1. **Date and Parties:** This Agreement made on March 11, 1994, by and between  
118908 WEYERHAEUSER COMPANY ("Weyerhaeuser") and Virgil Hudgins. BOOK 141 PAGE 865
2. **Loan:** Virgil Hudgins acknowledges that he has borrowed and received one hundred sixty thousand dollars (\$160,000.00) from Weyerhaeuser to finance his purchase of timber on the real estate described in Exhibit A. Virgil Hudgins 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, Virgil Hudgins hereby grants Weyerhaeuser a mortgage on his interest in the timber described on Exhibit A.
  - B. Virgil Hudgins 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 May 1, 1994.
  - D. If for any reason Virgil Hudgins fails to harvest and deliver the aforesaid logs at the said delivery point by May 1, 1994, Weyerhaeuser may, in its discretion, perform these functions, or hire a contractor to perform them, for and on behalf of Virgil Hudgins in performing these functions.
  - E. Virgil Hudgins 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 \$135/MBF for scaled wood and \$18/Ton for weighed wood, until the loan is satisfied.
5. **Loan Amortization:**
- A. The aforementioned one hundred sixty thousand dollar (\$160,000.00) loan shall be amortized by applying a part of the price due for the logs which Virgil Hudgins 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 May 1, 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 May 1, 1994, the unpaid balance then remaining, shall be paid in cash within 15 days.
6. **Guarantee:**
- The obligations under the above agreement between Virgil Hudgins and Weyerhaeuser Company are guaranteed by me personally.

Virgil Hudgins  
Virgil Hudgins

3/11/94  
Date

Bob Bishop  
Weyerhaeuser Company  
Longview Operations

3/11/94  
Date

STATE OF WASHINGTON )  
County of Skamania ) ss.

FILED FOR RECORD  
SKAMIA CO. WASH  
BY KAMAMIA CO. TITLE

MAR 14 2 52 PM '94

On this 11th day of March, 1994, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Virgil Hudgins and Bob Bishop 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 year first above written.

Carolyn Bishop  
Notary Public in and for the State of Washington  
residing at 541/96  
My appointment expires 5/1/96

## EXHIBIT A

BOOK 141 PAGE 866

### TIMBER LEGAL DESCRIPTION

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

A Tract of land in the East Half of the Northeast Quarter of Section 35, Township 4 North, Range 7 East of the Willamette Meridian, in the County of Skamania and State of Washington, described as follows:

Beginning at an 8" diameter Douglas Fir Tree, set as a witness to the corner of Section 25, 26, 35 and 36, Township 4 North, Range 7 East of the Willamette Meridian, Skamania County, Washington by Mart C. Perkins, Licensed Land Surveyor in 1957, said tree being 262.0 feet South of said corner; thence Southerly along the Section line common to said Section 35 and 36, a distance of 988.0 feet to a 3/8" x 3/4" metal rod extending 12" above the ground which is the true point of beginning of this description; thence West 1,320.0 feet, more or less, to a 1 1/4" steel axle extending 6" above the ground; thence South a distance of 960.0 feet to a 1 1/4" steel rod extending 6" above ground; thence East a distance of 1,320.0 feet, more or less, to a point on aforesaid Section line which is marked with a 3/8" x 3/4" rod extending 12" above the ground; thence Northerly along said Section line a distance of 960.0 feet to the True Point of Beginning.

EXHIBIT B  
WEYERHAEUSER COMPANY  
PRICE SHEET #1

BOOK 141 PAGE 867

P.O. Number  
LP 94.0481

(Advance)

Vendor Name  
Virgil Hudgins/Krall Logging

Effective Date



Weyerhaeuser

PRICES SUBJECT TO CHANGE PRIOR TO EXPIRATION DATE UPON NOTIFICATION BY PURCHASER

DOUGLAS FIR				HEM-WE-NF			
Sort Code	Sort #	Price	Del. Point	Sort Code	Sort #	Price	Del. Point
OS	11	\$1140/M	DPT	RS	1	\$800/M	DPT
RS	1	\$1080/M	DPT	SS	2	\$725/M	DPT
SS	2/27	\$1030/M	DPT	SL	3	\$650/M	DPT
SL	3	\$ 930/M	DPT	GC	5	\$580/M	DPT
IS	25	\$ 900/M	DPT	SC	6	\$580/M	DPT
SB	22	\$ 835/M	DPT	DOM	13/70	\$350/M	DPT
GC 20' -25' 5		\$ 720/M	DPT				
GC 26' -40' 5		\$ 800/M	DPT				
SC	6	\$ 810/M	DPT				
DOM	13/16/70	\$ 600/M	DPT				

SORTING AND CUTTING SPECIFICATIONS

See enclosed sheet for cutting and sorting specifications

All loads must be species sorted.

All logs must have bucked ends and bucked knots.

Weyerhaeuser reserves the right to refuse loads not meeting sort specifications.

POSSESSION OF THIS PRICE SHEET IS NOT AN OFFER TO BUY

## EXHIBIT C

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### LOAN AMORTIZATION SCHEDULE

1. Weyerhaeuser Company will retain the agreed upon log prices (Exhibit B) per MBF delivered except for \$135/MBF for all scaled wood and \$18/Ton for all weighed wood until the one hundred sixty thousand dollar (\$160,000.00) loan is paid.
2. The difference between this retention and the applicable log prices (Exhibit B) shall be paid to Virgil Hudgins.
3. When the loan has been repaid in full, Weyerhaeuser shall pay Virgil Hudgins the full prices listed on Exhibit B.