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FILED FOR RECORD
SKAMANIA CO. WASH
BY *Stoel Rives*

APR 25 4 45 PM '97

P. Downey
AUDITOR
GARY M. OLSON

Return Address:
O'Melveny & Myers LLP
153 East 53rd Street
New York, NY 10022
Attn: Francis J. Burgweger, Jr.

UCC 2 FIXTURE FILING (County Auditor)

Indemnifying information required by the Washington State Auditor's & Recorder's Office. (RCW 36.18 and RCW 85.04) 1/97. (please print last name first)
Reference # (if applicable):
Debtor(s)(1) Hanel Lumber Company, Inc. (2) _____ Add'l. on pg _____
Secured Party(ies)(Assignee)(1) National Bank of Canada (2) _____
Add'l. on pg _____ Legal Description (abbreviated): Portions of Sec. 7, 8 and 17, T6N, R7E, W.M.
Add'l. legal is on pg 6 Assessor's Property Tax Parcel/Account # _____

PLEASE TYPE FORM

This FIXTURE FILING is presented pursuant to the WASHINGTON UNIFORM COMMERCIAL CODE:

LEASE - This filing is for informational purposes only. The terms debtor and secured party are to be construed as LESSEE and LESSOR.
 CONSIGNMENT - This filing is for informational purposes only. The terms debtor and secured party are to be construed as CONSIGNEE and CONSIGNOR.

1. DEBTOR(S) (or assignor(s)) (last name first, and address(es)) <u>Hanel Lumber Company, Inc.</u> <u>PO Box 377</u> <u>Mill City, OR 97360</u>	2. FOR OFFICE USE ONLY
3. NUMBER OF ADDITIONAL SHEETS ATTACHED: <u>4</u>	
4. SECURED PARTY(IES) (or assignee(s)) (name and address) <u>National Bank of Canada</u> <u>725 S. Figueroa Street</u> <u>Suite 1690</u> <u>Los Angeles, CA 90017</u>	5. ASSIGNEE(S) OF SECURED PARTY(IES) (if applicable) (name and address(es))

6. This FIXTURE FILING covers the following types or items of property:

The goods are to become fixtures on...
 The property is timber standing on... the real property described on Schedule A-1 to Exhibit A

Fixture Filing UCC 2 (County Auditor)
Washington Legal Blank, Inc., Issaquah, WA Form UCC 2 10/96
MATERIAL MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY FORM WHATSOEVER

EW filed ✓
2nd fil. ✓
3rd fil. ✓
4th fil. ✓
5th fil. ✓

The property is minerals or the like (including gas and oil) or accounts to be financed at the wellhead or minehead of the well or mine located on... (Describe real estate. Use legal description.)

This financing statement covers the collateral described on attached Exhibit A which is by this reference incorporated herein.

This FIXTURE FILING is to be filed for record in the real estate records. If the debtor does not have an interest of record in the realty, the name of a record owner is **United States of America, Department of Agriculture, Forest Service**

Products of collateral are also covered.

2. RETURN ACKNOWLEDGMENT COPY TO:

Mr. Francis J. Burgweger, Jr.
O'Melveny & Myers LLP
Citicorp Center
153 East 53rd Street
New York, NY 10022

FILE FOR RECORD WITH
COUNTY AUDITOR OF COUNTY
IN WHICH REAL PROPERTY IS LOCATED

3. This statement is signed by the Secured Party(ies) instead of the Debtor(s) to perfect a security interest in collateral. (Please check appropriate box.)

(a) already subject to a security interest in another jurisdiction when it was brought into this state, or when the debtor's location was changed to this state, or
(b) which is proceeds of the original collateral described above in which a security interest was perfected, or
(c) as to which the filing lapsed, or
(d) acquired after the change of name, identity, or corporate structure of the debtor(s).

Complete fully if box (d) is checked.
Complete as applicable for (a), (b), and (c):

Original recording number _____
Filing office where filed _____

Former name of debtor(s) _____

9.

USE IF APPLICABLE

Hanel Lumber Company, Inc.

TYPE NAME(S) OF DEBTOR(S) (or assignee(s))

BY: James D. Moys
SIGNATURE(S) OF DEBTOR(S) (or assignee(s))

TYPE NAME(S) OF SECURED PARTY(IES) (or assignee(s))

SIGNATURE(S) OF SECURED PARTY(IES) (or assignee(s))

10. TERMINATION STATEMENT: The SECURED PARTY(IES) certifies that the SECURED PARTY(IES) no longer claims a security interest under the FIXTURE FILING bearing the recording number shown above.

NAME _____

DATE _____

Return to: County Auditor of County where
original filing/recording was made.

SIGNATURE _____

WASHINGTON UCC 2 FIXTURE FILING
FORM APPROVED FOR USE IN WASHINGTON STATE

EXHIBIT A
TO UCC-2 FINANCING STATEMENT
STATE OF WASHINGTON
COUNTY OF SKAMANIA

DEBTOR: HANEL LUMBER COMPANY INC.
SECURED PARTY: NATIONAL BANK OF CANADA

A. Timber. All crops and all trees of every kind and species, whether now located in or on or hereafter planted or growing in or on that certain land described in Schedule A-1 attached hereto and made a part of this Exhibit A (the "Land"), and all timber of every kind and species (whether or not merchantable), whether severed or unsevered, including timber to be cut, standing and downed timber, and stumps and cut timber lying, being or remaining on the Land, and any and all Forest Products (defined as logs, timber, lumber, finished or milled lumber, bark, sawdust, logging and milling waste, hog fuel, wood chips, all timber and lumber subject to any manufacturing process, all raw material and work in progress, and all goods, inventory and other timber products), whether or not related to the Land, now or hereafter owned or acquired by Debtor or in which Debtor has an interest, and any and all products or proceeds of any of the foregoing and wherever located (collectively, the "Timber").

B. Rents. All revenues, rents, issues, profits, royalties, proceeds, income and other benefits (collectively the "Rents"), derived from the Timber, and all issues and profits from the sale or other disposition of the Timber.

C. Agreements. All agreements, contracts, arrangements or other contractual obligations, whether now existing or hereafter entered into, whereby Debtor or its predecessors in interest have granted, grant or will grant to another Person the right to cut, harvest or otherwise remove Timber from any of the Land for the use and benefit of Persons other than Debtor, and all agreements, contracts, arrangements or other

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contractual obligations, whether now existing or hereafter entered into, whereby a Person has granted to Debtor the right to cut, harvest or otherwise remove timber from real property not owned by Debtor at the time such rights are exercised (including without limitation the Land) and all other rights (including rights constituting interests in real property) of Debtor to cut, harvest or otherwise remove timber from said real property thereunder and all timber sales agreements, log sales agreements, purchase orders, purchase and sale agreements and other contractual obligations, whether now existing or hereafter entered into, whereby Debtor, as seller, is or may become obligated to cut, harvest or otherwise remove Timber harvested from the Land and to sell, exchange or deliver such Timber to Persons other than Debtor, and all timber purchase contracts, timber sales contracts, stumpage contracts, contract rights, chattel paper, documents, accounts, goods, inventory, warehouse receipts, documents issued as evidence of the storage of any goods and general intangibles, any right to performance, entitlement to payment in cash or in kind, or other benefits, related to the Land or the Timber.

- D. Renewals, etc. All renewals, substitutions, replacements, additions, accessions, proceeds and products of any and all of the foregoing.
- E. Claims. All other claims or demands, both in law and in equity, including claims or demands with respect to the proceeds of insurance, which Debtor now has or may hereafter acquire in the foregoing or any part thereof, or the proceeds of any sale, option or contract to sell the foregoing or any portion thereof.
- F. Other Rights. All interests, estates or other claims, both in law and in equity, which Debtor now has or may hereafter acquire in the Land or the Timber and all right, title and interest now owned or hereafter acquired by Debtor in and to any greater estate in the foregoing.
- G. Proceeds. All proceeds in whatever form from sale or other disposition of the Land or the

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Timber or any other part of the property described in this Exhibit A.

H. Plans. All plans prepared for the harvesting or cutting of Timber.

I. Attachments. All present and future attachments, accessions, additions, substitutions and replacements of or to any of the foregoing hereafter made thereto or placed therein or thereon.

All products and proceeds of the foregoing.

This financing statement is to be indexed in the real estate records. This financing statement covers timber to be cut.

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SCHEDULE A-1

DESCRIPTION OF THE LAND
SKAMANIA COUNTY

**LAND LOCATED IN THE COUNTY OF SKAMANIA, STATE OF WASHINGTON OWNED
BY THE UNITED STATES FOREST SERVICE**

That certain real property owned by the United States Department of Agriculture, Forest Service, located in the County of Skamania, State of Washington, more particularly described as follows:

Those portions of Sections 7, 8 and 17, Township 6 North, Range 7 East, Willamette Meridian, covered by the timber sales contract for the "Point" timber sale between the United States Forest Service and Hanel Lumber Company, Inc., Contract No. 079427.

The record owner is the United States Department of Agriculture, Forest Service.