

DEC 5 1986 1-34 PM NEW NO.

LAW OFFICES
INTERSTATE COMMERCE COMMISSION
ALVORD AND ALVORD

200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
20006-2973

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

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CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE*
GEORGE JOHN KETO*
MILTON C. GRACE*
JAMES C. MARTIN, JR.*

*NOT A MEMBER OF D.C. BAR
*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN OHIO
*ALSO ADMITTED IN MARYLAND

OF COUNSEL
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JOHN L. INGOLDSBY
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CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

TELEX
440367 A AND A

December 5, 1986

6-339A045

No. DEC 5 1986
Date

100 OFFICE OF
THE SPECIAL
DEC 5 1 34 PM '86
MOTOR OPERATING UNIT

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are three (3) original copies of a Security Agreement dated as of November 26, 1986, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party: Gunderson Leasing, Inc.
4350 N.W. Front Avenue
Portland, Oregon 97210

Debtor: Cascade Warehouse Company, Inc.
1625 Front Street, N.E.
Salem, Oregon 97303

A description of the railroad equipment covered by the enclosed document is:

Twenty (20) 73-foot center partition lumber flat-cars bearing railroad markings WCRC 7300 through WCRC 7319, both inclusive.

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Counterpart - C.T. Kappler

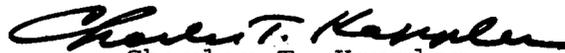
Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
December 5, 1986
Page Two

Kindly return two (2) stamped copies of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A brief summary of the enclosed primary document to appear in the Commission's Index is:

Security Agreement dated as of November 26, 1986 between Gunderson Leasing, Inc., Secured Party, and Cascade Warehouse Company, Inc., Debtor, covering twenty (20) lumber flatcars marked WCRC 7300 - WCRC 7319.

Very truly yours,


Charles T. Kappler

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord and Alvord
918 Sixteenth Street, NW.
Washington, DC. 20006-2973

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12-5-86 at 1:34 PM, and assigned re-
recording number(s). 15116.

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

DEC 5 1986 1-3 4 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") dated as of November 26, 1986, is entered into between CASCADE WAREHOUSE COMPANY, INC., an Oregon corporation having its principal place of business at 1625 Front Street, N. E., Salem, Oregon 97303 (hereinafter called the "Debtor"), and Gunderson Leasing, Inc., an Oregon corporation having its principal place of business at 4350 N. W. Front Avenue, Portland, Oregon 97210 (hereinafter called the "Secured Party").

WITNESSETH:

Secured Party and Debtor have entered into a Lease Agreement of even date (the "Lease") providing for the lease by Secured Party, as lessor, to Debtor, as lessee, of eighty (80) center partition lumber flatcars described therein. Secured Party and Debtor propose that the Collateral (as herein defined) be used as security for the prompt and faithful performance by Debtor of each and every covenant under the Lease, to wit:

1. Grant of Security Interest. In consideration of the execution of the Lease by Secured Party and other good and valuable consideration, receipt of which is hereby acknowledged, Debtor hereby assigns to Secured Party, its successors and assigns, the collateral described in Section 2 below and grants to Secured Party, its successors and assigns, a security interest in the collateral described in Section 2 below (such collateral herein referred to as the "Collateral").

2. Collateral. The collateral of this Security Agreement is:

(a) Twenty (20) 73-foot center partition lumber flatcars bearing railroad markings WCRC 7300 through WCRC 7319, inclusive.

(b) Contingent payments due to the Debtor pursuant to contract between Debtor and Burlington Northern Railroad more fully described in Exhibit A, attached hereto.

3. Covenants and Warranties of Debtor. Debtor covenants, warrants and agrees as follows:

3.1 Action With Respect to Collateral. Debtor shall not take any material action with respect to its right, title and

interest in and to the Collateral without the prior written consent of the Secured Party, which shall not be unreasonably withheld.

3.2 Condition of Collateral. Debtor shall cause the Collateral to be kept free and clear of liens and other security interests and in good repair and in operating condition without any cost or liability to Secured Party.

3.3 Accessions. All accessions which are or will become attached to or part of the Collateral are and shall become subject to the terms of this Security Agreement.

3.4 Sale, Etc. of Collateral. Debtor shall not sell, assign, transfer, mortgage or in any way encumber the Collateral, nor secrete or abandon the Collateral without the prior written consent of the Secured Party.

3.5 Insurance. Debtor shall keep or cause the Collateral to be insured against public liability, casualty and loss from fire, theft or other cause, by insurers in form, amount and coverage customary for such Collateral, and any such policy or policies of insurance shall contain an endorsement naming Secured Party as additional insured and additional loss payees and shall provide that such insurance may not be canceled or amended except on 30 days' prior written notification to Secured Party and further providing that Secured Party shall not be liable for payment by way of a setoff for premiums for any breach of any representations or warranties of Debtor in connection with obtaining any such insurance.

3.6 Payment of Taxes. Debtor shall pay all charges, including without limitation, taxes and assessments, levied or assessed against Debtor which if unpaid would constitute an attachment on the Collateral or any portion thereof.

4. Defaults and Related Provisions.

4.1 Event of Default. Any of the following events or conditions shall constitute an Event of Default hereunder:

(a) Debtor shall fail to pay, when due, any part of the Fixed Rent under the Lease; or

(b) Default in the due observance or performance by Debtor of any covenant, condition or agreement to be observed or performed by Debtor under this Security Agreement and such default shall continue for 30 days after written notice thereof from Secured Party to Debtor; or

(c) Any representation or warranty made by Debtor herein, or in any report, shall prove to be false or misleading in any material respect as of the date of issuance of making thereof.

4.2 Secured Party's Rights. Debtor agrees that when an Event of Default has occurred and is continuing, Secured Party shall have the rights, options, duties and remedies of a secured party and Debtor shall have the rights and duties of a debtor under the Uniform Commercial Code in effect in each jurisdiction where the Collateral or any part thereof is located.

4.3 Application of Proceeds. If an Event of Default shall occur and be continuing and the Secured Party shall exercise any of the powers conferred upon it by Sections 4.1 and 4.2 hereof, all payments made by Debtor to Secured Party hereunder after such Event of Default, and the proceeds of any judgment collected hereunder from the Debtor by the Secured Party, and the proceeds of every sale by the Secured Party of any of the Collateral, together with any other sums which may then be held by the Secured Party under any of the provisions hereof, shall be applied by the Secured Party to the payment in the following order of priority:

(a) First, to the payment of the costs or expenses of foreclosure or suit, if any, and of such sale, and of all costs, expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder, or in connection herewith or with the Lease, by Secured Party, or by the assignee of the Lease, and to the payment of all taxes, assessments, liens or security interests superior to the lien of these presents, except any taxes, assessments or other superior liens or security interests subject to which said sale may have been made;

(b) Second, to the payment or discharge of any unpaid obligations of the Debtor to the Secured Party.

(c) Third, to the payment of the balance remaining, if any, to Debtor.

4.4 Exercise of Rights. No delay or omission of Secured Party or the assignee of the Lease to exercise any right or power arising from any default shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by Secured Party or the assignee of the Lease of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Secured Obligations shall not

operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, and neither Secured Party nor the assignee of the Lease shall be required to look first to enforce or exhaust such other additional security collateral or guaranties. All rights, remedies and options of Secured Party hereunder or by law shall be cumulative.

5. Power of Attorney. The Debtor hereby irrevocably constitutes and appoints Secured Party and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor or in its own name, for the purpose of carrying out the terms of this Security Agreement to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement. The powers conferred upon the Secured Party hereunder are solely to protect the Secured Party's interest in the Collateral and shall not impose any duty upon it to exercise such powers.

6. Miscellaneous.

6.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such parties, and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of Debtor or Secured Party shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2 Partial Invalidity. The unenforceability or invalidity of any provision(s) of this Security Agreement shall not render any other provision(s) herein contained unenforceable or invalid.

6.3 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when addressed and delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, and addressed as follows:

If to Debtor:

Cascade Warehouse Company, Inc.
1625 Front Street, N. E.
Salem, Oregon 97303
Attention: Wallace Bonesteele

If to Secured Party:

Gunderson Leasing, Inc.
4350 N. W. Front Avenue
Portland, Oregon 97210
Attention: C. Bruce Ward

or as to Debtor or Secured Party at such other address as they may designate by notice duly given in accordance with this Section to the other party.

6.4 Attorney's Fees. Upon a default hereunder or under the Lease, Secured Party's reasonable attorney's fees and the legal and other expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Collateral shall be chargeable to the Debtor and payable out of the proceeds of the sale or other disposition of the Collateral.

6.5 Counterpart; Governing Law. This Security Agreement may be executed, acknowledged, and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement. This Security Agreement and the Lease shall be construed in accordance with and governed by the laws of the State of Oregon.

IN WITNESS WHEREOF, Debtor and Secured Party have caused this Security Agreement to be executed by their officers thereunto duly authorized as of the day and year first above written.

DEBTOR:
CASCADE WAREHOUSE COMPANY, INC.

BY Walter M. Overhule
Its President

SECURED PARTY:
GUNDERSON LEASING, INC.

BY Norris M. Webb
Its Vice President

N1126621/5

STATE OF OREGON)
)SS
COUNTY OF CLACKAMAS)

On this 3rd day of December 1986, before me personally appeared Norriss M. Webb, to me personally known, who being by me duly sworn, says that he is the Vice President of GUNDERSON LEASING, INC., that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the said instrument was his free act and deed.



Carlene M. Menstadt
NOTARY PUBLIC

[NOTARIAL SEAL]

My commission expires: 5/28/90

STATE OF OREGON)
)SS
COUNTY OF CLACKAMAS)

On this 3rd day of December 1986, before me personally appeared Wallace Bonesteele, to me personally known, who being by me duly sworn, says that he is President of CASCADE WAREHOUSE COMPANY, INC. that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of said instrument was his free act and deed.

Stuart R. Hampton
NOTARY PUBLIC

[NOTARIAL SEAL]

My commission expires: NOV. 14, 1988

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