

Return Address:

Northwest Farm Credit Services, FLCA
2001 S. Flint Road
Spokane, Washington 99224
Attention: Arianna Brown-Harris

**THIRD MODIFICATION OF MORTGAGE, FINANCING STATEMENT
AND FIXTURE FILING**
(Skamania County, Washington)

Mortgagor: POPE RESOURCES, A DELAWARE LIMITED PARTNERSHIP

Mortgagee: NORTHWEST FARM CREDIT SERVICES, FLCA

**Reference Numbers of
Related Documents:** 2010175728

Legal Description:

Abbreviated: Ptns of Sec. 24, T7N, R5E; Ptns. of Secs. 3-11; 14-23; 27-29 & 33, T7N,
R6E; Skamania County, Washington

Full: See Exhibit A attached hereto

Tax Parcel Nos.: 07-05-00-0-0-2600-00; 07-06-00-0-0-0200-00; 07-06-00-0-0-0300-00;
07-06-00-0-0-0400-00; 07-06-00-0-0-0500-00; 07-06-00-0-0-0600-00;
07-06-00-0-0-0700-00; 07-06-00-0-0-0800-00; 07-06-00-0-0-0900-00;
07-06-00-0-0-1000-00; 07-06-00-0-0-1200-00; 07-06-00-0-0-1300-00;
07-06-00-0-0-1400-00; 07-06-00-0-0-1490-00; 07-06-00-0-0-1480-00;
07-06-00-0-0-1590-00; 07-06-00-0-0-1500-00; 07-06-00-0-0-1600-00;
07-06-00-0-0-1700-00; 07-06-00-0-0-1800-0;0 07-06-00-0-0-2600-00;
07-06-00-0-0-2700-00; 07-06-00-0-0-2800-00; 07-06-00-0-0-3000-00;
07-06-00-0-0-3100-00

THIRD MODIFICATION OF MORTGAGE - 1
Pope Resources, A Delaware Limited Partnership
087451-0020/4848-1116-3511.2

**THIRD MODIFICATION OF MORTGAGE, FINANCING STATEMENT
AND FIXTURE FILING**
(Skamania County, Washington)

This Third Modification of Mortgage, Financing Statement and Fixture Filing (this "Modification"), dated as of October 11, 2018, is made by and between **POPE RESOURCES, A DELAWARE LIMITED PARTNERSHIP** ("Mortgagor"), whose address is 19950 7th Avenue NE, Suite 200, Poulsbo, Washington 98370, and **NORTHWEST FARM CREDIT SERVICES, FLCA**, a corporation organized and existing under the laws of the United States ("Mortgagee"), whose address is 2001 South Flint Road, Spokane, WA 99224-2121, P. O. Box 2515, Spokane, WA 99220-2515.

A. Mortgagor is the mortgagor and Mortgagee is the mortgagee under that certain Mortgage, Financing Statement and Fixture Filing dated June 10, 2010, and recorded June 14, 2010, as Instrument No. 2010175728 in the Official Records of Skamania County, Washington (as extended, renewed, modified, amended or restated from time to time, the "Mortgage"), covering the land described on the attached Exhibit A.

B. The Mortgage secures, among other things, the payment and performance of indebtedness evidenced by the existing Notes issued pursuant to that certain Second Amended and Restated Master Loan Agreement dated July 20, 2016 (as extended, renewed, modified, amended or restated from time to time, the "Loan Agreement").

C. The parties to the Loan Agreement are amending the Loan Agreement pursuant to that certain Amendment No. 3 to Second Amended and Restated Master Loan Agreement dated as of the date hereof (as extended, renewed, modified, amended or restated from time to time, the "Amendment"). In connection with the Amendment, the existing Notes are being amended, restated and restructured pursuant to (a) that certain Note (Acquisition Facility) dated as of the date hereof by Mortgagor, as borrower, payable to the order of Mortgagee, as lender, in the face principal amount of \$40,000,000 (as extended, renewed, modified, amended or restated from time to time, the "Acquisition Facility Note"); and (b) that certain Amended and Restated Note (Long Term Financing Facility) dated as of the date hereof by Mortgagor, as borrower, payable to the order of Mortgagee, as lender, in the face principal amount of \$71,800,000 (as extended, renewed, modified, amended or restated from time to time, the "Long Term Financing Facility Note" and, together with the Acquisition Facility Note, the "New Notes").

D. The parties wish to acknowledge that the obligations secured by the Mortgage include the increases, extensions and other modifications to the existing Notes effected by the New Notes.

In consideration of the foregoing premises and for other good and valuable consideration, receipt of which is hereby acknowledged, and intending to be bound hereby, Mortgagor and Mortgagee now agree to modify the Mortgage as follows.

ARTICLE 1 AMENDMENTS

1.1 Recitals, References and Definitions.

- a. The recitals hereto are incorporated in and made a part of this Modification.
- b. All Secured Obligations described in the Mortgage shall be deemed to include the loans evidenced by the New Notes.
- c. All references in the Mortgage to the "Note" are deemed references to the New Notes.
- d. All references in the Mortgage to the "Mortgage" are deemed to refer to the Mortgage as amended and supplemented by this Modification.
- e. All capitalized terms used but not otherwise defined in this Modification shall have the meaning given such terms in the Mortgage.

1.2 Line of Credit Mortgage Notice. That certain Notice on the second page of the Mortgage (regarding the maximum principal amount of the Secured Obligations and the maximum Loan Maturity Date thereof) is hereby deleted in its entirety.

1.3 Name of Mortgagor, as Debtor. For purposes of clarification, the name of Mortgagor, as debtor, for purposes of the fixture filing and Section 1.3 of the Mortgage is Pope Resources, A Delaware Limited Partnership.

1.4 Sale or Lease of Collateral. The second sentence of Section 4.8 of the Mortgage is hereby amended, restated and replaced in its entirety with the following:

"The sale and harvesting of Timber shall be considered activity in the ordinary course of business as long as Mortgagor maintains compliance with Section 7.02(b) of the Loan Agreement."

1.5 Assignment of Rents, Issues and Profits. Section 5.1 of the Mortgage is amended to clarify that the assignment of rents, issues and profits contained therein is intended as the grant of a security interest as security for the payment, performance and observance of the Secured Obligations. The last sentence of Section 5.1 (regarding the assignment being intended as an absolute assignment and not merely a security interest) is deleted. The assignment of Rents is intended as security for the Secured Obligations pursuant to RCW 7.28.230 and, upon recording of the original Mortgage immediately perfected the security interest in such Rents in Mortgagee, and shall not require any further action by Mortgagee to be perfected as to any subsequent purchaser, mortgagee, or assignee of any interest in the Property. The lien created by the collateral assignment of Rents shall, when recorded, be deemed specific, perfected, and choate.

**ARTICLE 2
MISCELLANEOUS**

2.1 Headings. Article and section headings are included in this Modification for convenience of reference only and shall not be used in construing this Modification.

2.2 Severability. Every provision of this Modification is intended to be severable. The illegality, invalidity or unenforceability of any provision of this Modification shall not in any way affect or impair the remaining provisions of this Modification, which provisions shall remain binding and enforceable.

2.3 Successors and Assigns. This Modification applies to, inures to the benefit of and binds all parties to this Modification, their heirs, legatees, devisees, administrators, executors, successors and assigns.

2.4 Counterparts. This Modification may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

[Signature Pages Follow]

MORTGAGEE:

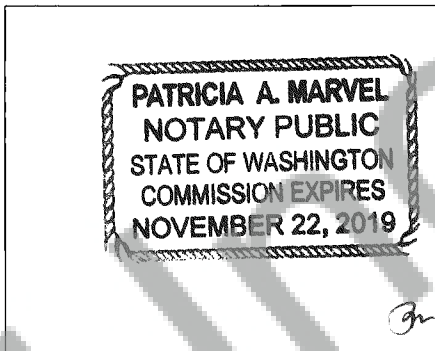
NORTHWEST FARM CREDIT SERVICES, FLCA

By: *Kristin R. Watts*
Authorized Agent

STATE OF WASHINGTON)
) ss.
 COUNTY OF Spokane)

I certify that I know or have satisfactory evidence that Kristin R. Watts is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Authorized Agent of Northwest Farm Credit Services, FLCA to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: October 10, 2018.



(Use this space for notarial stamp/seal)

Patricia A. Marvel
 (Signature)

Patricia A. Marvel
 (Please print name legibly)

Notary Public in and for the State of Washington
 My commission expires 11/22/2019

EXHIBIT A

PROPERTY DESCRIPTION

PARCEL 1: 07-05-00-0-0-2600-00

Section 24, Township 7 North, Range 5 East of the Willamette Meridian, Skamania County, Washington. Except the Southeast Quarter of said Section 24.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots O-1 Through O-24.

PARCEL 2: 07-06-00-0-0-0200-00

Section 3, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots D-1 Through D-32.

PARCEL 3: 07-06-00-0-0-0300-00

Section 4, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots C-1 Through C-32.

PARCEL 4: 07-06-00-0-0-0400-00

Section 5, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots B-1 Through B-32.

PARCEL 5: 07-06-00-0-0-0500-00

Section 6 Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots A-1 Through A-32.

PARCEL 6: 07-06-00-0-0-0600-00

Section 7, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots E-1 Through E-32.

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PARCEL 7: 07-06-00-0-0-0700-00

All of Section 8, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots F-1 Through F-5, F-7 Through F-28.

Also F-6 together with the South Half of the North Half of the Southeast Quarter of the Northwest Quarter.

EXCEPT that portion lying within Four Peaks Subdivision as recorded in Book B of Plats, Page 60, Skamania County Records.

PARCEL 8: 07-06-00-0-0-0800-00

Section 9, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots G-1 Through G-32.

PARCEL 9: 07-06-00-0-0-0900-00

[INTENTIONALLY DELETED]

PARCEL 10: 07-06-00-0-0-1000-00

[INTENTIONALLY DELETED]

PARCEL 11: 07-06-00-0-0-1200-00

[INTENTIONALLY DELETED]

PARCEL 12: 07-06-00-0-0-1300-00

Section 15, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots M-1 Through M-32.

PARCEL 13: 07-06-00-0-0-1400-00

Section 16, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots L-1 Through L-32.

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PARCEL 14: 07-06-00-0-0-1490-00

Section 17, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots K-1 Through K-32.

PARCEL 15: 07-06-00-0-0-1480-00

Government Lots 1, 2, 3 and 4, the East half of the West half, the North half of the Northeast quarter, the Southwest quarter of the Southeast quarter and the Southwest quarter of the Northeast quarter of Section 18, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots J-1 Through J-23.

EXCEPT that portion conveyed to Marshall and Melba Moore, by deed recorded in Book 194, Page 10.

PARCEL 16: 07-06-00-0-0-1590-00

Section 19, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots P-1 Through P-32.

PARCEL 17: 07-06-00-0-0-1500-00

Section 20, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots Q-1 Through Q-32.

PARCEL 18: 07-06-00-0-0-1600-00

Section 21, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots R-1 Through R-32.

PARCEL 19: 07-06-00-0-0-1700-00

Section 22, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots S-1 Through S-32.

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PARCEL 20: 07-06-00-0-0-1800-00

The West half, the West half of the Southeast quarter and Government Lots 1 and 2, all in Section 23, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots T-1 Through T-19.

Also Lot T-20 being the South half of the Southwest Quarter of the Southeast Quarter and the South Half of the Southeast Quarter of the Southeast Quarter.

EXCEPT that portion conveyed to Pine Creek Boulder recorded in Auditor File No. 2004155506.

PARCEL 21: 07-06-00-0-0-2600-00

Section 27, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots W-1 Through W-31.

EXCEPTING from said Section 27, the following described tracts:

That portion conveyed to Swift Creek Estates by deed recorded under Auditor's File No. 99965, Book 85, Page 66 described as follows:

Beginning at the Southeast corner of said Section 27; thence North $0^{\circ}04'20''$ East 60.96 feet, more or less, along the Easterly line of said Section 27 to the Southerly right of way boundary of Lewis River Road commonly called the N-90 Road; thence South $86^{\circ}17'00''$ West 569.87 feet, more or less, along said Southerly right of way boundary; thence South $3^{\circ}43'00''$ East 25 feet, more or less, to a point on the Southerly line of said Section 27; thence South $89^{\circ}48'15''$ East 566 feet, more or less, along said Southerly line to the point of Beginning.

ALSO EXCEPTING that portion of the East half of the Southeast quarter of Section 27, being that certain Short Plat as recorded in Skamania County on November 3, 1987, in Book 3 of Short Plats, Page 125, recorded under Auditor's File No. 104203.

PARCEL 22: 07-06-00-0-0-2700-00

Section 28, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots V-1 Through V-29.

EXCEPTING from said Section 28 the following described tracts:

Beginning at a point on the West line of said Section 28 which is South $0^{\circ}16'55''$ East a distance of 1,674.98 feet from the West quarter section corner thereof and running thence South $25^{\circ}37'$ East

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498.22 feet; thence South 47°34'30" East 595.58 feet; thence North 59°33'30" East 240.47 feet; thence South 40°26' East 296.84 feet; thence South 89°49'45" West 1,050.02 feet to the Southwest corner of said Section 28; and thence North 0°16'55" West 958.19 feet to the point of beginning.

ALSO EXCEPTING, Beginning at a point on the South line of said Section 28 which is North 89°49'45" East 2,006.72 feet from the Southwest corner thereof; and running thence North 78°19'30" East 237.50 feet; thence North 33°28' East 235.01 feet; thence North 63°23' East 464.47 feet; thence North 21°05'30" East 360.93 feet; thence North 17°30'30" East 212.97 feet; thence North 57°42' East 110.31 feet; thence South 16°09'30" East 375.99 feet; thence South 10°31'30" East 336.26 feet; thence South 31°11' West 416.74 feet to a point on the South line of said Section 28, which is South 89°52'30" West 2,259.98 feet from the Southeast corner thereof; thence South 89°52'30" West 380.01 feet to the South quarter corner of said Section 28; and thence South 89°49'45" West 634.99 feet to the Point of Beginning.

PARCEL 23: 07-06-00-0-0-2800-00

Section 29, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots U-1 Through U-17.

EXCEPT that portion conveyed to Pacific Power and Light Co. By deed recorded under Auditor's File No. 55342, Book 46, Page 115, described as lying South and West and below the 1,000 feet.

PARCEL 24: 07-06-00-0-0-3000-00 and 07-06-00-0-0-3100-00

Section 33, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington.

Also as described in Deed recorded in Auditor File No. 2007167218 as Lots V-25, V-26 & X-1.

EXCEPT that portion conveyed to Pacific Power and Light Co. By deed recorded under Auditor's File No. 55342, Book 46, Page 115, described as lying South and West and below the 1,000 feet.

Also except all that portion lying Southerly of Swift Reservoir.

EXCEPTING THEREFROM Section 33, Township 7 North, Range 6 East of the Willamette Meridian, County of Skamania, State of Washington lying South of the Swift Reservoir, also described as follows:

Lots A-1 through A-5, Block A, as described in Deed recorded in Auditor file number 2007167210.

Tax parcel number 07-06-00-0-0-4200-00

EXCEPTING THEREFROM a Tract of land located in a portion of Sections 4, 5, 9, 10, 11, 14, 15 and 16, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington, being a portion of the land described in the "Second Revised Division Map of Swift North", according to the

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plat thereof, recorded in Auditor's file number 2013000822, Records of Skamania County, Washington, and in Deed recorded in Auditor's file number 2013000915 and correction deed recorded in Auditor's file number 2013000990 more particularly described as follows:

That portion of Section 5, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington, north and east of Pine Creek. Also described as Lots B-3, 4 and 7 per said "Second Revised Division Map of Swift North";

The Northeast quarter, the Southeast quarter, that portion of the Southwest quarter east of Pine Creek and that portion of the Northwest quarter east of Pine Creek, of Section 4, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington. Also described as Lots C-1 through 11, 13 through 18, and 20 through 28 per said "Second Revised Division Map of Swift North";

That portion of Section 9, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington, north and east of Pine Creek. Also described as Lots G-2 through 7, 9, 10, 13, 16 and 20 per said "Second Revised Division Map of Swift North";

Section 10, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington. Also described as Lots H-1 through 32 per said "Second Revised Division Map of Swift North";

The West half of Section 11, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington. Also described as Lots I-1 through 16 per said "Second Revised Division Map of Swift North";

The Northeast quarter, that portion of the North half of the Southeast quarter, north of Pine Creek, that portion of the North half of the Northeast quarter of the Southwest quarter, north of Pine Creek, and that portion of the Northwest quarter, north of Pine Creek, of Section 15, and that portion of East Half of the Northeast quarter, east of Pine Creek, of Section 16, both in Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington. Also described as Lots M-1 through 15 per said "Second Revised Division Map of Swift North";

The North half of the Northeast quarter of Section 14, Township 7 North, Range 6 East, Willamette Meridian, Skamania County, Washington. Also described as Lots N-1 through 4 per said "Second Revised Division Map of Swift North";