

50568
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ORDER NO. 50570
INITIAL 50571
DATE 50572
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PREPARED BY,
RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

Moore & Van Allen PLLC
Suite 4700
Charlotte, North Carolina 28203-4003
Attention: Sandra M. Lazorcheck, Esq.
CM#: 017625.004480

526335
NO. _____
AT THE REQUEST OF:
LATAH COUNTY TITLE CO
DATE & HOUR
12-08-08 12:40 pm
SUSAN PETERSEN
LATAH COUNTY RECORDER
FEE \$ 108.00 BY: *S. Peters*
Deputy

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

**MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF RENTS AND LEASES, FIXTURE FILING, TIMBER FILING
AND FINANCING STATEMENT**

by and from

POTLATCH FOREST HOLDINGS, INC., a Delaware corporation, "Grantor"

to

**BANK OF AMERICA, N.A.,
in its capacity as Collateral Agent,
"Grantee"**

Dated as of December 8, 2008

County: Latah

State: Idaho

NOTICE TO RECORDER: FOR PURPOSES OF ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE (IDAHO CODE SECTION 28-9-502), THIS SECURITY INSTRUMENT CONSTITUTES A SECURITY AGREEMENT AND FINANCING STATEMENT FILED AS A FIXTURE FILING WITH GRANTOR BEING THE DEBTOR AND GRANTEE BEING THE SECURED PARTY. ADDITIONALLY, FOR PURPOSES OF ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE (IDAHO CODE SECTION 28-9-502), THIS SECURITY INSTRUMENT CONSTITUTES A FINANCING STATEMENT COVERING TIMBER TO BE CUT WITH GRANTOR BEING THE DEBTOR AND GRANTEE BEING THE SECURED PARTY.

THIS MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES, FIXTURE FILING, TIMBER FILING AND FINANCING STATEMENT (this "Mortgage") is dated as of December 8, 2008 by and from **POTLATCH FOREST HOLDINGS, INC.**, a Delaware corporation (formerly known as Potlatch Operating Company, a Delaware limited liability company, the successor by merger to Potlatch Corporation, a Delaware corporation) ("**Grantor**"), whose address is 601 West First Avenue, Spokane, Washington 99201, to **BANK OF AMERICA, N.A.**, in its capacity as collateral agent ("**Collateral Agent**") for and representative of the holders of the Secured Obligations (as hereinafter defined) (Collateral Agent, together with its successors and assigns, "**Grantee**"), whose mailing address is Agency Management - Mail CA5-701-05-19, 1455 Market Street, 5th Floor, San Francisco, California 94103-1399. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement (as hereinafter defined).

RECITALS

WHEREAS, the Lenders party to the Credit Agreement referred to below have made and have agreed to make loans and make certain other credit facilities available to, or for the benefit of, Grantor pursuant to that certain Credit Agreement, of even date herewith (as it may hereafter be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Potlatch Corporation, a Delaware corporation, Potlatch Forest Holdings, Inc., a Delaware corporation ("**Potlatch Forest**"), Potlatch Forest Products Corporation, a Delaware corporation, Potlatch Land & Lumber, LLC, a Delaware limited liability company, PFHI Idaho Investment LLC, a Delaware limited liability company, certain subsidiaries of the Borrowers (as defined in the Credit Agreement) from time to time party thereto, the lenders party thereto from time to time (the "**Lenders**"), Bank of America, N.A., in its capacity as the administrative agent for the Lenders, and Collateral Agent.

WHEREAS, pursuant to the Credit Agreement, the Lenders have appointed, and Grantee has agreed to act, as the collateral agent for the holders of the Secured Obligations (defined below).

WHEREAS, in connection with the granting of liens in the Mortgaged Property (defined below) to secure the Credit Facility Obligations (defined below), the Grantor is required by (i) Section 1005 of the 6.95% Debentures Indenture (defined below), (ii) Section 1005 of the Credit Sensitive Debentures Indenture (defined below) and (iii) Section 1005 of the Medium-Term Notes Indenture (defined below), in each case, to grant equal and ratable Liens in the Mortgaged Property to secure the Note Obligations (defined below) equally and ratably with the Credit Facility Obligations.

FOR THE PURPOSE OF SECURING payment and performance of the Secured Obligations (as such term is hereinafter defined), Grantor **GRANTS, BARGAINS, ASSIGNS, SELLS** and **CONVEYS**, to Grantee, **WITH MORTGAGE COVENANTS**, the Mortgaged Property, and grants to Grantee a security interest in all of Grantor's right, title and interest in and to the following (collectively, the "**Mortgaged Property**") and Grantor does hereby bind itself, its successors and assigns to **WARRANT AND FOREVER DEFEND** the title to the Mortgaged Property unto Grantee:

A. All the tracts or parcels of land particularly described in Exhibit A attached hereto and made a part hereof (the "**Land**");

B. All Improvements (as hereinafter defined) and all appurtenances, easements, rights and privileges thereof, including all thermal energy and other geothermal resources, all of Grantor's right, title and interest in Minerals (as such term is hereinafter defined), located in, on, under or pertaining to the Land, and any and all surface access and mining or drilling rights and any and all royalty, leasehold and other contractual rights of Grantor pertaining to any of the foregoing, and all air rights, water rights and development rights;

C. All crops and all trees, of any size, any age and any species, whether now located in or on or hereafter planted or growing in or on the Land, and all timber of any size, any age and any species (whether or not merchantable), whether severed or unsevered, including standing and downed timber, and stumps and cut timber remaining on the Land and all Forest Products (as such term is hereinafter defined) arising out of, generated by or from the Land, and any and all products or proceeds of any of the foregoing and wherever located (collectively the "**Timber**"), subject to rights of Persons other than Grantor pursuant to any Cutting Rights Agreement or Timber Sales Agreement;

D. All of Grantor's right, title and interest under all Cutting Rights Agreements and Timber Sales Agreements (as such terms are hereinafter defined), whether now existing or hereinafter entered into by Grantor or any predecessor or successor in interest;

E. All Fixtures (as hereinafter defined), whether now or hereafter installed, being hereby declared to be for all purposes of this Mortgage a part of the Land;

F. Any and all ~~present or future~~ leasehold interests of Grantor, as lessor, including subleases and tenancies following attornment, and other agreements providing for the use or occupancy of any portion of the Land (other than Cutting Rights Agreements and agreements for access to, through or across the Land) and/or the Improvements, together with any amendments, modifications, renewals and extensions thereof, and all guaranties of the obligations of the party or parties thereof (other than Grantor) (the "**Leases**") and the rents, issues and profits (including royalties, revenues and other income and including all accounts (as that term is defined in the UCC referred to in Section 1.01 below)) of, from and arising out of the sale or lease of the Land, the Timber, the Minerals, the Improvements, the Forest Products and the Fixtures (the "**Rents**");

G. All accounts (as defined in the UCC) arising from the sale of any of the Mortgaged Property (the "**Accounts**");

H. All easements, permits, licenses, rights of way, road use agreements, Permits (as hereinafter defined), gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, mineral and mining rights above and below the surface, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, and appurtenances whatsoever, in any way belonging, relating or appertaining to any of the property hereinabove described, or which hereafter shall in any way belong, relate or be appurtenant

thereto, whether now owned or hereafter acquired by Grantor, and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof, and all the estate, right, title, interest, property, possession, claim, and demand whatsoever at law, as well as in equity, of Grantor of, in and to the same; and

I. All proceeds of the foregoing, including all judgments, awards of damages and settlements hereafter made resulting from condemnation or the taking of the Mortgaged Property or any portion thereof under the power of eminent domain, any proceeds of any policies of insurance maintained with respect to the Mortgaged Property, or the proceeds of any sale, option or contract to sell the Mortgaged Property or any portion thereof.

All of the foregoing shall be conveyed by this Mortgage.

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Grantee, its successors and assigns forever subject, however, to the terms and conditions herein:

Grantor covenants and agrees with Grantee as follows:

ARTICLE I

1.01 Certain Defined Terms. As used in this Mortgage the following terms shall have the following meanings:

6.95% Debentures: The 6.95% Debentures due December 15, 2015 issued by Potlatch Forest pursuant to the 6.95% Debentures Indenture, as amended, restated supplemented or modified from time to time.

6.95% Debentures Indenture: The Indenture, dated December 18, 1995, between Potlatch Forest and U.S. Bank National Association, (as successor trustee to First Trust of California, National Association), as trustee, as amended, restated supplemented or modified from time to time, executed in connection with the 6.95% Debentures.

6.95% Debentures Obligations: The "Securities" as defined in the 6.95% Debentures Indenture.

Accounts: As defined in Granting Paragraph G. of this Mortgage.

Appurtenant Easement: Such agreements, licenses, permits, easements, rights of way and other arrangements whereby Grantor, its successors, assigns, subsidiaries and affiliates, was granted access to portions of the Land over the land of other entities and/or persons.

Authorizations: Any and all permits, entitlements, licenses, orders, approvals, exemptions, authorizations, certifications, franchises, environmental approvals (including any environmental impact statement or report required under applicable law for Grantor's acquisition or disposition of the Land or harvesting of the Timber or for any other operations of Grantor) on the Land, water appropriative rights and permits, zoning and land use entitlements and other

authorizations, whether now existing or hereafter issued to or obtained by or on behalf of Grantor relating to the development, occupancy, ownership, management and use of, and/or the Timber harvesting, cutting and sales operations conducted on or from, the Mortgaged Property.

Collateral Agent: As defined in the introductory paragraph of this Mortgage.

Collateral Agent Expenses means all reasonable, out-of-pocket costs and expenses (including without limitation reasonable attorneys' fees) of the Collateral Agent in connection with the enforcing the rights of the holders of the Secured Obligations under this Mortgage and any protective advances made by the Collateral Agent with respect to the Collateral under or pursuant to the terms of this Mortgage.

Credit Agreement: As defined in the Recitals of this Mortgage.

Credit Facility Obligations: A collective reference to (a) all indebtedness, obligations and liabilities of the Loan Parties under the Credit Agreement and other Loan Documents, the Secured Swap Contracts and the Secured Cash Management Agreements, due or to become due, direct or indirect, absolute or contingent, howsoever evidenced, held or acquired and (b) all costs and expenses incurred in connection with enforcement and collection of the obligations described in the foregoing clause (a), including, without limitation, the fees, charges and disbursements of counsel and the Collateral Agent Expenses.

Credit Sensitive Debentures: The 9 1/8% Credit Sensitive Debentures due 2009 issued by Potlatch Forest pursuant to the Credit Sensitive Debentures Indenture, as amended, restated supplemented or modified from time to time.

Credit Sensitive Debentures Indenture: The Indenture, dated as of April 1, 1986, between Potlatch Forest and U.S. Bank National Association (as successor to The Bank of California, National Association), as trustee, as amended, restated, supplemented or modified from time to time, executed in connection with the Credit Sensitive Debentures.

Credit Sensitive Debentures Obligations: The "Securities" as defined in the Credit Sensitive Debentures Indenture.

Cutting Rights Agreements: Any and all agreements, contracts, arrangements or other contractual obligations, whereby Grantor 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 Grantor, including but not limited to stumpage agreements and severance agreements.

Event of Default: As defined in Section 3.01 hereof

Fixtures: All fixtures located upon or within the Improvements or now or hereafter installed in, or used in connection with any of the Improvements, whether or not permanently affixed to the Land or the Improvements, and all additions, substitutions and replacements thereof.

Forest Products: Any and all 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, now or hereafter owned or acquired by Grantor or in which Grantor has an interest, in each case as derived from the Land.

Impositions: All real estate and personal property and other taxes and assessments, water and sewer rates and charges levied or assessed upon or with respect to the Mortgaged Property, all severance, Forest Products, harvesting, ad-valorem and any other additional or special taxes and assessments imposed or levied upon the Timber and/or Grantor's timber sales, severance and harvesting operations, and all other governmental charges and any interest or costs or penalties with respect thereto, ground rent and charges for any easement or agreement maintained for the benefit of the Mortgaged Property, general and special, ordinary and extraordinary, foreseen or unforeseen, of any kind and nature whatsoever that at any time prior to or after the execution of the Loan Documents may be assessed, levied, imposed, or become a lien upon the Mortgaged Property or the rent or income received therefrom, or any use or occupancy thereof; and any and all other charges, expenses, payments, claims, mechanics', material suppliers', loggers, lumberman's, woodworkers' or timberland owners' liens or assessments of any nature, if any, which are or may become a lien upon the Mortgaged Property or the rent or income received therefrom.

Improvements: All buildings, structures and other improvements and appurtenances, located on the Land, and all improvements, additions, substitutions and replacements thereof, and other buildings and improvements, at any time hereafter constructed or placed upon the Land.

Land: As defined in Granting Paragraph A. of this Mortgage.

Laws and Restrictions: All federal, state, regional, county, local and other laws, regulations, orders, codes, ordinances, rules, statutes and policies, restrictive covenants and other title encumbrances, and Authorizations.

Leases: As defined in Granting Paragraph F. of this Mortgage.

Medium-Term Notes: The Medium-Term Notes due 9 months to 30 years from date of issue issued by Potlatch Forest pursuant to the Medium-Term Notes Indenture, as amended, restated supplemented or modified from time to time.

Medium-Term Notes Indenture: The Indenture, dated as of November 27, 1990, between Potlatch Forest and U.S. Bank National Association, (as successor trustee to Bankers Trust Company of California, National Association), as trustee, as amended, restated supplemented or modified from time to time, executed in connection with the Medium-Term Notes.

Medium-Term Notes Obligations: The "Securities" as defined in the Medium-Term Notes Indenture.

Minerals: All oil, gas, hydrocarbons, gravel, sand, dirt, rock, phosphate, limerock, coal and other mineral resources and subterranean substances.

Note Obligations: A collective reference to (a) the 6.95% Debentures Obligations, (b) the Credit Sensitive Debentures Obligations and (c) the Medium-Term Notes Obligations.

Permits: All permits, licenses, rights of way or easements and road use agreements, whereby Grantor, its successors, assigns, subsidiaries, or affiliates was (or were) granted access to certain portions of the Land by the United States and its various agencies and departments, any State in which any portion of the Mortgaged Property is located and its various agencies and departments (including its counties and municipalities, incorporated or unincorporated) or any third party.

Pro Rata means, with respect to the application of proceeds pursuant to Section 3.07 and as of any date of determination, pro rata based on the proportion that the then outstanding Credit Facility Obligations, 6.95% Debentures Obligations, Credit Sensitive Debentures Obligations or Medium-Term Notes Obligations, as the case may be, bears to the aggregate outstanding Secured Obligations.

Receiver: Any Grantee, receiver, custodian, fiscal agent, liquidator or similar officer.

Rents: As defined in Granting Paragraph F. of this Mortgage.

Secured Obligations: A collective reference to (a) the Credit Facility Obligations and (b) the Note Obligations; provided, however, that (i) the 6.95% Debentures Obligations shall be included in the Secured Obligations only for so long as the 6.95% Debentures are outstanding, (ii) the Credit Sensitive Debentures Obligations shall be included in the Secured Obligations only for so long as the Credit Sensitive Debentures are outstanding and (iii) the Medium-Term Notes Obligations shall be included in the Secured Obligations only for so long as the Medium-Term Notes are outstanding.

Secured Noteholders: The holders of the 6.95% Debentures, the Credit Sensitive Debentures and the Medium-Term Notes.

Timber: As defined in Granting Paragraph C. of this Mortgage.

Timber Sales Agreements: All agreements and contracted obligations whereby a landowner, as seller, may become obligated to cut, harvest or otherwise remove Timber harvested from the Land of such landowner and to sell, exchange or deliver such Timber to Persons other than such landowner.

Transfer: Any direct or indirect sale, assignment, conveyance, transfer, pledge, hypothecation, encumbrance, security interest, exchange or other disposal of any beneficial interest in or any grant of any option, warrant, easement, restriction, covenant, reservation and right of way in or with respect to, all or any portion of the Mortgage Property, by any means whatsoever whether voluntary, involuntary, by operation of law or otherwise, excepting,

however, any easement or right of way that would not materially impair the use or operation or have a Material Adverse Effect on the value of the Mortgaged Property.

Trustees: Individually or collectively, as appropriate, the "Trustee" as such term is defined in the 6.95% Debentures Indenture, the Credit Sensitive Debentures Indenture and the Medium-Term Notes Indenture, as applicable.

UCC: The Uniform Commercial Code of the State in which the Mortgaged Property is located or, if the creation, perfection and enforcement of any security interest herein granted is governed by the laws of a State other than the State in which the Mortgaged Property is located, then, as to the matter in question, the Uniform Commercial Code in effect in that State.

1.02 Terms Defined in the Credit Agreement. As set forth in the introductory paragraph of this Mortgage, all capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

ARTICLE II

2.01 Performance of Loan Documents and Mortgage. Grantor will perform, observe and comply or will cause the performance, observation, or compliance with all provisions of this Mortgage and of the Loan Documents and duly and punctually will pay, or will cause payment to be made to Grantee of the sum of money expressed in the Loan Documents, with interest thereon and all other sums required to be paid by Grantor pursuant to the provisions of this Mortgage or the Loan Documents, all without any deductions or credit for taxes or other similar charges paid by Grantor.

2.02 Other Taxes and Utilities.

(a) Grantor will pay prior to delinquency all taxes, assessments, water rates, dues, charges, fines and Impositions of every nature whatsoever imposed, levied or assessed or to be imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon the interest of Grantee in the Mortgaged Property, this Mortgage, or the Loan Documents, as well as all income taxes, assessments and other governmental charges lawfully levied and imposed by the United States of America or any state, county, municipality, borough or other taxing authority upon Grantor or in respect of the Mortgaged Property or any part thereof, or any other charge which, if unpaid, would become a lien or charge upon the Mortgaged Property, in each case, except for those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. Upon reasonable request by Grantee and upon sufficient notice, Grantor shall promptly provide proof of payment of such Impositions.

(b) Grantor will pay promptly all charges by utility companies, whether public or private, for electricity, gas, water, sewer, or other utilities furnished to the Land.

2.03 Insurance. Grantor shall, at its sole cost and expense, maintain for the benefit of Grantee, Commercial General Liability insurance as required by the Credit Agreement.

2.04 Condemnation; Transfers.

(a) If all or any part of the Mortgaged Property shall be damaged or taken through condemnation (which term when used in this Mortgage shall include any damage or taking by any Governmental Authority, and any transfer by private sale in lieu thereof), either temporarily or permanently, such action shall be treated as a sale of such Mortgaged Property for purposes of the Loan Documents. All compensation, awards, and other payments or relief therefor shall be applied in accordance with the applicable provisions of the Credit Agreement. If an Event of Default shall have occurred, Grantee shall be authorized, at its option, to commence, appear in and prosecute, in its own or Grantor's name, any action or proceedings relating to any condemnation, and to settle or compromise any claim in connection therewith.

(b) Except to the extent permitted under the Credit Agreement, Grantor shall not, without the prior written consent of Grantee, make or attempt to make any Transfer of all or any portion of the Mortgaged Property.

2.05 Care of the Mortgaged Property.

(a) Except for the harvesting of timber in the ordinary course of the Grantor's business, Grantor will preserve and maintain the Mortgaged Property in good condition and repair, normal wear and tear excepted, and will not commit or suffer any waste (which term does not include timber harvest or other timber operations in the ordinary course of business or forest fires, landslides, floods, or any other casualty losses or acts of God). Grantor will manage, and will cause Persons other than Grantor with rights in the Timber to manage, all Timber on the Land in a manner consistent with sound forestry practices. Grantor will conduct, and will cause Persons other than Grantor with rights in the Timber to conduct, all harvesting operations on the Land in accordance with generally accepted sound forestry practices and procedures and shall use reasonable care to avoid unnecessary damage to remaining Timber on the Land. Grantor shall not conduct any harvesting operations on the Land except as may be permissible under its status as a REIT. Grantor represents and warrants that it has not taken and shall not take any action or fail to take any action that would cause a change in the "forestland" classification of the Land on which the Timber is located or any portion thereof, to the extent the Land is currently classified as "forestland," except to the extent permitted under the Loan Documents.

(b) If the Mortgaged Property or any part thereof is damaged by fire or any other cause which results in a loss in excess of \$250,000 per occurrence (or which results in aggregate losses in excess of \$5,000,000 over the term of the Credit Facility Obligations), Grantor will, upon obtaining knowledge of such damage, give prompt written notice of the same to Grantee.

(c) Grantor will comply promptly in all material respects with all present and future laws, ordinances, rules and regulations of any Governmental Authority affecting the Mortgaged Property or any part thereof, including, without limitation, all laws, ordinances, rules and

regulations relating to timber harvesting, zoning, building codes, set back requirements and environmental matters, and with all present and future restrictive covenants affecting the Mortgaged Property.

(d) If a part of the Mortgaged Property shall be physically damaged through condemnation, Grantor will restore promptly, repair or alter the remaining property in a manner reasonably satisfactory to continue Grantor's operations on the Mortgaged Property or to protect the value of the Mortgaged Property in accordance with prudent business practices in the timber industry.

(e) Grantor covenants that it will not commit any acts, and will take no action, that would release or materially impair either the Permits or Appurtenant Easements and will take all actions reasonably necessary to keep the Permits and Appurtenant Easements in full force and effect, except to the extent such Permit or Appurtenant Easement solely serves Land that is disposed of in a transaction permitted by the Credit Agreement.

2.06 Further Assurances After Acquired Property. At any time, and from time to time, upon request by Grantee, Grantor will make, execute and deliver or cause to be made, executed and delivered, to Grantee and, where appropriate, to cause to be recorded and/or filed and from time to time thereafter to be rerecorded and/or refiled at such time and in such offices and places as shall reasonably be deemed desirable by Grantee any and all such other and further mortgages, instruments of further assurance, certificates and other documents as may, in the reasonable opinion of Grantee, be necessary or desirable in order to effectuate, complete, enlarge, or perfect, or to continue and preserve the obligation of Grantor under the Loan Documents and this Mortgage, and the lien of this Mortgage as a first and prior lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by Grantor. Upon any failure by Grantor so to do within a reasonable time after Grantee's request, Grantee may make, execute, and record any and all such mortgages, instruments, certificates, and documents for and in the name of Grantor and Grantor hereby irrevocably appoints Grantee the agent and attorney-in-fact of Grantor so to do. The lien hereof will automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the Mortgaged Property or any part thereof.

2.07 Timber Contracts Affecting Mortgaged Property. Grantor will comply with and observe its obligations as landlord under all Leases and its obligations, if any, under all contracts for sale and harvesting of timber affecting the Mortgaged Property or any part thereof. If requested by Grantee, Grantor will furnish Grantee with executed copies of all Cutting Rights Agreements, Timber Sales Agreements and other timber contracts entered into by Grantor and its Affiliates now or hereafter created with respect to all or any part of the Mortgaged Property. If requested by Grantee, Grantor will separately assign to Grantee as additional security any and all such Cutting Rights Agreements, Timber Sales Agreements and other timber contracts whether now existing or hereafter created, including, without limitation, all Rents, royalties, issues, and profits of the Mortgaged Property from time to time accruing.

2.08 Performance by Grantee of Defaults by Grantor. If Grantor shall default in the payment of any tax, lien, assessment, charge or other Imposition levied or assessed against the Mortgaged Property; in the payment of any utility charge, whether public or private; in the payment of insurance premium; in the procurement of insurance coverage and the delivery of evidence of the insurance policies required hereunder; or in the performance or observance of any covenant, condition, or term of this Mortgage, then subject to Grantor's right to contest and cure set forth in the applicable Loan Documents, Grantee, at its option, may perform or observe the same, and all payments made for costs or reasonably incurred by Grantee in connection therewith, shall be secured hereby and shall be immediately repaid, upon demand, by Grantor to Grantee with interest thereon at a rate equal to the Default Rate. Grantee, acting in a commercially reasonable manner, shall determine the legality, validity and priority of any such tax, lien, assessment, charge, claim and premium; of the necessity for any such actions; and of the amount necessary to be paid in satisfaction thereof. Grantee is hereby empowered to enter and to authorize others, on its behalf, to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to Grantor or any person in possession holding under Grantor except to the extent of the gross negligence or willful misconduct of Grantee or any person claiming through Grantee. No such performance of any covenant or agreement by the Grantee on behalf of the Grantor, and no such advance or expenditure therefor, shall relieve the Grantor of any default under the terms of this Mortgage, the other Loan Documents, any Secured Swap Contract or Secured Cash Management Agreement. Notwithstanding the foregoing, Grantee shall not exercise the rights granted to it under this Section 2.08 unless an Event of Default has occurred and is continuing; provided, however, that the Grantee may exercise such rights prior to an Event of Default if Grantee reasonably believes that such performance or other exercise of the rights granted hereunder are necessary to preserve the Collateral such as (by way of illustration and not limitation) repairs or measures to prevent immediate and material damage to all or any portion of the Collateral or the renewal or replacement of insurance about to expire.

2.09 Indemnity and Attorneys' Fees. Grantor will indemnify, defend, protect and hold Grantee harmless from any and all liability, loss, claims, damage, cost or expense (including reasonable attorneys' fees whether incurred at the trial or appellate level, in an arbitration proceeding, in bankruptcy (including, without limitation, any adversary proceeding, contested matter or motion) or otherwise) that Grantee has incurred hereunder, or in connection with the making or administering of the Secured Obligations, the enforcement of any of Grantee's rights or remedies hereunder or the other Loan Documents, any action taken by Grantee hereunder or thereunder, whether or not suit is filed, or by reason or in defense of any and all claims and demands whatsoever that may be asserted against Grantee arising out of the Mortgaged Property, or any part thereof or interest therein, or as to which it becomes necessary to defend or uphold the lien of this Mortgage or other Loan Documents, except to the extent that such claim is the result of the bad faith, gross negligence or willful misconduct of Grantee or any person claiming through Grantee. Should Grantee incur any such liability, loss, claim, damage, cost or expense, Grantee shall give Grantor notice thereof and the amount thereof with interest thereon at the Default Rate shall be payable by Grantor immediately without demand, shall be secured by this Mortgage, and shall be part of the obligations secured hereby.

2.10 Inspection of Mortgaged Property. Grantor hereby grants to Grantee, its agents, employees, consultants and contractors, the right to inspect Grantor's books, accounts, records and reports upon reasonable prior notice during regular business hours, and the right to enter upon the Mortgaged Property for the purpose of making any and all inspections, reports, tests, inquiries and reviews as Grantee may deem necessary to assess the then-current condition of the Mortgaged Property and Grantee agrees that the Mortgaged Property will not be disturbed as a result of such tests. Grantee shall exercise commercially reasonable business practices in coordinating inspections with Grantor's corporate office in a manner that does not unduly interfere with the conduct of Grantor's ordinary business operations.

2.11 Tax Receipts Grantor will deliver to Grantee, upon sufficient notice after reasonable demand made therefor, bills showing the payment to the extent then due of all taxes, assessments (including those payable in periodic installments), or any Imposition that may have become a lien upon the Mortgaged Property or any part thereof.

2.12 Reimbursement. Any amount paid by Grantee for any tax, stamp tax, assessment, water rate, sewer rate, insurance premium, repair, rent charge, debt, claim, inspection or lien having priority over this Mortgage, shall (a) bear interest at the Default Rate from the date of payment by Grantee, (b) constitute additional indebtedness secured by this Mortgage, prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Mortgage, (c) be secured by this Mortgage, and (d) be payable by Grantor to Grantee upon demand.

2.13 Restrictive Uses. Grantor will not initiate, join in, or consent to any change in the current use of the Mortgaged Property or in any zoning ordinance, private restrictive covenant, assessment proceedings or other public or private restriction limiting or restricting the uses that may be made of the Mortgaged Property or any part thereof or any timber harvesting operations thereon without the prior written consent of Grantee except such changes as are (i) permitted under the Loan Documents or (ii) not reasonably likely to have a Material Adverse Effect.

2.14 Authorizations. Grantor hereby agrees not to amend, supplement, cancel, surrender, allow to expire (other than expiration of the term thereof), terminate, release or waive any material Authorization or any material provision thereof, issued to it and required for the use, occupancy, operation, management, repair or maintenance of the Mortgaged Property or for the management, cutting, harvesting, or other disposition of the Timber, or permit any of the foregoing without the prior written consent of Grantee if such action is reasonably likely to have a Material Adverse Effect. Consent to one amendment, supplement, cancellation, surrender, expiration, termination, release or waiver shall not be deemed to be a waiver of the right to require consent to other, further or successive amendments, supplements, cancellations, surrenders, expirations, terminations, releases or waivers. Any such amendment, supplement, cancellation, surrender, expiration, termination, release or waiver, whether oral or in writing, made without the prior written consent of Grantee shall, to the extent permitted by law, not be valid or effective against Grantee. Grantor shall not take any action or omit to take any action which would adversely affect, or permit the suspension, expiration, termination, non-renewal or

revocation, of any Authorizations which would reasonably be expected to have a Material Adverse Effect. Grantor agrees promptly to notify Grantee in writing with respect to any default or alleged default by Grantor under any such Authorization or the commencement of any investigations, hearings or proceedings that specifically involve any such Authorization and could reasonably be likely to lead to modification, suspension, termination, nonrenewal or revocation of any such Authorization if such action would reasonably be expected to have a Material Adverse Effect. Grantor shall also promptly deliver to Grantee copies of all notices, demands, complaints or other communications received or given by it with respect to any such default or alleged default or such investigation, hearing or proceeding.

2.15 Leasing. Grantor will not further assign the Leases or pledge, transfer, mortgage or otherwise encumber or assign future payments of Rents except in connection with a disposition of the Mortgaged Property encumbered by such Lease which is permitted under the Loan Documents. Except for Leases for communications equipment and facilities, recreational leases, hunting leases and such other leases made in the ordinary course of business by Grantor consistent with prior practice which do not have a Material Adverse Effect on the use of the Mortgaged Property for commercial timber management, a Material Adverse Effect upon the value or marketability of the Mortgaged Property or a Material Adverse Effect on legal or physical access to the Mortgaged Property, or as otherwise permitted under the Loan Documents, Grantor shall not, without the prior written consent of Grantee, which will not be unreasonably withheld, (a) enter into any Leases of or relating to all or any part of the Mortgaged Property or renew or extend any such agreements (except in accordance with renewal or extension rights granted to tenants under Leases prior to the date hereof) or (b) amend, modify or alter in any material manner any Leases.

ARTICLE III

3.01 Event of Default. The term "Event of Default", wherever used in this Mortgage, shall mean an Event of Default as defined in the Credit Agreement. Upon the occurrence of an Event of Default and during the continuation thereof, the Grantee shall have, in respect of the Mortgaged Property, in addition to the rights and remedies provided herein, in the other Loan Documents, in any Secured Swap Contract or Secured Cash Management Agreement or by law, the rights and remedies of a secured party under the UCC or any other applicable law.

3.02 Acceleration of Maturity. If an Event of Default shall have occurred, then the entire principal amount of the Credit Facility Obligations secured hereby with interest accrued thereon shall, at the option of Grantee and subject to the provisions of the applicable Loan Documents, become due and payable without notice or demand, time being of the essence; and any omission on the part of Grantee to exercise such option when entitled to do so shall not be considered as a waiver of such right.

3.03 Right of Grantee to Enter and Take Possession.

(a) If an Event of Default shall have occurred and be continuing, Grantor, upon demand of Grantee, shall forthwith surrender to Grantee the actual possession, and if and to the

extent permitted by law, Grantee may enter and take possession, of all or any portion of the Mortgaged Property, and may exclude Grantor and its agents and employees wholly therefrom.

(b) Upon every such entering upon or taking of possession, Grantee may hold, store, use, operate, manage, and control the Mortgaged Property and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments, and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty, and other property to the extent any of the aforementioned are applicable to properties which are commercial timberlands; (ii) insure or keep the Mortgaged Property insured; (iii) manage and operate the Mortgaged Property and exercise all the rights and powers of Grantor in Grantor's name (in the event a receiver is appointed) or otherwise (including, without limitation, selling and harvesting timber), with respect to the same; (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted Grantee, all as Grantee from time to time may determine to be to its best advantage; and Grantee may collect and receive all the income, revenues, rents, issues and profits of the same including those past due as well as those accruing thereafter, and, after deducting (A) all reasonable expenses of taking, holding, managing, and operating the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (B) the reasonable cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases, and acquisitions; (C) the cost of such insurance; (D) such taxes, assessments, and other charges prior to the lien of this Mortgage as Grantee may determine to pay; (E) other proper charges upon the Mortgaged Property or any part thereof; and (F) the reasonable compensation, expenses, and disbursements of the attorneys and agents of Grantee; and shall apply the remainder of the moneys so received by Grantee to the payment of accrued interest, and to the payment of overdue installments of principal, all in such order and priority as Grantee may determine in accordance with the terms of Section 3.07 mutatis mutandis.

(c) Whenever all such Events of Default have been cured and satisfied, Grantee shall promptly surrender possession of the Mortgaged Property to Grantor, its successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

3.04 Receiver.

(a) If an Event of Default shall have occurred and be continuing, Grantee, upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of any party bound for its payment, to appoint a Receiver to take possession of and to operate the Mortgaged Property and to collect the rents, profits, issues, and revenues thereof, Grantor hereby consenting pursuant to Idaho Code Section 8-603 (or successor or similar statute) to the appointment of such Receiver without bond. Grantor expressly acknowledges that enforcement of Grantee's right to appointment of a Receiver hereunder is necessary to secure ample justice to the parties.

(b) Grantor will pay to Grantee upon demand all reasonable expenses, including receiver's fees, attorney's fees and costs, and agent's compensation, incurred pursuant to the provisions contained in this Section 3.04; and all such expenses shall be secured by this Mortgage.

3.05 Grantee's Power of Enforcement. If an Event of Default shall have occurred and be continuing, Grantee may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or any other appropriate proceeding or remedy (a) to enforce payment of the Loan Documents or the performance of any term thereof or any other right, (b) to foreclose this Mortgage and to sell the Mortgaged Property, in accordance with applicable law, and (c) to pursue any other remedy available to it, all as Grantee shall deem most effectual for such purposes. Grantee shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as Grantee may determine.

3.06 Foreclosure.

(a) If an Event of Default shall have occurred and be continuing, Grantee may institute proceedings for the foreclosure of this Mortgage by judicial action or any other legal right, remedy or recourse permitted by applicable law and the Mortgaged Property may be sold for cash or credit in one or more parcels as Grantee may determine. At any such sale by virtue of any judicial proceedings or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity, equity of redemption, and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Grantor, and against all other Persons claiming or to claim the property sold or any part thereof, by, through or under Grantor. Grantee or any holder of the Secured Obligations may be a purchaser at such sale and if Grantee is the highest bidder, Grantee may credit the portion of the purchase price that would be distributed to Grantee against the Secured Obligations in lieu of paying cash. Following the completion of a judicial foreclosure of all or a portion of the security for the obligations secured hereby, to the fullest extent permitted by law, Grantee may seek and obtain a deficiency judgment.

(b) If any Event of Default shall have occurred and be continuing, Grantee may exercise in respect of the Mortgaged Property, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC, and also may (i) enter onto the property where any Mortgaged Property is located and take possession thereof with or without judicial process, (ii) prior to the disposition of the Mortgaged Property, store, process, repair or recondition the Mortgaged Property or otherwise prepare the Mortgaged Property for disposition in any manner to the extent Grantee reasonably deems appropriate to the extent any of the aforementioned are applicable to properties which are commercial timberlands, (iii) take possession of the Mortgaged Property or place custodians in exclusive control thereof, remain on such premises and use the same and any of Grantor's equipment for the purpose of completing any work in process, taking any actions

described in the preceding clause (ii) and collecting any Secured Obligation, and (iv) without notice except as specified below and as required by applicable law, sell the Mortgaged Property or any part thereof in one or more parcels at public or private sale, at any of Grantee's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as Grantee may deem commercially reasonable and as are in accordance with applicable law. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of Grantor, and Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Grantee shall not be obligated to make any sale of Mortgaged Property regardless of notice of sale having been given. With respect to any notices required or permitted under the UCC, Grantor agrees that ten (10) days' prior written notice shall be deemed commercially reasonable. Grantee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Grantor hereby waives any claims against Grantee arising by reason of the fact that the price at which any Mortgaged Property may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Grantee accepts the first offer received and does not offer such Mortgaged Property to more than one offeree. If the proceeds of any sale or other disposition of the Mortgaged Property, together with all other Collateral (as defined in the Credit Agreement) are insufficient to pay all the Secured Obligations, Grantor shall be liable for the deficiency and the reasonable fees of any attorneys employed by Grantee to collect such deficiency. Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to Grantee, that Grantee has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against Grantor, and Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities.

3.07 Application of Foreclosure Proceeds. The proceeds of any foreclosure sale pursuant to Section 3.06 shall be applied as follows:

(a) First, Pro Rata to (i) the outstanding Credit Facility Obligations in the order set forth in Section 8.03 of the Credit Agreement, (ii) the outstanding 6.95% Debentures Obligations as provided in the 6.95% Debentures Indenture, (iii) the outstanding Credit Sensitive Debentures Obligations as provided in the Credit Sensitive Debentures Indenture, and (iv) the outstanding Medium-Term Notes Obligations as provided in the Medium-Term Notes Indenture; and

(b) Second, the balance, if any, shall be paid to the party or parties appearing of record to be the owner of the Mortgaged Property at the time of the sale entitled to such surplus after deducting any reasonable expense of ascertaining who is such owner.

3.08 Grantee's Option on Foreclosure. At the option of Grantee, this Mortgage may be foreclosed as provided by law or in equity, in which event a reasonable attorney's fee shall,

among other costs and expense, be allowed and paid out of the proceeds of the sale. In the event Grantee exercises its option to foreclose the Mortgage in equity, Grantee may, at its option, foreclose this Mortgage subject to the rights (if any) of any tenants of the Mortgaged Property, and the failure to make any such tenants party defendants to any such foreclosure proceeding and to foreclose its rights will not be, nor be asserted to be by Grantor, a defense to any proceedings instituted by Grantee to collect the sum secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

3.09 Waiver of Exemption. Grantor waives, to the extent permitted by law, all rights of exemption pertaining to real or personal property as to any indebtedness secured by or that may be secured by this Mortgage, and Grantor waives the benefit of any statute regulating the obtaining of a deficiency judgment.

3.10 Suits to Protect the Mortgaged Property. Grantee shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any material impairment of the Mortgaged Property by any acts which may be unlawful or any violation of this Mortgage, (b) to preserve or protect its interest in the Mortgaged Property and in the income, revenues, rents, and profits arising therefrom, and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would materially impair the security hereunder or be materially prejudicial to the interest of Grantee.

3.11 Delay or Omission No Waiver. No delay or omission of Grantee to exercise any right, power, or remedy accruing upon any default shall exhaust or impair any such right, power, or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power, and remedy given by this Mortgage to Grantee may be exercised from time to time and as often as may be deemed expedient by Grantee.

3.12 No Waiver of One Default to Affect Another, etc. No waiver of any default hereunder shall extend to or shall affect any subsequent or any other then existing default or shall impair any rights, powers, or remedies consequent thereon. If Grantee (a) grants forbearance on or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted herein or in the Loan Documents; (d) releases any part of the Mortgaged Property from the lien of this Mortgage or otherwise changes any of the terms of the Loan Documents or this Mortgage; (e) consents to the filing of any map, plat, or replat thereof; (f) consents to the granting of any easement thereon; or (g) makes or consents to any agreement subordinating the lien or charge hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under the Loan Documents, this Mortgage, the other documents relating to the Secured Obligations or otherwise of Grantor or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety, or guarantor; nor shall any such act or omission preclude Grantee from exercising any right, power, or privilege herein granted or intended to be granted in the event of any other default then made or of any subsequent default, nor, except as otherwise expressly provided in an instrument or instruments

executed by Grantee, shall the lien of this Mortgage, be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property without the release thereof from this Mortgage, Grantee, at its option, without notice to any person or corporation hereby is authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

3.13 Discontinuance of Proceedings - Position of Parties, Restored. In case Grantee shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Grantee, then and in every such case Grantor and Grantee shall be restored to their former positions and rights hereunder, and all rights, powers, and remedies of Grantee shall continue as if no such proceeding has been taken. Grantee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulated and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Grantee, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Grantee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

3.14 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Grantee by this Mortgage is intended to be exclusive of any right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

3.15 Waivers. Grantor waives (a) any right to require Grantee to (i) proceed against any Person, (ii) proceed against or exhaust the Mortgaged Property or (iii) pursue any other remedy in its power; and (b) any defense arising by reason of any disability or other defense of Grantor or any other Person, or by reason of the cessation from any cause whatsoever (other than payment in full of the Secured Obligations secured hereby) of the liability of Grantor or any other Person. Until the Secured Obligations shall have been paid in full, Grantor shall not have any right to subrogation, and Grantor waives any right to enforce any remedy which Grantee now has or may hereafter have against Grantor or against any other Person and waives any benefit of and any right to participate in the Mortgaged Property or security whatsoever now or hereafter held by Grantee.

3.16 Choice of Law. Grantor agrees that (a) whether or not deficiency judgments are available under the laws of the State in which the Mortgaged Property is located after a foreclosure of the Mortgaged Property, or any portion thereof, or any other realization thereon by

Grantee, Grantee shall have the right to seek such a deficiency judgment against Grantor in other states or foreign jurisdictions; (b) to the extent Grantee obtain a deficiency judgment in any other state or foreign jurisdiction then such party shall have the right to enforce such judgment in the State in which the Mortgaged Property is located, as well as in other states or foreign jurisdictions; (c) Grantor and Grantee will submit to non-exclusive jurisdiction and the laying of venue for any suit on this Mortgage in such state; (d) without limiting the generality of the foregoing, Grantor hereby waives, to the maximum extent permitted by law, any rights it may have under applicable law with respect to the Mortgaged Property and the enforcement or realization by Grantee of its rights and remedies under this Mortgage or with respect to the Mortgaged Property, without limitation, including, any laws limiting the availability of deficiency judgments, limiting remedies or the order of exercising remedies or requiring that Grantee foreclose prior to bringing suit on the Indebtedness; and (e) no action, proceeding or judgment initiated, pursued or obtained by Grantee with respect to the Mortgaged Property or this Mortgage shall be considered a "judgment" or an "action" for the purposes of any "one-action rule."

3.17 Waiver of Rights. Grantor waives, to the full extent permitted by law, (a) all rights of redemption, stay of execution, notice of election to mature or declare due the Indebtedness and the right to require marshaling in the event of foreclosure of the liens hereby created; and (b) all rights and remedies that Grantor may have or be able to assert by reason of the laws of the State in which the Mortgaged Property is located pertaining to the rights and remedies of sureties.

ARTICLE IV

4.01 Warranty of Title. Grantor is lawfully seized of an indefeasible estate in fee simple in the Land and real property hereby mortgaged and has good and absolute title to (a) the Timber, subject to the rights of Persons other than Grantor under Cutting Rights Agreements and (b) to all existing personal property hereby mortgaged and has good right, full power and lawful authority to sell, convey and mortgage the same in the manner and form aforesaid; that, except for Permitted Liens, the same is free and clear of all liens, charges, and encumbrances relating to or affecting the Timber whatsoever, including, as to the personal property and fixtures, conditional sales contracts, chattel mortgages, security agreements, financing statements, and anything of a similar nature, and that Grantor shall and will warrant and forever defend such title thereto unto Grantee, its successors and assigns, against the lawful claims of all persons whomsoever, other than holders of the Permitted Liens. This Mortgage creates a valid, enforceable first priority lien and security interest against the Mortgaged Property, subject to the lien of taxes not yet due and payable and other Permitted Liens. Grantor has and will continue to have full power and lawful authority to grant, release, convey, assign, transfer, mortgage, pledge, hypothecate and otherwise create the liens on the Mortgaged Property as provided herein.

4.02 Other Property Rights. All easements (including without limitation, the Appurtenant Easements), leasehold, and other property interests, all utility and other services, means of transportation, facilities, other materials and other rights that are reasonably necessary for the operation of the Mortgaged Property in accordance with applicable requirements of law

have been procured or are commercially available to the Mortgaged Property at commercially reasonable rates and, to the extent appropriate, arrangements have been made on commercially reasonable terms for such easements, interests, services, means of transportation, facilities, materials, and rights (excepting the failure to have or to be able to obtain easements or other access rights where such failure to have or to be able to obtain easements or other access rights does not materially impair the use or operation or have a Material Adverse Effect on the value of the Mortgaged Property taken as a whole). Without limiting the foregoing, the Mortgaged Property has adequate rights of access to public ways for full utilization of the Mortgaged Property for its intended uses (excepting the failure to have access rights where such failure does not materially impair the use or operation or have a Material Adverse Effect on the value of the Mortgaged Property taken as a whole). The Land is taxed separately without regard to any other property and has been subdivided from all other property in compliance with applicable laws. No subdivision or other approval is necessary with respect to the Land in order for Grantor to mortgage, convey, or otherwise deal with the Land as a separate lot or parcel.

4.03 First Lien Status. Grantor shall preserve and protect the first lien and security interest status of this Mortgage. If any lien or security interest other than the Permitted Liens is asserted against the Mortgaged Property, Grantor shall promptly, and at its expense, (a) give Grantee a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Loan Documents (including the requirement of providing a bond or other security satisfactory to Grantee).

4.04 Peaceable Possession. Grantor's possession of the Mortgaged Property has been peaceable and undisturbed and, to Grantor's actual knowledge, the title thereto is not disputed or questioned, and Grantor does not know of any facts by reason of which any material adverse claim to any part of the Mortgaged Property or to any undivided interest therein might be set up or made.

ARTICLE V

5.01 Successors and Assigns Included in Parties. Whenever in this Mortgage one of the parties hereto is named or referred to, the successors and assigns of such party shall be included, and all covenants and agreements contained in this Mortgage by or on behalf of Grantor or by or on behalf of Grantee shall bind and inure to the benefit of its respective successors and assigns, whether so expressed or not.

5.02 Headings, etc. The headings of the articles, sections, paragraphs, and subdivisions of this Mortgage are for convenience of reference only, are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

5.03 Invalid Provisions to Affect No Others. In case any one or more of the covenants, agreements, terms, or provisions contained in this Mortgage or in the Loan Documents shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining

covenants, agreements, terms, and provisions contained herein and in the Loan Documents shall in no way be affected, prejudiced, or disturbed thereby.

5.04 Notices. All notices, demands, requests, consents, statements, satisfactions, waivers, designations, refusals, confirmation or denials that may be required or otherwise provided for or contemplated under the terms of this Mortgage shall be in writing, and shall be deemed to have been properly given (a) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged, or (b) one (1) business day after having been deposited for overnight delivery with Federal Express or another comparable overnight courier service, addressed as follows:

If to Grantor:

Potlatch Forest Holdings, Inc.
601 West First Avenue
Spokane, WA 99201
Attention: Pamela Mull, Vice President and General Counsel
Facsimile: 509-835-1561

with a copy to:

Pillsbury Winthrop Shaw Pittman LLP
50 Fremont Street
San Francisco, CA 94105
Attention: Blair White, Esq.
Facsimile: 415-983-1200

If to Grantee:

Bank of America, N.A.
Agency Management – Mail CA5-701-05-19
1455 Market Street, 5th Floor
San Francisco, California 94103-1399
Attention: Anthea Del Bianco
Facsimile: (415) 503-5101

with a copy to:

Moore & Van Allen PLLC
Suite 4700
100 North Tryon Street
Charlotte, North Carolina 28202-4003
Attention: Sandra M. Lazorchek, Esq.
Facsimile: (704) 331-1159

or addressed to each respective party at such other address as such party may from time to time designate by written notice to the other parties.

5.05 Interpretation. Terms defined in the Credit Agreement shall have the same meanings when used in this Mortgage, unless the context otherwise requires or unless otherwise defined in this Mortgage.

5.06 Subordination. At the option of Grantee, this Mortgage shall become subject and subordinate in whole or in part (but not with respect to priority of entitlement to any insurance proceeds, damages, awards, or compensation resulting from damage to the Mortgaged Property or condemnation or exercise of power of eminent domain), to any and all contracts of sale and/or any and all Leases upon the execution by Grantee and recording thereof in the records of mortgages of the county where the Land is situated of a unilateral declaration to that effect.

5.07 WAIVER OF RIGHTS TO TRIAL BY JURY. THE RIGHT TO A JURY TRIAL IN ANY ACTION UNDER OR RELATING TO THE LOAN DOCUMENTS IS HEREBY WAIVED, TO THE FULLEST EXTENT ALLOWED BY LAW.

5.08 CHOICE OF LAW. WITH RESPECT TO MATTERS RELATING TO THE CREATION, PERFECTION AND PROCEDURES RELATING TO THE ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT TO THIS MORTGAGE, THIS MORTGAGE SHALL BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE IN WHICH THE MORTGAGED PROPERTY IS LOCATED, IT BEING AGREED THAT EXCEPT AS EXPRESSLY SET FORTH ABOVE IN THIS SECTION AND TO THE FULLEST EXTENT PERMITTED BY THE LAWS OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAWS RULES AND PRINCIPLES) SHALL GOVERN ALL MATTERS RELATING TO THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS AND ALL OF THE SECURED OBLIGATIONS.

5.09 Partial Release. Grantee shall, upon any transfer or disposition of portions of the Land or Timber as permitted herein or in the Credit Agreement and upon reasonable advance notice from Grantor and at Grantor's expense, promptly execute and deliver such partial releases of mortgage, UCC partial releases and other documents necessary to fully release such Land and

Timber and the Mortgaged Property relating thereto, from the liens and security interests created hereby.

5.10 Full Reconveyance. Upon the payment or satisfaction of all of the Credit Facility Obligations and upon Grantor's request and at Grantor's expense, or upon substitution of a Mortgaged Property for the collateral set forth herein as permitted and subject to compliance by the Loan Parties with Section 6.13(b) or (c) of the Credit Agreement, Grantee shall release the Mortgaged Property and shall surrender this Mortgage to the Grantee, and shall within a reasonable time execute and deliver such satisfactions of mortgage, UCC releases, and other documents necessary to fully release the Mortgaged Property from the liens and security interests created hereby.

ARTICLE VI

6.01 Security Interest. This Mortgage constitutes a "security agreement" with respect to personal property within the meaning of the UCC and other applicable law and with respect to the Mortgaged Property. To this end, Grantor grants to Grantee a first and prior security interest in the Mortgaged Property which is personal property or fixtures to secure the payment of the Secured Obligations and performance of the Secured Obligations; provided, however, that if at any time after the date hereof any of (i) the 6.95% Debentures, (ii) the Credit Sensitive Debentures or (iii) the Medium-Term Notes shall cease to be outstanding, then the security interest in the Mortgaged Property created hereunder with respect to such 6.95% Debentures, Credit Sensitive Debentures or Medium-Term Notes, as applicable, to the extent (and only to the extent) such security interest granted to the Grantee inures to the ratable benefit of the applicable Secured Noteholders of such Note Obligations, shall be automatically terminated and released with no further action required hereunder. Notwithstanding such termination of such security interest with respect to the applicable Note Obligations, the security interest in the Mortgaged Property granted hereunder to the Grantee that inures to the ratable benefit of the holders of the Credit Facility Obligations shall continue in effect until otherwise terminated in accordance with the provisions of Section 5.10 of this Mortgage. Furthermore, the Grantor agrees that Grantee shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Grantee with respect to the Mortgaged Property which is personal property or fixtures sent to Grantor at least ten (10) days prior to any action under the UCC shall constitute reasonable notice to Grantor.

6.02 Financing Statements. Grantor shall deliver to Grantee, in form and substance satisfactory to Grantee, such financing statements and such further assurances as Grantee may, from time to time, reasonably consider necessary to create, perfect and preserve Grantee's security interest hereunder and Grantee may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. Grantor's exact name and its state of organization set forth in the first paragraph of this Mortgage.

6.03 Fixture Filing. For the purposes of the UCC, this Mortgage shall also constitute (a) a "fixture filing" against all of the Mortgaged Property which is or is to become fixtures and

(b) a financing statement covering timber to be cut located on the Land. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Grantor) and Secured Party (Grantee) as set forth in the first paragraph of this Mortgage. Grantor's exact name and state of organization are as set forth in the first paragraph of this Mortgage. The organizational identification number of Grantor is 4029681.

6.04 Perfection. Grantor represents and warrants that (a)(i) upon the filing of a UCC financing statement with respect to all personal property (other than timber to be cut and goods that are or are to become fixtures), in the office of the Secretary of State of the State of Grantor's organization referenced in the introductory paragraph of this Mortgage, and (ii) upon the filing of this Mortgage with respect to timber to be cut and goods that are or are to become fixtures, in the office designated for the filing or recording of a record of a mortgage on the related real property, in each case naming Grantor as "debtor," naming Grantee as "secured party" and describing the Mortgaged Property, the security interests in the Mortgaged Property constituting personal property granted to Grantee will (to the extent a security interest therein can be perfected by filing a financing statement) constitute perfected security interests therein prior to all other liens (except for liens expressly permitted under the Loan Documents), and (b) all filings and other actions necessary or desirable to perfect and protect such security interest have been or substantially contemporaneously herewith will be duly made or taken. Grantor will notify Grantee of any change in Grantor's name or jurisdiction of organization within fifteen (15) days of such change.

6.05 Further Assurances. Grantor agrees that from time to time, at the expense of Grantor, Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Grantee may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Grantee to exercise and enforce its rights and remedies hereunder with respect to any Mortgaged Property. Without limiting the generality of the foregoing, Grantor will: (a) if an Event of Default shall have occurred and be continuing, furnish to Grantee from time to time statements and schedules further identifying and describing the Mortgaged Property and such other reports in connection with the Mortgaged Property as Grantee may reasonably request, all in reasonable detail, (b) at any reasonable time, upon request by Grantee, exhibit the Mortgaged Property to and allow inspection of the Mortgaged Property by Grantee, or persons designated by Grantee, (c) at Grantee's request, appear in and defend any action or proceeding that may affect Grantor's title to or Grantee's security interest in all or any part of the Mortgaged Property, and (d) use commercially reasonable efforts to obtain any necessary consents of third parties to the assignment and perfection of a security interest to Grantee with respect to any Mortgaged Property. Grantor hereby authorizes Grantee to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Mortgaged Property without the signature of Grantor.

6.06 Accounts. Except as otherwise provided in this Section 6.06, Grantor shall continue to collect, at its own expense, all amounts due or to become due to Grantor as Accounts. In connection with such collections, Grantor may take (and, at Grantee's direction, shall take) such action as Grantor or Grantee may deem necessary or advisable to enforce collection of

amounts due or to become due under the Accounts; provided, however, that Grantee shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to Grantor of its intention to do so, to notify any parties owing funds to Grantor or account debtors or other obligors of the assignment of such Accounts to Grantee and to direct such parties, account debtors or other obligors to make payment of all amounts due or to become due to Grantor thereunder directly to Grantee, and, upon such notification and at the expense of Grantor, to enforce collection of any amounts due and owing under such Accounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Grantor might have done. After receipt by Grantor of the notice from Grantee referred to in the proviso to the preceding sentence, (a) all amounts and proceeds received by Grantor in respect of the Accounts shall be received in trust for the benefit of Grantee hereunder, shall be segregated from other funds of Grantor and shall be forthwith paid over or delivered to Grantee in the same form as so received (with any necessary endorsement) to be held as cash collateral, and (b) Grantor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

6.07 Standard of Care. The powers conferred on Grantee hereunder are solely to protect its interest in the Mortgaged Property and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Mortgaged Property in its possession and the accounting for moneys actually received by it hereunder, Grantee shall have no duty as to any Mortgaged Property or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Mortgaged Property. Grantee shall be deemed to have exercised reasonable care in the custody and preservation of Mortgaged Property in its possession if such Mortgaged Property is accorded treatment substantially equal to that which Grantee accords its own property.

ARTICLE VII

7.01 Assignment of Rents. Grantor absolutely and unconditionally assigns and transfers the Rents to Grantee, whether now due, past due or to become due, and gives to and confers upon Grantee the right, power and authority to collect, after the occurrence and during the continuance of an Event of Default, such Rents, and apply the same in accordance with the Credit Agreement. Grantor irrevocably appoints Grantee its agent to, at any time, demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in the name of Grantor or in the name of Grantee, for all such Rents. Neither the foregoing assignment of Rents to Grantee or the exercise by Grantee of any of its rights or remedies under this Mortgage shall be deemed to make Grantee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any part thereof, unless and until Grantee, in person or by its own agent, assumes actual possession thereof, nor shall appointment of a Receiver for the Mortgaged Property by any court at the request of Grantee or by agreement with Grantor or the entering into possession of the Mortgaged Property or any part thereof by such Receiver be deemed to make Grantee a "mortgagee-in-possession" or otherwise responsible or liable in any

manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any part thereof.

7.02 Collection of Rents. Notwithstanding anything to the contrary contained herein or in any of the Loan Documents, so long as no Event of Default shall have occurred and be continuing, Grantor shall have a license, revocable upon the occurrence and during the continuance of an Event of Default to collect all Rents, and to first apply the same to the Secured Obligations as and when due and thereafter to retain, use and enjoy the same and to otherwise exercise all rights with respect thereto, subject to the terms hereof. Upon the occurrence and during the continuance of an Event of Default, Grantee shall have the right, on written notice to Grantor, to terminate and revoke the license hereinafter granted to Grantor and shall have the complete right and authority then or thereafter to exercise and enforce any and all of its rights and remedies provided herein.

ARTICLE VIII

MISCELLANEOUS

8.01 Intentionally Deleted.

8.02 Warranty of Business Purpose. Grantor warrants that the proceeds of the loans represented by the above described Loan Documents and this Mortgage are for an organization or are for business purposes, not primarily for personal, family or household purposes.

8.03 State Specific Provisions.

(a) Intentionally Deleted.

(b) The interest rate, payment terms, and balance due with respect to the Secured Obligations may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the Credit Agreement, the Loan Documents, the other documents relating to the Secured Obligations and/or on account of any extension or renewals of the Secured Obligations.

(c) Grantee requests that copies of all notices of record, including but not limited to those under Idaho Code Sections 45-1505 and 45-1506, be sent to Grantee at the address previously set forth herein.

(d) Grantee and/or the Lenders may advance or loan additional sums under the Credit Agreement (herein, "**Future Advances**") to Grantor or any other Loan Party. This Mortgage shall secure not only existing indebtedness, but also such Future Advances, with interest thereon as provided in the Credit Agreement, whether such advances are obligatory or to be made at the option of Grantee, the Lenders or otherwise, to the same extent as if such Future Advances were made on the date of execution of this Mortgage.

8.04 Limitation on Grantee's Responsibilities with respect to the Secured Noteholders.

(a) The obligations of the Grantee to the Secured Noteholders and the respective Trustees hereunder shall be limited solely to (i) holding Collateral for the ratable benefit of (A) the holders of the 6.95% Debentures and the respective Trustee only for so long as the 6.95% Debentures are outstanding, (B) the holders of the Credit Sensitive Debentures and the respective Trustee only for so long as the Credit Sensitive Debentures are outstanding, (C) the Medium-Term Notes and respective Trustee only for so long as the Medium-Term Notes are outstanding and (D) any Credit Facility Obligations are secured by such Collateral, (ii) enforcing, subject to the instructions of the Required Lenders, the rights of the Secured Noteholders and the respective Trustees in their capacities as the holders of the Secured Obligations in respect of the Mortgaged Property and (iii) distributing any proceeds received by the Grantee from the sale, collection or realization of the Mortgaged Property to the Secured Noteholders and the respective Trustees in respect of the 6.95% Debentures Obligations, the Credit Sensitive Debentures Obligations and the Medium-Term Notes Obligations in accordance with the terms of this Mortgage. Neither the Secured Noteholders nor the respective Trustees shall be entitled to exercise (or to direct the Grantee to exercise) any rights or remedies hereunder with respect to the Secured Obligations, including without limitation the right to receive any payments, enforce any Liens, request any action, institute proceedings, give any instructions, make any election, make collections, sell or otherwise foreclose on any portion of the Mortgaged Property or execute any amendment, supplement, or acknowledgment hereof. This Mortgage shall not create any liability of the Grantee or the holders of the Credit Facility Obligations to the Secured Noteholders or to the respective Trustees by reason of actions taken with respect to the creation, perfection or continuation of Liens on the Mortgaged Property, actions with respect to the occurrence of an Event of Default, actions with respect to the foreclosure upon, sale, release, or depreciation of, or failure to realize upon, any of the Mortgaged Property or actions with respect to the collection of any claim for all or any part of the Secured Obligations from any guarantor or any other party or the valuation, use or protection of the Mortgaged Property.

(b) The Grantee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Mortgaged Property, or, to otherwise take or refrain from taking any action under, or in connection with, this Mortgage, except as expressly provided by the terms and conditions of this Mortgage. The Grantee may take, but shall have no obligation to take, any and all such actions under this Mortgage or otherwise as it shall deem to be in the best interests of the holders of the Secured Obligations in order to maintain the Mortgaged Property and protect and preserve the Mortgaged Property and the rights of the holders of the Secured Obligations.

(c) The Grantee shall not be responsible in any manner whatsoever for the correctness of any recitals, statements, representations or warranties contained herein. The Grantee makes no representation as to the value or condition of the Mortgaged Property or any part thereof, as to the title of any Grantor to the Mortgaged Property, as to the security afforded by this Mortgage or, as to the validity, execution, enforceability, legality or sufficiency of this Mortgage, and the Grantee shall incur no liability or responsibility in respect of any such matters.

The Grantee shall not be required to ascertain or inquire as to the performance by Grantor or any of its Subsidiaries of their respective Secured Obligations.

(d) The Grantee shall not be responsible for insuring the Mortgaged Property, for the payment of taxes, charges, assessments or liens upon the Mortgaged Property or otherwise as to the maintenance of the Mortgaged Property. The Grantee shall have no duty to Grantor or any of its Subsidiaries or to the holders of the Secured Obligations as to any portion of the Mortgaged Property in its possession or control or in the possession or control of any agent or nominee of the Grantee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, except the duty to accord such of the Mortgaged Property as may be in its possession substantially the same care as it accords its own assets and the duty to account for monies received by it.

(e) The Grantee may execute any of the powers granted under this Mortgage and perform any duty hereunder either directly or by or through agents or attorneys-in-fact, and shall not be responsible for the gross negligence or willful misconduct of any agents or attorneys-in-fact selected by it with reasonable care and without gross negligence or willful misconduct.

(f) The Grantee shall not be deemed to have actual, constructive, direct or indirect notice or knowledge of the occurrence of any Event of Default unless and until the Grantee shall have received a notice of an Event of Default or a notice from the Grantor or the holders of the Secured Obligations to the Grantee in its capacity as Collateral Agent indicating that an Event of Default has occurred. The Grantee shall have no obligation either prior to or after receiving such notice to inquire whether an Event of Default has, in fact, occurred and shall be entitled to rely conclusively, and shall be fully protected in so relying, on any notice so furnished to it.

(g) Notwithstanding anything to the contrary herein, nothing in this Mortgage shall or shall be construed to (i) result in the Liens granted hereunder for the benefit of the Secured Noteholders not securing (A) the 6.95% Debentures Obligations less than equally and ratably with the Credit Facility Obligations and the other Note Obligations pursuant to Section 1005 of the 6.95% Debentures Indenture, (B) the Credit Sensitive Debentures Obligations less than equally and ratably with the Credit Facility Obligations and the other Note Obligations pursuant to Section 1005 of the Credit Sensitive Debentures Indenture or (C) the Medium-Term Notes Obligations less than equally and ratably with the Credit Facility Obligations and the other Note Obligations pursuant to Section 1005 of the Medium-Term Notes, in each case, to the extent required therein and (ii) modify or affect the rights of the respective Trustees or the Secured Noteholders to receive the Pro Rata share specified in Section 3.07 hereof of any payments in respect of the Secured Obligations from the proceeds of the Mortgaged Property upon the exercise of remedies by the Grantee with respect thereto..

[Remainder of this Page Intentionally Left Blank; Signatures on Next Page]

IN WITNESS WHEREOF, Grantor has caused this Mortgage to be executed under seal, on the day and year first above written.

GRANTOR:

POTLATCH FOREST HOLDINGS, INC., a
Delaware corporation

By: Eric J. Cremers

Name: Eric J. Cremers

Title: Vice President, Finance and
Chief Financial Officer

STATE OF WASHINGTON)

: ss.

COUNTY OF SPOKANE)

I, Barbara J. Day, a Notary Public of the aforesaid County and State, do hereby certify that Eric J. Cremers, known or identified to me to be the Vice President, Finance and Chief Financial Officer of Potlatch Forest Holdings, Inc., a Delaware corporation, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal this 4th day of December, 2008.

Notary Public
State of Washington

BARBARA J. DAY

MY COMMISSION EXPIRES
August 01, 2010

Notary Public

My Commission Expires:

8/1/10

EXHIBIT A

Legal Description of Property
("Land")

UNOFFICIAL
COPY

The land is situated in the State of Idaho, County of Latah and is described as follows:

Township 39 North, Range 1 East, B.M., County of Latah, State of Idaho

- Section 3: W1/2NW1/4, NW1/4SW1/4 lying in Latah County
- Section 4: N1/2NE1/4, SE1/4NE1/4, NW1/4, SW1/4, N1/2SE1/4, SW1/4SE1/4, SW1/4NE1/4
- Section 5: N1/2NE1/4, SE1/4NE1/4, N1/2NW1/4, SE1/4NW1/4, E1/2SW1/4, E1/2SE1/4
- Section 6: N1/2NE1/4, SW1/4NE1/4, NW1/4, SW1/4, SE1/4
- Section 7: W1/2NE1/4, SE1/4NE1/4, SW1/4, SE1/4, NW1/4
- Section 8: NE1/4NE1/4, SW1/4NE1/4, SE1/4NE1/4, SW1/4NW1/4, NE1/4SW1/4, N1/2SE1/4, SE1/4SE1/4, SE1/4NW1/4
- Section 9: W1/2NE1/4, NW1/4, SW1/4, SE1/4
- Section 15: NW1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4, SW1/4SW1/4 lying in Latah County
- Section 18: All
- Section 19: All
- Section 20: All
- Section 21: All
- Section 22: NW1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4, SW1/4SW1/4 lying in Latah County
- Section 28: All
- Section 29: All
- Section 30: All
- Section 31: All
- Section 32: All
- Section 33: All
- Section 34: NW1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4, SW1/4SW1/4 lying in Latah County

Township 39 North, Range 1 West, B.M., County of Latah, State of Idaho

- Section 1: S1/2, S1/2NE1/4
- Section 2: S1/2NE1/4, SE1/4NW1/4, SW1/4, SE1/4
- Section 11: All
- Section 12: All
- Section 13: NE1/4, NW1/4, NE1/4SW1/4, NW1/4SW1/4, SW1/4SW1/4, SE1/4, SE1/4SW1/4
- Section 14: All
- TOGETHER WITH an easement in the NE1/4NE1/4 of Section 15, Township 39 North, Range 1 West, B.M., as more fully set out in instrument recorded under Recorder's Fee No. 241119.
- Section 21: SE1/4SW1/4, NW1/4SE1/4, S1/2SE1/4
- Section 22: SE1/4SW1/4, SW1/4SE1/4
- Section 23: All
- Section 24: All
- Section 25: All
- Section 26: All

Section 27: W1/2NE1/4, SE1/4NE1/4, NW1/4, S1/2

Section 28: NE1/4, E1/2NW1/4, E1/2SE1/4

✓ Section 33: S1/2SE1/4

Section 34: All

Section 35: All

Township 38 North, Range 1 East, B.M., County of Latah, State of Idaho

Section 3: NW1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4, SW1/4SW1/4

Section 4: All

Section 5: All

✓ Section 6: All

Section 7: All

Section 8: All

Section 9: All

Section 10: NW1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4, SW1/4SW1/4

Section 15: NW1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4, SW1/4SW1/4

Section 16: All

Section 17: All

Section 18: All

Township 38 North, Range 1 West, B.M., County of Latah, State of Idaho

Section 1: NE1/4, N1/2NW1/4, SE1/4NW1/4, N1/2SW1/4NW1/4, the North 260 feet of the S1/2SW1/4NW1/4, Lqt 6, Cedar Creek Subdivision to Latah County, as shown by the recorded plat thereof.

✓ Section 2: NE1/4, NW1/4, SW1/4, NW1/4SE1/4

Section 3: NE1/4, S1/2NW1/4, SE1/4, N1/2NW1/4

Section 4: N1/2NE1/4, N1/2S1/2NE1/4

Section 10: NE1/4NE1/4, SE1/4NE1/4

Section 11: NW1/4NW1/4

Township 40 North, Range 1 East, B.M., County of Latah, State of Idaho

Section 5: NE1/4NW1/4, SE1/4NW1/4, NE1/4SW1/4, SE1/4SW1/4, SE1/4, SW1/4NW1/4, NW1/4NW1/4

✓ Section 6: NE1/4NE1/4, NW1/4SE1/4, SE1/4NE1/4, NE1/4SE1/4

Section 8: NE1/4NE1/4

Section 9: S1/2N1/2, N1/2S1/2

Section 15: NW1/4SW1/4 (Government Lot 4) lying in Latah County
EXCEPTING THEREFROM the mineral patent, as more fully set out in instrument recorded in Book 71 of Deeds at Page 88.

Section 27: SW1/4NW1/4, W1/2SW1/4 lying in Latah County

Section 28: NW1/4, SW1/4, SE1/4NE1/4, SW1/4SE1/4, N1/2SE1/4, SE1/4SE1/4

Section 29: All

Section 30: S1/2

Section 31: All

Section 32: All

- ✓ Section 33: All
 Section 34: NW1/4NW1/4, W1/2SW1/4 lying in Latah County

Township 40 North, Range 3 West, B.M., County of Latah, State of Idaho

- Section 1: W1/2SW1/4, SE1/4SW1/4
 EXCEPTING THEREFROM a right of way deed to the Washington, Idaho and Montana Railway Company, as more fully set out in instrument recorded in Book 58 of Deeds at Pages 173 and 174.
 ALSO, EXCEPTING THEREFROM that portion deeded to the State of Idaho, as more fully set out in instrument recorded in Book 100 of Deeds at Page 578.
- Section 2: All
 Section 3: All
 Section 4: SW1/4NE1/4, SE1/4NE1/4, SE1/4NW1/4, SW1/4, SE1/4
 ✓ Section 9: NE1/4
 Section 10: N1/2NE1/4, N1/2NW1/4
 Section 11: E1/2, E1/2NW1/4, SW1/4NW1/4, E1/2SW1/4, NW1/4NW1/4
 EXCEPTING THEREFROM that portion deeded to Latah County, as more fully set out in instruments recorded in Book 24 of Deeds at Pages 576, 582, 588, and in road petition recorded in Book 2 of Road Book at Page 571.
- Section 12: N1/2NW1/4, S1/2SW1/4, NW1/4SW1/4

Township 41 North, Range 1 East, B.M., County of Latah, State of Idaho

- Section 3: W1/2W1/2 lying in Latah County
 Section 4: N1/2, N1/2SW1/4, N1/2SE1/4, SE1/4SE1/4
 Section 5: NE1/4, E1/2NW1/4, E1/2SW1/4, N1/2SE1/4, SW1/4SE1/4
 Section 8: NE1/4NW1/4
 ✓ Section 9: SE1/4NE1/4, E1/2SE1/4
 Section 10: W1/2SW1/4 lying in Latah County
 Section 15: SW1/4NW1/4, W1/2SW1/4 lying in Latah County
 Section 16: SE1/4SE1/4
 Section 21: All
 Section 22: W1/2W1/2 lying in Latah County
 Section 27: NW1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4, SW1/4SW1/4 lying in Latah County
 Section 28: NE1/4, W1/2NW1/4, E1/2NW1/4, NE1/4SE1/4, NW1/4SE1/4, SE1/4SE1/4
 Section 33: NE1/4NE1/4
 Section 34: W1/2NW1/4 lying in Latah County

Township 41 North, Range 2 West, B.M., County of Latah, State of Idaho

- Section 6: NE1/4, S1/2, N1/2NW1/4, SE1/4NW1/4
 ✓ Section 7: W1/2NW1/4, SE1/4NW1/4, NE1/4SW1/4
 Section 17: SE1/4SW1/4, SE1/4
 Section 18: SW1/4NW1/4, W1/2SW1/4, SE1/4SW1/4, S1/2SE1/4
 Section 19: W1/2NW1/4, SE1/4NW1/4, S1/2, S1/2NE1/4
 Section 20: W1/2SW1/4

Section 29: W1/2NW1/4, SW1/4

✓ Section 30: All

Section 31: NW1/4NW1/4, S1/2NW1/4, NW1/4SW1/4, NE1/4NW1/4

Township 41 North, Range 3 West, B.M., County of Latah, State of Idaho

Section 1: E1/2SW1/4, SE1/4

Section 11: SE1/4SW1/4

Section 12: NE1/4, N1/2NW1/4, SE1/4

Section 13: All

Section 14: S1/2NE1/4, NW1/4, SW1/4, SE1/4, NE1/4NE1/4

Section 15: NE1/4, SE1/4

✓ Section 22: E1/2

Section 23: All

Section 24: All

Section 25: All

Section 26: N1/2, N1/2SW1/4, SE1/4, SE1/4SW1/4

Section 27: E1/2

Section 34: All

Section 35: S1/2, and that part of the S1/2NW1/4 lying South of the railroad right of way. EXCEPTING THEREFROM that part of the NE1/4SE1/4 lying North of the railroad right of way.

✓ Section 36: E1/2NE1/4, NW1/4NW1/4

Township 42 North, Range 1 East, B.M., County of Latah, State of Idaho

Section 6: S1/2NE1/4, SE1/4NW1/4, SW1/4NW1/4

Section 32: SE1/4SE1/4

✓ Section 33: SE1/4NE1/4, W1/2SW1/4, NE1/4SW1/4, NE1/4SE1/4, S1/2SE1/4

EXCEPTING THEREFROM that portion set out in that Road Petition Deed in Book 2 of Road Book at Page 353.

Section 34: W1/2SW1/4 lying in Latah County

Township 42 North, Range 1 West, B.M., County of Latah, State of Idaho

Section 2: N1/2NE1/4, SW1/4NE1/4, W1/2, NW1/4SE1/4

Section 3: All

Section 4: N1/2, SE1/4, N1/2SW1/4, SE1/4SW1/4

Section 5: NE1/4, N1/2NW1/4

Section 6: NE1/4NE1/4

Section 8: SE1/4SW1/4, SE1/4

Section 9: NE1/4, NW1/4SW1/4, E1/2SE1/4

Section 10: N1/2NE1/4, SW1/4NE1/4, NW1/4, SW1/4, NW1/4SE1/4

Section 11: N1/2NW1/4, SW1/4NW1/4

Section 12: SW1/4SE1/4

Section 13: W1/2NE1/4, NW1/4SE1/4

Section 14: W1/2SW1/4

Section 15: W1/2SW1/4, E1/2SE1/4

Section 17: NE1/4, E1/2NW1/4, SE1/4
 Section 19: E1/2NE1/4, SW1/4NW1/4, SE1/4NW1/4, NE1/4SW1/4, NW1/4SW1/4,
 SW1/4SW1/4, N1/2SE1/4, SE1/4SW1/4, SW1/4NE1/4
 Section 20: NE1/4, NW1/4, N1/2SW1/4
 Section 21: NE1/4, NW1/4, NE1/4SW1/4, N1/2SE1/4
 Section 22: W1/2NE1/4, SE1/4NE1/4, NE1/4NW1/4, SW1/4NW1/4, SW1/4, E1/2SE1/4,
 SW1/4SE1/4
 Section 23: S1/2NE1/4, SW1/4
 ✓ Section 24: SE1/4NE1/4, SW1/4NW1/4, E1/2SE1/4
 Section 25: NE1/4NE1/4
 Section 26: W1/2NW1/4
 Section 27: N1/2, NW1/4SW1/4
 Section 29: SW1/4, W1/2SE1/4
 Section 30: All
 Section 31: N1/2, NE1/4SW1/4, NW1/4SE1/4
 Section 32: N1/2 NW1/4

Township 42 North, Range 2 West, B.M., County of Latah, State of Idaho

Section 7: NE1/4, NW1/4NW1/4, SE1/4NW1/4, NE1/4NW1/4
 Section 11: SW1/4NW1/4, N1/2SW1/4, SW1/4SW1/4
 ✓ Section 15: SW1/4NE1/4, SE1/4NW1/4, NE1/4SW1/4, NW1/4SE1/4
 Section 17: NE1/4, SE1/4
 Section 18: S1/2
 Section 19: All
 Section 20: NE1/4, NW1/4, W1/2SW1/4, S1/2SE1/4, SE1/4SW1/4
 Section 21: NW1/4NE1/4, NW1/4, S1/2SW1/4, SW1/4SE1/4
 Section 25: All
 Section 28: NW1/4NE1/4, NW1/4
 Section 29: All
 Section 30: All
 Section 31: E1/2NE1/4, S1/2SW1/4, SE1/4
 Section 35: E1/2SE1/4

Township 42 North, Range 3 West, B.M., County of Latah, State of Idaho

Section 3: W1/2, W1/2SE1/4
 Section 4: All
 ✓ Section 7: E1/2, E1/2SW1/4
 Section 8: E1/2NE1/4, SW1/4NE1/4, NW1/4, W1/2SW1/4, SW1/4SE1/4, SE1/4SW1/4
 Section 9: N1/2, SE1/4, N1/2SW1/4, SE1/4SW1/4
 Section 10: W1/2, NW1/4NE1/4
 Section 15: W1/2, SW1/4SE1/4
 Section 17: All
 Section 18: NE1/4, E1/2NW1/4
 Section 21: All
 Section 22: All

Section 27: N1/2NE1/4, SW1/4NE1/4, NW1/4, SW1/4SW1/4
Section 28: NE1/4, SE1/4SE1/4
Section 33: NE1/4NE1/4

Township 43 North, Range 1 West, B.M., County of Latah, State of Idaho

Section 31: S1/2SE1/4
Section 32: S1/2
Section 33: All

Township 43 North, Range 3 West, B.M., County of Latah, State of Idaho

Section 31: E1/2, E1/2W1/2
Section 32: NE1/4, NW1/4, NE1/4SW1/4, NW1/4SW1/4, SW1/4SW1/4, SE1/4
Section 33: NE1/4, SW1/4, SE1/4
Section 34: NW1/4NW1/4, NW1/4SW1/4, S1/2SW1/4

Township 43 North, Range 4 West, B.M., County of Latah, State of Idaho

Section 34: All