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BOOK 194 PAGE 856

FILED  
SK  
Weyerhaeuser Co.  
NOV 12 10 38 AM '99  
GARY H. OLSON

FILED FOR RECORD AT THE  
REQUEST OF AND RETURN TO:

WEYERHAEUSER COMPANY  
ATTN: Mike Mussman PO Box 158  
Longview, WA 98632

GRANTOR: Jay T. & Theo D. Hafford  
GRANTEE: Weyerhaeuser Company  
ABBREVIATED LEGAL: NE 1/4 of S 25, T 3 N, R 7 E  
ASSESSOR PARCEL NO.: 03-07-25-1-0-0503-00  
FULL LEGAL DESCRIPTION ON PAGE: 7

**LOAN AGREEMENT  
MORTGAGE  
UCC SECURITY AGREEMENT  
AND  
FINANCING STATEMENT**

Secured  
Mortgage  
UCC  
Financing  
Statement

1. **DATE AND PARTIES:** This Agreement made on 11/12/99 by and between **WEYERHAEUSER COMPANY** ("Secured Party") and **Jay T. Hafford & Theo D. Hafford, husband and wife**, ("Debtor")
2. **LOAN:** Debtor acknowledges that it has borrowed and received from Secured Party **\$110,000.00 (one hundred ten thousand dollars)**. Debtor is indebted to Secured Party in that amount and promises to repay the amount borrowed on the terms and conditions herein.
3. **INTEREST:** The unpaid balance shall bear interest at 0% until December 13, 1999, thereafter it shall bear interest at twelve percent (12%) per year until paid.

**4 (A). SECURITY - MORTGAGE:**

- 1). Debtor warrants that it owns the Exhibit A property and has full authority to encumber, harvest and sell the timber located thereon.
- 2). As security for the repayment of the loan noted above and any interest that may be due, Debtor grants to Secured Party a mortgage on its interest on the real property described on Exhibit A attached hereto.

**4 (B). SECURITY - FINANCING STATEMENT:**

- 1). In consideration of financial accommodations given or to be given to the undersigned Debtor by Secured Party and as security for payment of all debts, obligations or liabilities now or hereafter existing, absolute or contingent, of the undersigned Debtor to the Secured Party, Debtor grants to the Secured Party a security interest in all the collateral described in paragraph 4 (B) 2).
- 2). Secured collateral covers: All trees and timber, whether severed or unsevered and including standing and down timber, and cut timber and logs, and other forest products whether now located on or hereafter planted or growing on the land described on the attached Exhibit A, and all products and processes of the trees, timber and logs. Together with the growth of all such trees, all species, all ages and all sizes.

**4 (C). SECURITY - FILING IN COUNTY LAND RECORDS:**

This instrument is to be filed with the county official responsible for recording documents in the public land records in the county where the real property described on Exhibit A, attached, is located.

**5. LOAN REPAYMENT & AMORTIZATION:**

- 1). Debtor also agrees to harvest the timber on the Exhibit A property, to the extent that it is merchantable, and to sell and deliver all of the resulting logs to Secured Party at the prices and location set forth on Exhibit B attached hereto.
- 2). Said harvest and log delivery to be completed on or before July 31, 2000.



- 3). The loan mentioned in paragraph 2 above shall be amortized by applying a part of the price due for the logs which Debtor must deliver hereunder to the Secured Party as follows: Loan will be repaid as logs are delivered. Secured Party shall withhold 100% of all log delivery payments until the loan is paid in full. The purpose of this amortization schedule is to assure the complete repayment of the loan on or before July 31, 2000. If the anticipated rate of log deliveries fails to materialize, Secured Party may adjust the withholding % upward to assure repayment.
- 4). Each payment shall be credited first on interest then due and the remainder on principal; and interest shall then cease upon principal so credited.
- 5). If, for any reason the loan is not repaid in full by July 31, 2000, via this withholding method or direct cash payment, the unpaid balance (principal & interest, if any) then remaining shall be paid in cash no later than November 30, 2000.

6. **REMEDY ON DEFAULT:**

If for any reason, Debtor fails to harvest and deliver the logs from the Exhibit A property, Secured Party may, at its discretion, enter upon the Exhibit A property, perform the harvest and delivery functions, or hire others to harvest and deliver the logs, for and on behalf of Debtor. If Secured Party performs such harvest and delivery functions, it is acting to collect on its security and not as an agent for Debtor. Secured party also retains all other remedies in addition to those provided herein and shall not be limited to a single choice of remedy.

7. **MULTIPLE PARTIES:**

If Debtor or Guarantors consist of more than one party or person this Agreement is joint and several as between such parties as either Debtor or Guarantor.

8. **LEGAL FEES:**

If action be instituted on either the Note provisions or rights of entry reserved in paragraph 6, Debtor promises to pay such sum as the court may fix as legal fees.

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9. GUARANTEE:

Debtor's obligations under this AGREEMENT between Debtor and Secured Party are hereby guaranteed by the undersigned. This is a guarantee of performance and payment and not of collection.

Dated: 11/8/99

SECURED PARTY

WEYERHAEUSER COMPANY

By: Mike Mirsman

Its: LOG BUYER

Address: PO BOX 188

LONGVIEW, WA 98632

Phone#: 360 414-3396

Dated: 11/12/99

DEBTOR

Jay Blufford

Neo Hafford

Address: 2602 Loop Rd.

Stevenson, Wd. 98648

Phone#: 509-427-8722

GUARANTEE

Endorsed and personally guaranteed, jointly and severally and unconditionally by:

Jay Blufford

Date: 11/12/99

Neo Hafford

Date: 11/12/99



STATE OF WASHINGTON )

COUNTY OF SKAMMIA )

I certify that I know or have satisfactory evidence that Jay HATFORD is the person who appeared before me, and said person acknowledged that He signed this instrument and acknowledged it to be His free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 11-12-99



Gary M. Olson

Notary Public

My appointment expires 10-31-2000

STATE OF WASHINGTON )

COUNTY OF SKAMMIA )

I certify that I know or have satisfactory evidence that Theo HATFORD is the person who appeared before me, and said person acknowledged that She signed this instrument, on oath stated that HER was authorized to execute the instrument and acknowledged it as the LAND OWNER of                     , to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11-12-99



Gary M. Olson

Notary Public

My appointment expires 10-31-2000

# NOTICE AND DISCLAIMER

Weyerhaeuser Company has agreed to make a loan of \$110,000.00 (one hundred ten thousand dollars) to Jay T. Hafford & Theo D. Hafford, husband and wife, for the purpose of buying standing timber, land, or both. The decision to make this loan was based on Weyerhaeuser's business judgment. 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 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. Borrowers are hereby cautioned to exercise their own judgment as to whether the timber, when harvested and sold to Weyerhaeuser, will provide enough money to repay the loan.

Read, understood, and accepted this 12<sup>th</sup> day of November, 1999.

Name x Jay Hafford  
Title Land owner

Name x Theo Hafford  
Title Land owner



EXHIBIT "A"

That portion of the Northeast Quarter of Section 25, Township 3 North, Range 7 East of the Willamette Meridian, in the County of Skamania, State of Washington, described as follows:

Beginning at the Northwest corner of said Northeast Quarter; thence South  $88^{\circ}$ , 43 minutes, 15 seconds East a distance of 750.24 feet as measured along the North line of said Northeast Quarter to the TRUE POINT OF BEGINNING; thence South  $13^{\circ}$ , 30 minutes, 00 seconds East a distance of 1356.05 feet; thence South  $88^{\circ}$ , 49 minutes, 33 seconds East a distance of 1274.60 feet more or less to the Westerly line of a tract of land as described in Book H of Deeds at Page 621; thence Northwesterly along said Westerly line to the Southerly right-of-way line of Loop Road; thence Westerly along the Southerly right-of-way of Loop Road to a point which bears South  $13^{\circ}$ , 30 minutes, 00 seconds East from the TRUE POINT OF BEGINNING; thence North  $13^{\circ}$ , 30 minutes, 00 seconds West to the TRUE POINT OF BEGINNING.

EXCEPT for that portion lying within Loop Road.



Agreement # 1607E

Advance

## PRICE PAGE

Exhibit B

Effective Date 11/8/1999

JAY T. & THEO D. HAFFORD  
2681 LOOP ROAD  
STEVENSON, WA 98548

SORT SORT ABBREVIATION	Sort Code	Diameter	Length	Grade	\$ Per MBF	
					Longview	Dallesport
DOUGLAS FIR REGULAR SELECT	RS	1	-	-	\$340	\$750
STRUCTURAL SELECT	SS	2	-	-	\$810	\$765
INTERMEDIATE SELECT	IS	25	-	-	\$755	\$710
SMALL SELECT	SL	3	-	-	\$730	\$695
GC JAPAN	GCI	55	-	-	\$640	\$600
GENERAL CONSTRUCTION	GC	5	-	-		\$550
GENERAL CONSTRUCTION	GC	5	-	20 - 24	\$540	
GENERAL CONSTRUCTION	GC	5	-	26 - 40	\$590	
SMALL CONSTRUCTION	SC	6	-	-	\$650	\$620
SMALL LOG QUAD	QD	13	-	-	\$580	\$550
CHP N SAW	CS	16	-	-	\$450	\$530
DOMESTIC	D	24	-	-		\$450
DOMESTIC	D	24	-	60	\$400	
DOMESTIC	D	24	-	75	\$150	
OVERSIZE GC	JGC	59	-	-		\$550
OVERSIZE DOM	OSDOM	68	-	-		\$450
WHITEWOOD REGULAR SELECT	RS	1	-	-	\$450	\$400
STRUCTURAL SELECT	SS	2	-	-	\$400	\$400
SMALL SELECT	SL	3	-	-	\$400	\$400
GENERAL CONSTRUCTION	GC	5	-	-	\$350	\$380
SMALL CONSTRUCTION	SC	6	-	-	\$350	\$360
SMALL LOG QUAD	QD	13	-	-	\$300	\$350
CHP N SAW	CS	16	-	-	\$300	\$350
DOMESTIC	D	24	-	-	\$300	\$300
OVERSIZE GC	JGC	59	-	-		\$380
13"-11" SC	SCD	66	-	-	\$350	
OVERSIZE DOM	OSDOM	68	-	-		\$300

SEE LOG SPECIFICATION SHEET FOR ABOVE SORT DESCRIPTIONS

POSSESSION OF THIS PRICE LIST IS NOT A COMMITMENT TO BUY

Please note the following:

1. Weyerhaeuser Company has the right to accept or refuse any or all logs.
2. All logs must be well manufactured. Butts must be flush (cut straight and square). Limbs must be bucked flush with the log. Log lengths should be 2 feet even multiples w/10" trim.
3. Prices are subject to change at any time without prior notice.

Please call, if you have any questions:

Name	Title	Work	Mobile	Fax
Chuck Lappe	Log Buyer, Dallesport	(360) 636-6481	(360) 430-7540	(360) 414-3609
Mike Mussman	Log Buyer, Longview	(360) 414-3396	(360) 430-0022	(360) 414-3609
Joe Kosak	Log Buyer, Green Mountain	(360) 414-3411	(360) 430-2976	(360) 414-3609
Linda Carr	Log Marketing Secretary	(360) 636-6550		(360) 414-3609
Lee Anne Beech	Accounting Specialist	(360) 414-3429		(360) 578-4588

11/08/1999 11:13 02 AM