

COVER SHEET (For Multiple Documents)

RETURN TO:

ISLAND TITLE

PO BOX 670

BURLINGTON WA 98233

SB-16279 ✓

DOCUMENT TITLE(S) (list all titles contained in document);

1. Loan Agreement, Mortgage,
Financing Statement

2. UCC Security Agreement

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

1.

2.

[] ADDITIONAL REFERENCE NUMBERS ON PAGE _____
OF DOCUMENT.

GRANTOR(S) (Last name, first name and initials):

1. CHRISTOPHER B. TURNER

1.

2.

2.

3.

3.

4.

4.

[] ADDITIONAL NAMES ON PAGE _____ OF DOCUMENT.

GRANTEE(S) (Last name, first name and initials):

1. NORTHWEST HARDWOODS

1.

2.

2.

3.

3.

4.

4.

[] ADDITIONAL NAMES ON PAGE _____ OF DOCUMENT.

LEGAL DESCRIPTION (Abbreviated: i.e., lot, block, plat or quarter, quarter, section, township and range):

Ptn. SE Sec 30, T35N, R6EWM and Ptn NE NW and NW NE Sec 31, T35N, R6EWM

[] ADDITIONAL LEGAL(S) ON PAGE _____ OF DOCUMENT.

ASSESSOR'S PARCEL/TAX I.D. NUMBER:

350630-4-005-0004

350630-4-007-0100

350630-4-008-0001

350630-4-007-0002

350630-2-001-0001

350631-1-003-0001

350630-4-008-0100

[] TAX PARCEL NUMBER(S) FOR ADDITIONAL LEGAL(S) ON PAGE _____ OF DOCUMENT.

FILED FOR RECORD AT THE
REQUEST OF, AND RETURN TO:

NORTHWEST HARDWOODS
A WEYERHAEUSER COMPANY
ATTN: JOE MONKS
P O BOX 7
ARLINGTON, WA 98223

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

SB-16279

1. **DATE AND PARTIES:** This Agreement made on September 6, 2000, by and between NORTHWEST HARDWOODS, A WEYERHAEUSER COMPANY ("Northwest") and, **CHRISTOPHER B. TURNER**, of P. O. BOX 406, HAMILTON, WA 98255, ("Debtor").
2. **LOAN:** Debtor acknowledges that it has borrowed and received from Northwest **ONE HUNDRED FIFTY THOUSAND DOLLARS (\$ 150,000)**, to finance, among other things, the purchase of standing timber on the real estate described on Exhibit A, attached hereto. Debtor is indebted to Northwest 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 **Two Hundred and Fifty (250)** days after closing, thereafter, it shall bear interest at twelve percent (12%) per year until paid in full, unless suspended in writing by Northwest.
- 4 (A). **SECURITY:**
 - 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 Northwest a mortgage on its interest on the timber as 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 Northwest and as security for payment of all debts, obligations or liabilities now or hereafter existing, absolute or contingent, of the undersigned Debtor to Northwest, Debtor grants to Northwest 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 now located on the land described on the attached Exhibit A, and all products and proceeds 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, under the description of **"For Security Purposes Only"**, 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 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 Northwest or it's designated delivery designation at the rates and locations set forth on Exhibit B attached hereto.
- 2). Said harvest and log delivery to be completed on or before **December 30 , 2001**.
- 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 Northwest (or it's designee) as follows: Loan will be repaid as logs are delivered. Northwest shall withhold (or cause to be withheld by designated parties, per Exhibit B), **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 **December 30th 2001**. If the anticipated rate of log deliveries fails to materialize, Northwest may adjust the withholding % upward to assure repayment. Debtor and Northwest shall enter into a separate agreement to handle harvesting and delivery by debtor.
- 4). Each log delivery payment shall be:
 - a). subject to a 1% retention to satisfy B & O Taxes and accounting Charges and any additional advance payments as may be made on the timber to any other interested parties.
 - b). credited next 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 **December 30 , 2001**, 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 30 days after loan expiration date.



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, Skagit County Auditor

6. REMEDY ON DEFAULT:

If for any reason, Debtor fails to harvest and deliver the logs from the Exhibit A property, Northwest 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 Northwest performs such harvest and delivery functions, it is acting to collect on its security and not as an agent for Debtor. Northwest also retains all other remedies in addition to those provided herein and shall not be limited to a single choice of remedy. In no way will this release Debtor from its responsibility to secure and maintain any and all permits necessary to complete the harvest from the Exhibit A property. Northwest shall not be responsible for any post harvest remedies, including but not limited to site preparation or tree planting.

7. GUARANTEE:

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

8. 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.

9. ATTORNEY FEES:

If action is instituted on either the Note provisions or rights of entry reserved in paragraph 4 (A) 4), Debtor promises to pay such sum as the court may fix as attorney fees.

10. PERMITS

1). Debtor agrees to sign any new harvest permit or renewal application required by the State of Washington, Department of Natural Resources or other government authorities.

2). Debtor agrees, if other options (to wit: an alternative stream crossing) become unavailable, to enter discussions and negotiations with Longview Fibre Co to exchange mutually beneficial reciprocal easements to access the timber located in the E1/2 of the NE1/4 of the NW1/4 of Section 31.



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, Skagit County Auditor

Dated: 9-6-00

NORTHWEST HARDWOODS

By: Joseph P. Monks

Its: Resource Manager

Address: P O Box 7

Arlington, WA 98223

Phone#: 800 - 787 - 0826

Dated: 9-6-00

DEBTOR

Chris B Turner

BY: Christopher B. Turner

ITS: Owner

Address: P. O. Box 406

Hamilton, WA 98255

Phone#: 360 - 739 - 0919

FIN#: 539-80-3480

GUARANTEE:

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

Chris B Turner

Christopher B. Turner

Date: 9-6-00

STATE OF WASHINGTON)

COUNTY OF Snohomish)

SS:)

On this 6th day of September 2000 before me personally appeared, Christopher B. Turner. I certify that I know or have satisfactory evidence that Christopher B. Turner, is the person who appeared before me, 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: 9-6-00

Kay E. Durkin

Notary Public in and for the State of
Washington, residing at Arlington
My Commission expires 9-6-02



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, Skagit County Auditor

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EXHIBIT "A"

LEGAL DESCRIPTION

The East $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ Section 31 Township 35 North, Range 6 East, WM.

The West $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ Section 31 Township 35 North, Range 6 East, WM.

A portion of the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ Section 30 Township 35 North, Range 6 East, WM

Situate in the County of Skagit, State of Washington.

Containing 55 acres more or less

EXHIBIT "B"

- LOG SALES DESTINATIONS -

<u>TYPE OF LOG</u>	<u>PURCHASER</u>	<u>DESTINATION</u>
Hardwood Sawlogs	Northwest Hardwoods, Weyerhaeuser	Sedro Woolley or Arlington Mill
Hardwood Pulplogs	Northwest Hardwoods, Weyerhaeuser	Sedro Woolley or Arlington Mill
Cottonwood Peelers	K - Ply, Inc	Foss - Smith Island Log Yard
Conifer Export Sawlogs	Weyerhaeuser, Co	Foss - Smith Island Log Yard
Conifer Domestic Sawlogs	To be determined	To be determined
Conifer Domestic Pulplogs	To be determined	To be determined
D. Fir and Cedar Poles	J. H. Baxter Pole Co	Arlington Poleyard
Cedar Sawlogs	Enterprise Lumber Co.	Arlington Mill

All outgoing loads shall be branded with Northwest Hardwoods Registered Brand "NWH"

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and shall have a Northwest Hardwoods Load Receipt Ticket. Each Driver will be responsible to fill out a load receipt ticket for each load's destination and the corresponding bottom portion, which shall be prominently stapled on the back end of each truckload.

