

WHEN RECORDED RETURN TO:  
Demetra V. Georgelos  
Murphy Sheneman Julian & Rogers  
2049 Century Park East, Suite 2100  
Los Angeles, CA 90067



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3/12/2002 Page 1 of 31 3:30PM

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

FIRST AMERICAN TITLE CO.

67959-1

Grantor: Sedro-Woolley Lumber, Co., a Washington corporation  
Grantee #1 (Trustee): First American Title Insurance Company  
Grantee #2 (Beneficiary): General Electric Capital Corporation, a Delaware corporation, as Lender

Legal Description (abbreviated): Ptn. SE ¼ and SW ¼ of Sec. 24, Twn. 35 N., Rng. 4 E; Ptn. NW ¼ Sec. 25, Twn. 35 N., Rng. 4 E; and Ptns. Blks. 55, 56 & 57 First Add. To Sedro, Vl. 3, Pg. 29

(Additional legal on Exhibit A)

Assessor's Tax Parcel ID No.: 350425-2-002-0000, 350425-2-005-0106, 350425-2-007-0104, 350425-2-005-0007, 350425-2-007-0005, 350425-0-028-0103, 350425-0-029-0003, 350425-0-030-0000, 350425-0-028-0004, 4150-056-006-0006, 4150-055-020-0000, 4150-055-001-0003, 4150-057-006-0004, 350424-0-082-0008, 3504724-3-005-0006, 350425-2-006-0000, 4150-055-003-0001

Reference Nos. of Documents Released or Assigned: None

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made this 12 day of March, 2002 by SEDRO-WOOLLEY LUMBER, CO., a Washington corporation, with an address of P.O. Box 5805, Portland, OR 97228-5805 ("**Grantor**") to FIRST AMERICAN TITLE INSURANCE COMPANY, having offices at 2101 Fourth Avenue, Suite 712, Seattle, Washington 98121 ("**Trustee**"), for the benefit of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, having an office at 6701 Center Drive West, Suite 520, Los Angeles, California 90045, as Lender ("**Beneficiary**").

WITNESSETH, that to secure the payment of an indebtedness in the sum of up to Ten Million and no/100 Dollars (\$10,000,000.00) lawful money of the United States, to be paid according to the terms of that certain Loan And Security Agreement dated as of March 12, 2002 ("**Agreement**") (capitalized terms used herein and not otherwise defined shall have the

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respective meanings ascribed to them in Schedule A to the Agreement); that certain Revolving Credit Note dated March 12, 2002 and by this reference made a part hereof ("Note"), and the other Loan Documents as said Agreement, Note or other Loan Documents may be hereafter amended or extended, all other indebtedness and liabilities due or to become due Beneficiary or Lender (except any indebtedness arising out of any Hazardous Materials Indemnity Agreement), all amounts, sums and expenses paid hereunder by Beneficiary according to the terms hereof and all other indebtedness and liabilities of Grantor under this Deed of Trust, the Agreement, the Note, and other Loan Documents, together with all interest and prepayment fees on the said Obligations, liabilities, amounts, sums and expenses and all other "Obligations" as defined in the Agreement (all of the aforesaid are hereinafter collectively referred to as "Obligations"), Grantor hereby grants, bargains, sells, and conveys to Trustee, **in trust, with power of sale**, all of those certain parcels of land located in Skagit County, Washington more particularly described in Exhibit A annexed hereto and by this reference made a part hereof;

TOGETHER with all tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining, and the buildings and improvements now or hereafter located on said land (collectively, "**Buildings**") and all right, title and interest, if any, of Grantor in and to the streets and roads abutting said land to the center lines thereof, and strips and gores within or adjoining said land, the air space and all development rights with respect thereto and right to use said air space and development rights above said land, all rights of ingress and egress by motor vehicles to parking facilities on or within said land, all easements now or hereafter affecting said land, royalties and all rights appertaining to the use and enjoyment of said land including, without limitation, alley, drainage, mineral, water, oil and gas rights and all rights to the use of logging roads (said land and/or leasehold estate, together with the Buildings, the property and other rights, privileges and interests encumbered or conveyed hereby, are hereinafter collectively referred to as the "**Premises**");

TOGETHER with all fixtures and articles of personal property, and all appurtenances and additions thereto and substitutions or replacements thereof, owned by Grantor and now or hereafter attached to, contained in, or used in connection with the Premises or placed on any part thereof, though not attached thereto, and all proceeds thereof including, but not limited to, all screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator plants, stoves, ranges, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances, equipment, fittings and fixtures, and the trade name, good will and books and records relating to the business operated on the Premises, excepting only such of the foregoing items of personal property as are property of any lessee or tenant of the Premises all as described in a separate lease agreement between Grantor and such lessee or tenant. Without limiting the foregoing, Grantor hereby grants to Beneficiary a security interest in all of Grantor's present and future "timber" or "timber to be cut", "fixtures", "equipment", and "general intangibles" (as said



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quoted terms are defined or used in the Uniform Commercial Code of the State of Washington) and Beneficiary shall have, in addition to all rights and remedies provided herein, and in any other agreements, commitments and undertakings made by Grantor to Beneficiary, all of the rights and remedies of a "secured party" under the said Uniform Commercial Code. Some of the property subject to this Deed of Trust is, or is to become, fixtures. To the extent permitted under applicable law, this Deed of Trust shall be deemed to be a "security agreement" (as defined in the aforesaid Uniform Commercial Code) and a fixture filing pursuant to RCW 62A.9A-334. If the lien of this Deed of Trust is subject to a security interest covering any such personal property, then all of the right, title and interest of Grantor in and to any and all such property including "equipment" and "general intangibles", is hereby granted and assigned to Beneficiary, together with the benefits of all deposits and payments now or hereafter made thereon by Grantor;

TOGETHER with all right, title and interest of Grantor in and to all trees and forest products of every kind and species, now owned or hereafter acquired by Grantor, whether now located in or on or hereafter planted or growing in or on the Premises or on any real property not owned by Grantor, including all trees of every kind and species (whether or not merchantable), whether severed or unsevered, standing or downed, and stumps and cut timber lying, being, or remaining on the ground, and any and all logs, lumber, finished or milled lumber, veneer, plywood, 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 process, and all other timber products, whether or not related to the Premises, (collectively "**Forest Products**").

TOGETHER with all leases, lettings and licenses (or any modifications or extensions thereto) of the Premises or any part thereof now or hereafter entered into (collectively, the "**Leases**" and individually a "**Lease**") and all right, title and interest of Grantor thereunder including, without limitation, cash and securities deposited thereunder and the right to receive and collect the rents, issues, profits, royalties, proceeds, income and other benefits payable thereunder and also from the Forest Products;

TOGETHER with all permits, entitlements, licenses, orders, approvals, exemptions, authorizations, certifications, franchises, building permits, subdivision approvals, timber harvesting plan reviews and approvals, site plan reviews, environmental approvals (including an environmental impact statement or report if required under applicable law for Grantor's acquisition or disposition of the Premises or harvesting of the Forest Products or otherwise), sewer and waste discharge permits, appropriate water 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 that relate to or concern in any way the Premises or the Forest Products and are given or issued by any governmental or quasi-governmental authority;



TOGETHER with all agreements, contracts, arrangements or other contractual obligations, whether now existing or hereafter entered into, whereby Grantor or its predecessors in interest have granted, grant or will grant to another Person the right to cut, harvest or otherwise remove Forest Products from any of the Premises for the use and benefit of Persons other than Grantor, including, without limitation, those agreements listed on Exhibit B attached hereto and made a part hereof, and all agreements, contracts, arrangements or other contractual obligations, whether now existing or hereafter entered into, whereby a Person has granted to Grantor the right to cut, harvest or otherwise remove Forest Products from real property not owned by Grantor at the time such rights are exercised, including, without limitation, Grantor's rights in any deposits, credits or other payments made under such agreements, contracts, or arrangements and all other rights (including rights constituting interests in real property) of Grantor to cut, harvest or otherwise remove Forest Products from said real property thereunder including, without limitation, those agreements listed on Exhibit B hereto, and all timber sales agreements, log sales agreements, purchase orders, purchase and sale agreements and other contractual obligations, whether now existing or hereafter entered into, whereby Grantor as seller is or may become obligated to cut, harvest or otherwise remove Forest Products harvested from the Premises and to sell, exchange or deliver such Forest Products to persons other than Grantor including, without limitation, those agreements listed on Exhibit B hereto, and all Forest Products purchase contracts, Forest Products sales contracts, stumpage contract rights, chattel paper, documents, accounts, goods, inventory, warehouse receipts, documents issued as evidence of the storage of any goods and general intangibles, any right to performance, entitlement to payment in cash or in kind, or other benefits related to the Premises or the Forest Products;

TOGETHER with all plans prepared for the harvesting or cutting of the Forest Products;

TOGETHER with all trademarks and brands used by Grantor in connection with the Forest Products;

TOGETHER with all right, title and interest of Grantor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Premises and Forest Products, hereafter acquired by, or released to, Grantor or constructed, assembled or placed by Grantor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Grantor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Grantor and specifically described herein;



TOGETHER with all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Grantor and all proceeds of the conversion, voluntary or involuntary, of any of the foregoing property or any part thereof into cash or liquidated claims including, without limitation, proceeds of hazard and title insurance and all awards and compensation heretofore and hereafter made to the present and all subsequent owners of any of the foregoing property by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of any of the foregoing property or any easement therein, including awards for any change of grade of streets;

TOGETHER with any proceeds and products of the foregoing.

The entire estate, property and interest of Grantor encumbered and conveyed hereby and described above shall hereafter collectively be referred to as the "Mortgaged Property."

TO HAVE AND TO HOLD the Mortgaged Property unto Trustee and its successors and assigns until the Obligations are paid in full.

## ARTICLE I Covenants of Grantor

Section 1.01. Payment of the Obligations. Grantor will punctually pay the Obligations in immediately available funds as provided herein and in the Agreement, the Note and the other Loan Documents, all in the coin and currency of the United States of America which is legal tender for the payment of public and private debts.

Section 1.02. Title to the Mortgaged Property. Grantor warrants that: (i) it has good and marketable title to the Mortgaged Property subject only to those exceptions to title set forth in the title report dated January 11, 2002 (Order No. 00067959) issued by First American Title Insurance Company (the "Title Report") and other Permitted Encumbrances; (ii) it has legal and practical access to any portion of the Premises containing timberlands, except as may be shown on the Title Report; (iii) it has full power and lawful authority to encumber the Mortgaged Property in the manner and form herein set forth; (iv) it will own all fixtures and articles of personal property now or hereafter affixed and/or used in connection with the Mortgaged Property, including any substitutions or replacements thereof (excepting only such items of personal property owned by any lessee or tenant of the Mortgaged Property as described in any lease or rental agreement between Grantor and such lessee or tenant and excepting employees' personal tools, equipment loaned to Grantor for trial use or testing, and personal property of contractors) free and clear of liens and claims; (v) this Deed of Trust is and will remain a valid and enforceable first lien on the Mortgaged Property, and (vi) it will preserve such title, and will forever warrant and defend the same to Beneficiary and will forever warrant



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and defend the validity and priority of the lien hereof (subject only to Permitted Encumbrances) against the claims of all persons and parties whomsoever.

Section 1.03. Maintenance of the Mortgaged Property. Grantor shall maintain the Mortgaged Property in good repair, shall comply with the requirements, regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court jurisdiction claiming jurisdiction over the Premises (collectively, the "Requirements" and individually a "Requirement") within thirty (30) days after an order containing such requirement has been issued by any such authority (unless the order provides for a longer period of time for compliance) and shall permit Beneficiary to enter upon the Premises and inspect the Mortgaged Property at all reasonable hours and without prior notice. Grantor shall plant, cultivate, harvest, manage and operate the Mortgaged Property, as applicable, in accordance with the terms of the Agreement and the Requirements. Grantor shall not, without the prior written consent of Beneficiary, threaten, commit, permit or suffer to occur any waste, material alteration, demolition or removal of the Mortgaged Property or any part thereof; and shall not cut, harvest or remove or contract for or permit to be cut, harvested or removed from the Premises any timber except in accordance with the Agreement and in accordance with good forest management practices. Except as authorized by Section 5(f) of the Agreement, Grantor shall make all payments and perform all obligations on its part to be made and performed under the terms of all agreements, contracts or other arrangements for the harvesting or purchase of timber or logs from real property not owned by Grantor and shall not agree to terminate any such agreements, contracts or other arrangements without the prior written consent of Beneficiary.

Section 1.04. Insurance; Restoration. (a) Grantor shall keep the Buildings insured against damage by fire and the other hazards covered by a standard extended coverage insurance policy in accordance with the terms of the Agreement, and will deliver certified copies of the policies of such insurance, including any endorsements to said policies, to Beneficiary, in such manner and form that Beneficiary and its successors and assigns shall require. Grantor shall also carry broad-form B logging property damage insurance, including coverage for third-party fire fighting expenses for which Grantor is legally liable, regardless of negligence. In addition, from time to time, upon the occurrence of any change in the use, operation or value of the Premises, or in the availability of insurance in the area in which the Premises are located, Grantor shall, within five (5) days after demand by Beneficiary, take out such additional amounts and/or such other kinds of insurance as Beneficiary may reasonably require. Otherwise, Grantor shall not take out any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to Beneficiary in all respects. The proceeds of insurance paid on account of any damage or destruction to the Premises or any part thereof shall be paid over to Beneficiary to be applied as hereinafter provided.



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(b) Grantor shall promptly notify Beneficiary of any loss or damage to the Buildings or other Mortgaged Property in excess of \$50,000 in the aggregate. Beneficiary may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Mortgaged Property shall be applied in accordance with the Agreement.

(c) Grantor shall provide insurance with respect to the Premises in the manner set forth in Section 3.17 of the Agreement.

(d) All insurance policies required pursuant to this Section 1.04 shall be endorsed to name Beneficiary as an insured thereunder, as its interest may appear, with loss payable to Beneficiary, without contribution, under a standard New York (or local equivalent) mortgagee clause. All such insurance policies and endorsements shall be fully paid for and contain such provisions and expiration dates and be in such form and issued by such insurance companies licensed to do business in the State of Washington, with a rating of "A-VI" or better as established by Best's Rating Guide or an equivalent rating with such other publication of a similar nature as shall be in current use, as shall be approved by Beneficiary. In the event Grantor fails to maintain insurance in compliance with this Section 1.04, Beneficiary may, but shall not be obligated to, obtain such insurance and pay the premium therefor and Grantor shall, on demand, reimburse Beneficiary for all sums, advances and expenses incurred in connection therewith. Grantor shall deliver copies of all original policies, certified by the insurance company or authorized agent as being true copies to Beneficiary together with the endorsements thereto required hereunder. Notwithstanding anything to the contrary contained herein or any other provision of applicable law of any other state, the proceeds of insurance policies coming into the possession of Beneficiary shall not be deemed trust funds and Beneficiary shall be entitled to dispose of such proceeds as herein provided.

Section 1.05. Maintenance of Existence. Grantor will, so long as it is owner of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its incorporation, or formation, as the case may be, and will comply with all Requirements applicable to Grantor or to the Mortgaged Property or any part thereof.

Section 1.06. Taxes and Other Charges. (a) Subject to Section 3.11 of the Agreement, Grantor shall pay and discharge when due all taxes of every kind and nature, water rates, sewer rents and assessments, levies, permits, inspection and license fees and all other charges imposed upon or assessed against the Mortgaged Property, or any part thereof, or upon the revenues, rents, issues, income and profits of the Premises, or arising in respect of the occupancy, use or possession thereof including, with respect to Grantor's Forest Products sales, severance and harvesting operations and Grantor shall provide proof of payment of such charges to Beneficiary within five (5) days after Beneficiary requests such proof. Should Grantor default in



the payment of any of the foregoing taxes, assessments, water rates, sewer rents, or other charges, Beneficiary may, but shall not be obligated to, pay the same or any part thereof and Grantor shall, on demand, reimburse Beneficiary for all amounts so paid together with interest computed at the Default Rate prescribed in the Agreement.

Section 1.07. Mechanics' and Other Liens. Subject to Section 3.11 of the Agreement, Grantor shall pay, from time to time when the same shall become due, all claims and demands of mechanics, materialmen, laborers, loggers, lumbermen, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income or profits arising therefrom and, in general, Grantor shall do, or cause to be done, at the cost of Grantor and without expense to Beneficiary, everything necessary to fully preserve the lien of this Deed of Trust. In the event Grantor fails to make payment of such claims and demands, Beneficiary may, but shall not be obligated to, make payment thereof, and Grantor shall, on demand, reimburse Beneficiary for all sums so expended together with interest computed at the Default Rate prescribed in the Agreement.

Section 1.08. Condemnation Awards. Grantor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Mortgaged Property, or any portion thereof, will notify Beneficiary of the pendency of such proceedings. Beneficiary may participate in any such proceedings and Grantor from time to time will deliver to Beneficiary all instruments requested by it to permit such participation. All awards and compensation for the taking or purchase in lieu thereof, of the Mortgaged Property or of any part thereof, are hereby assigned to and shall be paid to Beneficiary. Grantor hereby authorizes Beneficiary to collect and receive such awards and compensation, to give proper receipts and acquittances therefor and in Beneficiary's sole discretion to apply the same toward the payment of the Obligations, notwithstanding the fact that the Obligations may not then be due and payable, or to the restoration of the Mortgaged Property. In the event that any portion of the condemnation awards or compensation shall be used to reduce the Obligations, same shall be applied in the manner set forth in Section 7.4 of the Agreement. Grantor, upon request by Beneficiary, shall make, execute and deliver any and all instruments requested for the purpose of confirming the assignment of the aforesaid awards and compensation to Beneficiary free and clear of any liens, charges or encumbrances of any kind or nature whatsoever. Notwithstanding any rate of interest paid to Grantor on the proceeds of any award or compensation, Beneficiary shall be entitled to the payment by Grantor of interest on outstanding obligations at the applicable rate provided for herein or in the Agreement.

Section 1.09. Costs of Defending and Upholding the Lien. If any action or proceeding is commenced to which action or proceeding Beneficiary is made a party or in which it becomes necessary to defend or uphold the lien of this Deed of Trust, Grantor shall defend and hold Beneficiary harmless from all such claims and expenses and Grantor shall, on demand, reimburse Beneficiary for all expenses (including, without limitation, reasonable attorneys' fees)





incurred by Beneficiary in any such action or proceeding whether in trial courts, bankruptcy courts, appellate courts, administrative proceedings, arbitration or mediation. In any action or proceeding to foreclose this Deed of Trust or to recover or collect the Obligations, the provisions of law relating to the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

**Section 1.10. Additional Advances and Disbursements.** Grantor shall pay when due all payments and charges on all liens, encumbrances, ground and other leases, and security interests which may be or become superior or inferior to the lien of this Deed of Trust, and in default thereof, Beneficiary shall have the right, but shall not be obligated, to pay, without notice to Grantor, such payments and charges and Grantor shall, on demand, reimburse Beneficiary for amounts so paid and all costs and expenses incurred in connection therewith together with interest thereon at the Default Rate from the date such payments and charges are so advanced until the same are paid to Beneficiary in good and immediately available funds. In addition, upon default of Grantor in the performance of any other terms, covenants, conditions or obligations by it to be performed under any such prior or subordinate lien, encumbrance, lease or security interest, Beneficiary shall have the right, but shall not be obligated, to cure such default in the name and on behalf of Grantor. All sums advanced and reasonable expenses incurred at any time by Beneficiary pursuant to this Section 1.10 or as otherwise provided under the terms and provisions of this Deed of Trust or under applicable law shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at a rate equal to the Default Rate without giving effect to any base interest rate or deferred interest or accrual provision thereof or any interest ceiling rate or maximum. Grantor agrees that any such charge shall not be deemed to be additional interest or a penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance, and all such advances or disbursements together with interest thereon as provided in this Section 1.10 shall be secured by the lien of this Deed of Trust.

**Section 1.11. Costs of Enforcement.** Grantor agrees to bear and pay all expenses (including reasonable attorneys' fees and costs) of or incidental to the enforcement of any provision hereof, or the enforcement, compromise or settlement of this Deed of Trust or the Obligations, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise whether in trial courts, bankruptcy courts, appellate courts, administrative proceedings, arbitration or mediation. All rights and remedies of Beneficiary shall be cumulative and may be exercised singly or concurrently. Notwithstanding anything herein contained to the contrary, Grantor: (a) hereby waives trial by jury; (b) will not (i) at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this



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Deed of Trust, nor (ii) claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction, nor (iii) after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof; (c) hereby expressly waives all benefit or advantage of any such law or laws, and (d) covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Trustee or Beneficiary, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Grantor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any foreclosure hereof.

Section 1.12. Taxes on Beneficiary. Except as otherwise provided in Section 3.11 of the Agreement, Grantor shall pay any and all taxes, charges, filing, registration and recording fees, excises and levies imposed upon Beneficiary by reason of its ownership of the Note or this Deed of Trust or any mortgage supplemental hereto, any security instrument with respect to any fixtures or personal property owned by Grantor at the Premises and any instrument of further assurance, other than income, franchise and doing business taxes, and shall pay all stamp taxes and other taxes required to be paid on the Note. In the event Grantor fails to make such payment within ten (10) days after written notice thereof from Beneficiary, then Beneficiary shall have the right, but shall not be obligated, to pay the amount due, and Grantor shall, on demand, reimburse Beneficiary for said amount, together with interest at the Default Rate prescribed in the Agreement computed from the date of payment by Beneficiary.

Section 1.13. Restrictive Covenants. Without the prior written consent of Beneficiary or unless expressly permitted by the Agreement or this Deed of Trust, Grantor shall not: (a) execute or permit to exist any lease of all or a substantial portion of the Premises except for occupancy by the lessee thereunder; (b) modify any lease affecting the Premises resulting in terms less favorable than those existing as of the date hereof; (c) discount any rents; (d) cancel any lease affecting the Premises; (e) execute any conditional bill of sale, chattel mortgage or other security instruments covering any furniture, furnishings, fixtures and equipment intended to be incorporated in the Premises or the appurtenances thereto, or covering articles of personal property placed in the Premises or purchase any of such furniture, furnishings, fixtures and equipment so that ownership of the same will not vest unconditionally in Grantor, free from encumbrances on delivery to the Premises; (f) further assign the leases and rents affecting the Premises; (g) sell, transfer, convey or assign any interest in the Mortgaged Property, or any part thereof nor sell, convey or transfer, or permit the sale, conveyance or transfer, whether directly or indirectly, of all or any portion of, or any legal, equitable or beneficial interest in, Grantor or any person or entity controlling Grantor either directly or indirectly; (h) sell or agree to sell timber or contract for, or allow the cutting or harvesting or other disposition of timber, except as permitted by the Agreement and this Deed of Trust, and except timber that shall constitute



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Inventory; or (i) further encumber, alienate, hypothecate, grant a security interest in or grant any other interest whatsoever in the Mortgaged Property or any part thereof.

Section 1.14. Estoppel Certificate. Grantor within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish to Beneficiary a written statement, duly acknowledged, setting forth the amount due on this Deed of Trust, the terms of payment and maturity date of the Note, the date to which interest has been paid, whether any offsets or defenses exist against the Obligations and, if any are alleged to exist, the nature thereof shall be set forth in detail.

Section 1.15. Lease Securities. All lease securities of tenants of the Premises shall be treated as trust funds. Within ten (10) days after request by Beneficiary, Grantor shall furnish to Beneficiary satisfactory evidence of compliance with this Section 1.15 together with a statement of all lease securities deposited by the tenants and copies of all leases not theretofore delivered to Beneficiary, certified by Grantor.

Section 1.16. Assignment of Rents. Grantor hereby assigns to Beneficiary, as further security for the payment of the Obligations, the revenues, rents, issues profits, royalties, proceeds, income and other benefits of the Mortgaged Property, together with all Leases and other documents evidencing such rents, issues and profits now or hereafter in effect and any and all deposits held as security under said Leases, and shall, upon demand, deliver to Beneficiary a true copy of each such Lease or other document. Nothing contained in the foregoing sentence shall be construed to bind Beneficiary to the performance of any of the covenants, conditions or provisions contained in any such Lease or other document or otherwise to impose any obligation on Beneficiary (including, without limitation, any liability under the covenant of quiet enjoyment contained in any Lease or in any law of any applicable state in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Deed of Trust and shall have been barred and foreclosed thereby of all right, title and interest and equity of redemption in the Mortgaged Property), except that Beneficiary shall be accountable for any money actually received pursuant to such assignment. Grantor hereby further grants to Beneficiary the right upon an Event of Default (i) to enter upon and take possession of the Mortgaged Property for the purpose of collecting the said rents, issues and profits, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Beneficiary, (iii) to let the Mortgaged Property, or any part thereof, and (iv) to apply said rents, issues and profits, after payment of all necessary charges and expenses, on account of the Obligations. Such assignment and grant shall continue in effect until the Obligations are paid, the execution of this Deed of Trust constituting and evidencing the irrevocable consent of Grantor to the entry upon and taking possession of the Mortgaged Property by Beneficiary pursuant to such grant, whether foreclosure has been instituted or not and without applying for a receiver. Until the occurrence of an Event of Default Grantor shall be entitled to collect and receive said rents, issues and profits. Grantor agrees to use said rents, issues and profits in



payment of principal and interest becoming due on this Deed of Trust and in payment of taxes, assessments, water rates, sewer rates, carrying charges and other costs relating to the maintenance and operation of the Mortgaged Property becoming due against the Mortgaged Property. Such right of Grantor to collect and receive said rents, issues and profits may be revoked by Beneficiary upon the occurrence of an Event of Default by giving not less than five (5) days' written notice of such revocation, served personally upon or sent by registered or certified mail to the record owner of the Mortgaged Property.

Section 1.17. Indemnity. Grantor will indemnify and hold Beneficiary harmless against any loss or liability, cost or expense, including, without limitation, any judgments, attorney's fees, costs of appeal bonds and printing costs, arising out of or relating to any proceeding instituted by any person claiming a statutory or equitable lien of any kind against the Mortgaged Property other than any such proceeding pertaining to Hazardous Materials or Hazardous Wastes as said terms are defined in the Hazardous Materials Indemnity Agreement of even date and mentioned hereinabove.

Section 1.18. Environmental Protection: (a) Grantor represents and covenants that (except as set forth in Disclosure Schedule (3.16) to the Agreement) (i) the Premises is presently free of contamination from any Hazardous Material including, without limitation, any asbestos, pcb, radioactive substance, methane, volatile hydrocarbons, industrial solvents or any other material or substance which has in the past or could presently or at any time in the future cause or constitute a health, safety or other environmental hazard to any person or property; (ii) Grantor will not hereafter cause or suffer to occur, a Release, or Hazardous Material to be placed at, upon, under or within the Premises or any contiguous real estate that results in the imposition of liability in excess of the Minimum Actionable Amount; (iii) neither Grantor nor any other party will be involved in operations at or near the Premises which result in the imposition on Grantor or any other owner of the Premises of liability or the creation of a lien on the Premises, under any federal, state or local statute, rule or regulation (the "Law") or under any similar applicable laws or regulations in excess of the Minimum Actionable Amount; and (iv) Grantor will not permit any tenant or occupant of the Premises to engage in any activity which results in the imposition of liability on such tenant or occupant, Grantor or any other owner of any of the Premises, or the creation of a lien on the Premises, under the Law or any similar applicable laws or regulations in excess of the Minimum Actionable Amount.

(b) Grantor shall comply strictly and in all respects with the requirements of the Law and related regulations and with all similar applicable laws and regulations relating to Hazardous Materials, and shall notify Beneficiary in writing within seven (7) days if and when Grantor becomes aware of any Release, on, at, in, under, above, to, from or about any of the Premises that (A) violates or could reasonably be expected to result in the violation of any Environmental Law, or (B) that does result or could reasonably be expected to result in Environmental Liabilities in excess of the Minimum Actionable



Amount (a "Reportable Release"), and shall promptly forward to Beneficiary copies of all orders, notices, permits, applications or other communications and reports in connection with any such Reportable Release or any other matters relating to the Law or related regulations or any similar applicable laws or regulations, as they may affect the Premises.

(c) Grantor, promptly upon the written request of Beneficiary from time to time, shall provide Beneficiary with an environmental site assessment or environmental audit report, or an update of such an assessment or report, all in scope, form and content satisfactory to Beneficiary in the event of any release of Hazardous Material affecting the Premises, whether or not the same originates or emanates from the Premises or any such contiguous real estate, that (i) violates or could reasonably be expected to result in the violation of any Environmental Law, or (ii) that does result or could reasonably be expected to result in Environmental Liabilities in excess of the Minimum Actionable Amount.

(d) In the event of any Reportable Release affecting the Premises, whether or not the same originates or emanates from the Premises or any such contiguous real estate, that (i) violates or could reasonably be expected to result in the violation of any Environmental Law, or (ii) that does result or could reasonably be expected to result in Environmental Liabilities in excess of the Minimum Actionable Amount, and/or if Grantor shall fail to comply with any of the requirements of the Law or related regulations or any other environmental law or regulation, Beneficiary may at its election, but without the obligation so to do, give such notices and/or cause such work to be performed at the Premises and/or take any and all other actions as Beneficiary shall deem necessary or advisable in order to remedy said Reportable Release or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the Default Rate prescribed in the Agreement from the date of payment by Beneficiary shall be immediately due and payable by Grantor to Beneficiary and until paid shall be added to and become a part of the Obligations and shall have the benefit of the lien hereby created as a part thereof.

(e) Notwithstanding anything herein to the contrary, this Deed of Trust does not secure Obligations of Grantor to Beneficiary under or in any way relating to "hazardous substances," "Hazardous Materials," or "environmental matters," as same are defined in any state or federal law or regulation pertaining to the environment, environmental protection, contamination, or remediation or cleanup, or in the "Hazardous Materials Indemnity Agreement," or any Loan Document (collectively referred to as "**Hazardous Substance Agreements**") pertaining to the same general subject matter and executed by Grantor in favor of Beneficiary as a part of the loan transaction secured by this Deed of Trust. For purposes of this Deed of Trust only, as defined herein, "Loan Documents" specifically excludes "Hazardous Substance Agreements."

Section 1.19 Cutting Rights Agreements, Timber Sales Agreements and Harvesting Contracts.

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(a) Promptly after entering into any agreement whereby Grantor has granted, grants or will grant to another Person the right to cut, harvest or otherwise remove timber from any of the Premises for the use and benefit of Persons other than Grantor or any agreement whereby Grantor as seller is or may become obligated to cut, harvest or otherwise remove timber harvested from the Premises and to sell, exchange or deliver such timber to persons other than Grantor, Grantor shall notify Beneficiary thereof, and shall file such financing statements in connection therewith as Beneficiary may request. Any such agreement shall comply with the requirements of the Agreement and this Deed of Trust.

(b) Except to the extent otherwise permitted under Section 5 of the Agreement, Grantor shall not amend, supplement, cancel, surrender, allow to expire (except pursuant to the express terms of any such agreement), terminate, release or waive any such agreement, or any material provision thereof, that is material to the operation of Grantor's business, without Beneficiary's prior written consent. Grantor agrees promptly to notify Beneficiary in writing with respect to any default or alleged default by Grantor under any such agreement or the commencement of any investigations, hearings or proceedings that specifically involve any such agreement, and could lead to modification, suspension, termination, non-renewal or revocation of any such agreement. Grantor shall also promptly deliver to Beneficiary 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.

**THE PREMISES ARE NOT USED PRINCIPALLY FOR AGRICULTURAL PURPOSES.**

**ARTICLE II  
DEFAULT AND REMEDIES**

Section 2.01. Events of Default. The following shall constitute Events of Default under this Deed of Trust: (a) default when and as the same shall become due and payable in payment of amounts required to be paid hereunder or a default in the payment of principal or interest on the Note whether by maturity or acceleration, or (b) default in the due observance or performance of any of the terms, covenants or conditions contained in this Deed of Trust for more than ten (10) days after receipt from Beneficiary of written notice of such default, provided, however, that such grace period set forth in this subsection (b) shall not apply to any other Event of Default expressly set forth in this Section 2.01 or to any other covenant or condition with respect to which a grace period is expressly provided elsewhere; or (c) should any representation made herein or given in connection herewith prove to be untrue in any material respect; or (d) an Event of Default under, and as defined in, the Agreement, or (e) the further assignment or encumbrance by Grantor of the Mortgaged Property or any part thereof without prior written consent of Beneficiary except for Permitted Encumbrances; or (f) the lease



by Grantor of all or part of the Premises for purposes other than the actual occupancy or use by the lessee; or (g) the failure of Grantor to pay or cause to be paid, before any fine, penalty, interest or cost may be added thereto all franchise taxes and charges, and other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever including, but not limited to, assessments for public improvements or benefits which are assessed, levied, confirmed, imposed or become a lien upon the Mortgaged Property or become payable during the term of the Note or this Deed of Trust or Grantor enters into any agreement either written or oral, which has the effect of deferring the payment of any taxes or other charges which are or can be assessed, levied, confirmed, imposed or become a lien on the Mortgaged Property or become payable during the term of the Note or this Deed of Trust; or (h) the conveyance, assignment, sale or attempted sale, or other disposition of the Mortgaged Property or the further mortgage, pledge or other encumbrance by Grantor of the Mortgaged Property or any part thereof or any interest therein without the prior written consent of Beneficiary or the sale, conveyance or transfer, or attempted sale, conveyance or transfer, whether directly or indirectly, of all or any portion of, or any legal, equitable or beneficial interest in, Grantor or any person or entity controlling Grantor either directly or indirectly except as provided by Section 5(f) of the Agreement; or (i) if a receiver, liquidator or trustee of Grantor or any Guarantor or of any of its properties, shall be appointed or if a petition in bankruptcy, an insolvency proceeding or a petition for reorganization shall have been filed against Grantor or any Guarantor, and same are not withdrawn, dismissed, canceled or terminated within sixty (60) days; or (j) if Grantor or any Guarantor is adjudicated insolvent or an order for relief is entered (without regard for any grace period provided for herein); or (k) if there is an attachment or sequestration of any of the property of Grantor or any Guarantor and same is not promptly discharged or bonded; or (l) if Grantor or any Guarantor files or consents to the filing of any petition in bankruptcy or commences or consents to the commencement of any proceeding under the Bankruptcy Code or any other law, now or hereafter in effect, relating to the reorganization of Grantor or such Guarantor or the arrangement or readjustment of the debts of Grantor or such Guarantor; or (m) if Grantor or any Guarantor shall make an assignment for the benefit of its creditors or shall admit in writing the inability to pay its debts generally as they become due or shall consent to the appointment of a receiver, trustee or liquidator of Grantor or such Guarantor or of all or any part of its or his property; or (n) if default shall occur under, or any attempted withdrawal, cancellation or disclaimer of liability under any guaranty which guarantees payment of the Obligations or under any agreement giving security for said guaranty shall occur; or (o) if Grantor or any Guarantor shall cause or institute any proceeding for the dissolution or termination of Grantor or such Guarantor, except as otherwise provided in the Agreement; or (p) if Grantor or any Guarantor ceases to do business or terminates its business as presently conducted for any reason whatsoever, except as otherwise provided in the Agreement; or (q) if Grantor or any Guarantor defaults under any other agreement that it has with Beneficiary or under any other note, deed of trust, or security document given to Beneficiary; or (r) if a default shall occur under any mortgage or deed of trust which is subordinate to the lien of this Deed of Trust or the



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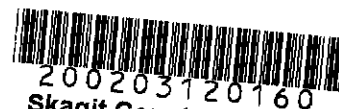
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mortgagee under any subordinate mortgage shall commence a foreclosure action in connection with said mortgage or deed of trust, provided that this provision shall not be deemed to be a waiver of any other section of this Deed of Trust.

Section 2.02. Remedies. (a) Upon the occurrence of any Event of Default, Beneficiary may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Grantor and in and to the Mortgaged Property including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Beneficiary may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Beneficiary: (1) declare the entire unpaid amount of the Obligations to be immediately due and payable; or (2) enter into or upon the Mortgaged Property, either personally or by its agents, nominees, attorneys, or a receiver and dispossess Grantor and its agents and servants therefrom, and thereupon Beneficiary may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Premises and conduct the business thereat; (ii) complete any construction on the Mortgaged Property in such manner and form as Beneficiary deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property; (iv) exercise all rights and powers of Grantor with respect to the Mortgaged Property, whether in the name of Grantor or otherwise including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Mortgaged Property and every part thereof; and (v) apply the receipts from the Mortgaged Property to the payment of the Obligations, after deducting therefrom all expenses (including reasonable attorneys' fees and disbursements) incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, assessments, insurance and other charges in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of Beneficiary and Trustee and their counsel, agents and employees; or (3) institute proceedings for the complete foreclosure of this Deed of Trust as provided by applicable law in which case the Mortgaged Property may be sold for cash or upon credit in one or more parcels; or (4) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the recovery of the portion of the Obligations then due and payable, subject to the continuing lien of this Deed of Trust for the balance of the Obligations not then due; or (5) sell for cash or upon credit the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of Grantor therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entity or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law, and in the event of a sale, by foreclosure or otherwise, of less than all of the Mortgaged Property, this Deed of Trust shall continue as a lien on the remaining portion of the Mortgaged Property; or (6) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Agreement, the Note or the other Loan Documents; (7) recover judgment on the Note either before, during or



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after any proceedings for the enforcement of this Deed of Trust; or (8) apply for the appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Obligations and without regard for the solvency of Grantor, any Guarantor or of any person, firm or other entity liable for the payment of the Obligations; or (9) pursue such other remedies as Beneficiary may have under applicable law; or (10) exercise any cure rights; or (11) exercise any other remedies under the other Loan Documents.

(b) Upon the occurrence of an Event of Default, all rights of cutting, harvesting and removal of timber shall automatically be suspended upon delivery of written notice of Event of Default to Grantor by Beneficiary if requested.

(c) Upon the occurrence of an Event of Default and the election of Beneficiary to effect a trustee's sale of the Mortgaged Property in lieu of judicial foreclosure, then Beneficiary may instruct Trustee to commence such sale and consummate such sale in accordance with the laws of the State of Washington.

(d) Subject to the terms of the Intercreditor Agreement, the purchase money proceeds or avails of any sale made under or by virtue of this Article II, together with any other sums which then may be held by Beneficiary under this Deed of Trust, whether under the provisions of this Article II or otherwise, shall be applied as follows:

First: To the payment of the costs and expenses of any such sale, including reasonable compensation to Trustee, Beneficiary and their agents and counsel, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust, together with interest as provided herein on all advances made by Beneficiary and all taxes or assessments, except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold.

Second: To the payment of the whole amount then due, owing or unpaid upon the Note for principal, together with any and all applicable interest and late charges.

Third: To the payment of any other sums required to be paid by Grantor pursuant to any provision of the Agreement, this Deed of Trust or of the Note.

Fourth: To the payment of the surplus, if any, to whosoever may be lawfully entitled to receive the same.

Beneficiary and any receiver of the Mortgaged Property, or any part thereof, shall be liable to account for only those rents, issues and profits actually received by it.



(e) In case of a sale under this Deed of Trust, the said Mortgaged Property, real, personal and mixed, may be sold in one parcel or more than one parcel.

(f) In the event of any sale made under or by virtue of this Article II (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale) the Obligations, if not previously due and payable, immediately thereupon shall, anything in the Note or in this Deed of Trust to the contrary notwithstanding, become due and payable.

(g) Upon any sale made under or by virtue of this Article II (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), Beneficiary may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Obligations the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Beneficiary is authorized to deduct under this Deed of Trust.

(h) No recovery of any judgment by Beneficiary and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Grantor shall affect in any manner or to any extent, the lien of this Deed of Trust upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Beneficiary hereunder, but such liens, rights, powers and remedies of Beneficiary shall continue unimpaired as before.

**Section 2.03. Payment of Obligations After Default.** Upon the occurrence of any Event of Default and the acceleration of the maturity of the Obligations, if, at any time prior to the foreclosure sale, Grantor or any other person tenders payment of the amount necessary to satisfy the Obligations, the same shall constitute an evasion of the payment terms hereof and shall be deemed to be a voluntary prepayment hereunder.

**Section 2.04. Interest After Default.** If any payment due hereunder or under the Note is not paid when due, either at stated or accelerated maturity or pursuant to any of the terms hereof, then and in such event, Grantor shall pay interest thereon from and after the date on which such payment first becomes due at the Default Rate provided for in the Agreement and such interest shall be due and payable, on demand, at such rate for so long as such default is continuing or the entire amount due is paid to Beneficiary, whether or not any action shall have been taken or proceeding commenced to recover the same or to foreclose this Deed of Trust. Nothing in this Section 2.04 or in any other provision of this Deed of Trust shall constitute an extension of the time of payment of the Obligations.



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Section 2.05. Grantor's Actions After Default. After the happening of any Event of Default and immediately upon the commencement of any action, suit or other legal proceedings by Beneficiary to obtain judgment for the Obligations, or of any other nature in aid of the enforcement of the Note or of this Deed of Trust, Grantor will (a) accept the issuance and service of process in accordance with the provisions of Section 3.15 below and (b) if required by Beneficiary, consent to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof. Beneficiary's right to the appointment of a receiver under this Section 2.05 is an absolute right and shall not be affected by adequacy of security or solvency of Grantor.

Section 2.06. Control by Beneficiary After Default. Notwithstanding the appointment of any receiver, liquidator or trustee of Grantor, or of any of its property, or of the Mortgaged Property or any part thereof, Beneficiary shall be entitled to retain possession and control of all property now and hereafter covered by this Deed of Trust.

### ARTICLE III Miscellaneous

Section 3.01. No Release. Grantor agrees that in the event the Mortgaged Property is sold and Beneficiary enters into any agreement with the then owner of the Mortgaged Property extending the time of payment of the Obligations, or otherwise modifying the terms hereof, Grantor shall continue to be liable to pay the Obligations according to the tenor of any such agreement unless expressly released and discharged in writing by Beneficiary.

Section 3.02. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when delivered in person or sent by certified mail, return receipt requested, to any party hereto at its address above stated (in the case of Beneficiary, to the attention of "Account Manager (TreeSource)") or at such other address of which it shall have notified the party giving such notice in writing as aforesaid. The term "notice" shall not be deemed to include Beneficiary's regular billing for interest.

Section 3.03. Binding Obligations. The provisions and covenants of this Deed of Trust shall run with the land, shall be binding upon Grantor and shall inure to the benefit of Beneficiary, subsequent holders of this Deed of Trust and their respective successors and assigns. For the purpose of this Deed of Trust, the term "**Grantor**" shall mean Grantor named herein, any subsequent owner of the Mortgaged Property, and their respective heirs, executors, legal representatives, successors and assigns. If there is more than one Grantor, all their undertakings hereunder shall be deemed joint and several.

Section 3.04. Captions and Terms. The captions of the Sections of this Deed of Trust are for the purpose of convenience only and are not intended to be a part of this Deed of Trust.



and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

Section 3.05. Further Assurances. Grantor shall do, execute, acknowledge and deliver, at the sole cost and expense of Grantor, all and every such further acts, deeds, conveyances, mortgages, assignments, estoppel certificates, notices of assignment, transfers and assurances as Beneficiary may reasonably require from time to time in order to better assure, convey, assign, transfer and confirm unto Beneficiary, the rights now or hereafter intended to be granted to Beneficiary under this Deed of Trust, any other instrument executed in connection with this Deed of Trust or any other instrument under which Grantor may be or may hereafter become bound to convey, mortgage or assign to Beneficiary for carrying out the intention of facilitating the performance of the terms of this Deed of Trust. Grantor hereby appoints Beneficiary as its attorney-in-fact to execute, acknowledge and deliver for and in the name of Grantor any and all of the instruments mentioned in this Section 3.05 and this power, being coupled with an interest, shall be irrevocable as long as any part of the Obligations remains unpaid. Beneficiary shall not exercise this power of attorney unless Beneficiary has given Grantor five (5) days prior written notice of exercise, except upon and during the continuation of an Event of Default, when no prior written notice to Grantor of such exercise shall be required.

Section 3.06. Severability. Any provision of this Deed of Trust which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

Section 3.07. General Conditions. (a) All covenants hereof shall be construed as affording to Beneficiary rights additional to and not exclusive of the rights conferred under any applicable law. This Deed of Trust cannot be altered, amended, modified or discharged orally and no executory agreement shall be effective to modify or discharge it in whole or in part, unless it is in writing and signed by the party against whom enforcement of the modification, alteration, amendment or discharge is sought.

(b) No remedy herein conferred upon or reserved to Beneficiary is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Beneficiary in exercising any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default, or any acquiescence therein. Acceptance of any payment after the occurrence of an Event of Default shall not be deemed to waive or cure such Event of Default; and every power and remedy given by this Deed of Trust to Beneficiary may be exercised from time to time as often as may be deemed expedient by



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Beneficiary. Nothing in the Agreement, this Deed of Trust or in the Note or in any of the other Loan Documents shall affect the obligation of Grantor to pay the Obligations in the manner and at the time and place therein respectively expressed.

(c) No waiver by Beneficiary will be effective unless it is in writing and then only to the extent specifically stated. Without limiting the generality of the foregoing, any payment made by Beneficiary for insurance premiums, taxes, assessments, water rates, sewer rentals or any other charges affecting the Mortgaged Property, shall not constitute a waiver of Grantor's default in making such payments and shall not obligate Beneficiary to make any further payments.

(d) Beneficiary and Trustee shall have the right to appear in and defend any action or proceeding, in the name and on behalf of Grantor or Trustee which Beneficiary or Trustee, in its discretion, feels may adversely affect the Mortgaged Property or this Deed of Trust. Beneficiary and Trustee shall also have the right to institute any action or proceeding which Beneficiary or Trustee, in its discretion, feels should be brought to protect its interest in the Mortgaged Property or its rights hereunder. All costs and expenses incurred by Beneficiary or Trustee in connection with such actions or proceedings including, without limitation, reasonable attorneys' fees and costs, whether in trial courts, bankruptcy courts, appellate courts, administrative proceedings, arbitration or mediation, shall be paid by Grantor, on demand, in good and immediately available funds.

(e) In the event of the passage after the date of this Deed of Trust of any law of any governmental authority having jurisdiction, deducting from the value of land for the purpose of taxation, any lien or encumbrance thereon or changing in any way the laws of the taxation of mortgages or debts secured by mortgages for federal, state or local purposes, or the manner of the collection of any such taxes, so as to affect this Deed of Trust, Grantor shall promptly pay to Beneficiary, on demand, all taxes, costs and charges for which Beneficiary is or may be liable as a result thereof, provided said payment shall not be prohibited by law or render the Note usurious, in which event Beneficiary may declare the Obligations to be immediately due and payable.

(f) Grantor hereby appoints Beneficiary as its attorney-in-fact in connection with the personal property and fixtures covered by this Deed of Trust, where permitted by law, to file on its behalf any financing statements or other statements in connection therewith with the appropriate public office signed only by Beneficiary, as secured party. This power, being coupled with an interest, shall be irrevocable so long as any part of the Obligations remain unpaid.

(g) The information set forth on the cover hereof and/or added by Schedules, addenda or exhibits are hereby incorporated herein.



(h) Grantor acknowledges that it has received a true copy of this Deed of Trust, including, specifically, each Schedule, addendum and exhibit referenced herein and appended hereto.

(i) For purposes of this Deed of Trust, all defined terms contained herein shall be construed, whenever the context of this Deed of Trust so requires, so that the singular shall be construed as the plural and so that the masculine shall be construed as the feminine.

(j) This Deed of Trust, together with the Agreement and other Loan Documents, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

Section 3.08. Title Acts by Trustee. At any time upon written request of Beneficiary, payment of its fees and presentation of this Deed of Trust and said Note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the Obligations, Trustee may (a) consent to the making of any map or plat of the Premises, (b) join in granting any easement or creating any restriction thereon, (c) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof, (d) reconvey, without warranty, all or any part of the Premises. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Grantor agrees to pay a reasonable Trustee's fee for full or partial reconveyance, together with a recording fee if Trustee, at its option, elects to record said reconveyance.

Section 3.09. Successor Trustee. At the option of Beneficiary, with or without any reason, a successor or substitute trustee may be appointed by Beneficiary without any formality other than a designation in writing of a successor or substitute trustee, who shall thereupon become vested with and succeed to all the powers and duties given to Trustee herein named, the same as if the successor or substitute trustee had been named original Trustee herein; and such right to appoint a successor or substitute trustee shall exist as often and whenever Beneficiary desires.

Section 3.10. Credits Waived. Grantor will not claim nor demand nor be entitled to any credit or credits against the Obligations for so much of the taxes assessed against the Mortgaged Property or any part thereof as is equal to the tax rate applied to the amount due on this Deed of Trust or any part thereof, and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property or any part thereof by reason of this Deed of Trust or the Obligations.



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Section 3.11. Not Joint Venture or Partnership. Grantor and Beneficiary intend that the relationship created hereunder, under the Agreement; and under the Note be solely that of Grantor and Beneficiary or Borrower and Lender, as the case may be. Nothing herein is intended to create, nor shall create nor be deemed to create a joint venture, partnership or tenancy relationship between Grantor and Beneficiary nor to grant Beneficiary any interest in the Mortgaged Property other than that of Beneficiary or Lender.

Section 3.12. Failure to Consent. If Grantor shall seek the approval by or the consent of Beneficiary hereunder, under the Agreement; or under the Note, or any of the other Loan Documents and Beneficiary shall fail or refuse to give such consent or approval, Grantor shall not be entitled to any damages for any withholding or delay of such approval or consent by Beneficiary, it being intended that Grantor's sole remedy shall be to bring an action for an injunction or specific performance which remedy or injunction or specific performance shall be available only in those cases where Beneficiary has expressly agreed hereunder, under the Agreement; or under the Note or under any of the other Loan Documents not to unreasonably withhold or delay its consent or approval.

Section 3.13. Power of Attorney. Wherever in this Deed of Trust or in any of the other Loan Documents Beneficiary is appointed to act as attorney-in-fact for Grantor, such appointment may be exercised by any investment manager, any duly authorized signatory, or officer of Beneficiary.

Section 3.14. Participations. Beneficiary may sell participating interests in the Obligations to any other person, firm or corporation and the term "Beneficiary" shall include any such participants or successors or assigns or Beneficiary. Notwithstanding the preceding sentence, any notice required to be given to Beneficiary hereunder shall be deemed given when delivered to Beneficiary in the manner set forth in Section 3.02 hereof and any consents, waivers or other actions to be given or made by Beneficiary hereunder shall be effective when given or made, as the case may be, by Beneficiary.

**Section 3.15 Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS DEED OF TRUST SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WASHINGTON APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS. GRANTOR HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF WASHINGTON SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN GRANTOR AND BENEFICIARY PERTAINING TO THIS DEED OF TRUST; PROVIDED, THAT BENEFICIARY AND GRANTOR ACKNOWLEDGE THAT**



ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE STATE OF WASHINGTON; AND, FURTHER, PROVIDED, THAT NOTHING IN THIS DEED OF TRUST SHALL BE DEEMED OR OPERATE TO PRECLUDE BENEFICIARY FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE COLLATERAL, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF BENEFICIARY. GRANTOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION AND ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND GRANTOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. GRANTOR HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, ADDRESSED TO GRANTOR AT THE ADDRESS SET FORTH ON PAGE ONE HEREOF AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF GRANTOR'S ACTUAL RECEIPT THEREOF OR FIVE (5) DAYS AFTER DEPOSIT IN THE U.S. MAI,LS, PROPER POSTAGE PREPAID.

**Section 3.16 Waiver of Jury Trial.** BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE BETWEEN GRANTOR AND BENEFICIARY ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THE DEED OF TRUST OR THE TRANSACTIONS RELATED THERETO.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.







**EXHIBIT B  
CONTRACTS**

<u>Name</u>	<u>Date</u>	<u>Contract No.</u>	<u>Record Owner</u>	<u>County, State</u>
Double Shot	12/5/01	TS 01-01	Roseburg Resources Co.	Douglas, OR
Beaver Creek	12/6/00	Undesignated	Bruce A. Standley	Lane, OR
Marble Mtn.	8/22/97	Undesignated	Campman Calcite Co.	Josephine, OR
Elk Wallow Thin	4/11/00	341-00-58	Oregon State Dept. of Forestry	Tillamook, OR
Steamed Pigeon Thin	5/2/00	341-00-54	State of Oregon Department of Forestry	Tillamook, OR
West Standard	9/26/01	341-02-29	State of Oregon Department of Forestry	Tillamook, OR
Bay Overlook	9/12/01	R0 016	Simpson Timber Company	Tillamook, OR
Anderson Creek	6/29/01	Undesignated	Anderson Creek Properties, a trust, Nathaniel Masters and Nancy Diane Claibourne, Trustees	Douglas, OR
Hawk Creek	2/6/02	NE 013	Simpson Timber Company	Tillamook, OR
E. Lister II	12/26/01	DACA67-7-02-12	U.S. Army Corps of Engineers	Pierce, WA



**EXHIBIT A**

**SEDRO-WOOLLEY LUMBER, CO.  
LEGAL DESCRIPTION  
SKAGIT COUNTY**

All of Grantor's property in Skagit County, Washington, including but not limited to the real property described as follows:

PARCEL A

That portion of the Northeast 1/4 of the Northwest 1/4 of Section 25, Township 35 North, Range 4 East W.M. described as follows:

Beginning at a point on the Southwest marginal line of Railroad Avenue as established in the City of Sedro-Woolley at the intersection thereof with the West marginal line of Third Street produced; thence Northwesterly along the Southerly marginal line of Railroad Avenue as established to an angle in said line opposite the South end of Second Street in said city; thence West along the South marginal line of said Railroad Avenue 21.9 feet to the Northeasterly corner of that certain tract of land conveyed to the Commercial Club of Sedro-Woolley by deed dated April 14, 1908 and recorded July 10, 1908, in book 68 of Deeds, page 307, records of Skagit County, Washington; thence continue along the Southerly marginal line of Railroad Avenue and being the Northerly line of "The Commercial Club" tract and said Northerly line produced (being described as North 52°51' West) to the East line of the Burlington Northern Railroad right of way (formerly the Seattle Lake Shore and Eastern Railroad right of way); thence Southerly along the Easterly line of said railroad right of way to the East-West centerline of said Northwest 1/4; thence East along the East-West centerline of said Northwest 1/4 to the West line of Third Street as platted in the Town of Sedro-Woolley and said West line produced; thence North along the West line of Third Street to the point of beginning. EXCEPT the East 7 feet thereof abutting Third Street.

TOGETHER WITH those portions of vacated Railroad Avenue which have reverted to said premises by operation of law. EXCEPT from said vacated Railroad Avenue any portion thereof lying within the boundaries of that certain tract of land conveyed to the City of Sedro-Woolley by deed recorded December 15, 1955 under Auditor's File No. 528649 records of Skagit County, Washington.

PARCEL B

That portion of the South 1/2 of the Northwest 1/4 of Section 25, Township 35 North, Range 4 East W.M., described as follows:



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Beginning at a point on the East line of the Burlington Northern Railroad right of way (formerly the Seattle Lake Shore and Eastern Railroad right of way) that is 60 feet North of the South line of said Northwest 1/4 as measured at right angles to said South line; thence East along a line that is parallel with and 60 feet North of said South line to a point that is 797 feet West of the center line of Third Street in the City of Sedro-Woolley and said Third Street produced South; said point being the Southwest corner of that certain tract of land conveyed to Emma Owens by deed recorded May 27, 1969 under Auditor's File No. 727010, records of Skagit County, Washington; thence North along the West line of the Owens tract (being parallel to the centerline of Third Street) a distance of 492 feet to the Northwest corner thereof; thence East parallel to the South line of said Northwest 1/4 a distance of 180 feet to a point that is North 89° 40" West 617 feet from the centerline of Third Street, said point being also the Northeast corner of the Owens tract; thence South along the east line of the Owens tract (being parallel to the centerline of Third Street) a distance of 492 feet to a point that is 60 feet North of the South line of said Northwest 1/4; thence East parallel with and 60 feet North of the South line of said Northwest 1/4 a distance of 150 feet to the Southwest corner of a tract of land conveyed to Wallace L. Parker, etux by deed recorded September 7, 1961 under Auditor's File No. 611968 records of Skagit County, Washington; thence North parallel to the center line of Third Street (being the West line of the said Parker Tract) to the Southwest corner of that certain tract of land conveyed to Willis, Rogers and Pearson Lumber Company Incorporated, a Washington Corporation by deed recorded November 15, 1971 under Auditor's File No. 760650, records of Skagit County, Washington (said point being 384.76 feet South of the North line of the Southeast 1/4 of the Northwest 1/4 of said Section 25); thence East along the South line of the said Willis, Rogers and Pearson Tract (said South line being parallel with and 384.76 feet South of the North line of said Southeast 1/4 of the Northwest 1/4 of said Section 25) a distance of 317 feet more or less to the Southeast corner of said Willis, Rogers and Pearson Tract; thence North along the East line of the Willis, Rogers and Pearson Tract a distance of 384.76 feet to the Northeast corner of the said Willis, Rogers and Pearson Tract (said point being on the North line of the Southeast 1/4 of the Northwest 1/4 of said Section 25 at a point that is 150 feet West of the center line of Third Street as established in the City of Sedro-Woolley); thence West along the North line of the South 1/2 of the said Northwest 1/4 of said Section 25 to the Easterly line of the said right of way of the Burlington Northern Railroad; thence along the Easterly line of said right of way to the point of beginning.

#### PARCEL C

Lots 1 through 6 inclusive, Block 56, "FIRST ADDITION TO THE TOWN OF SEDRO", as per plat recorded in Volume 3 of Plats, page 29, records of Skagit County, Washington.

TOGETHER WITH that portion of vacated Second Street adjoining which upon vacation reverted to said premises by operation of law. ALSO TOGETHER WITH that portion of



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vacated Railroad Avenue adjoining which upon vacation reverted to said premises by operation of law.

PARCEL D

Lots 18, 19 and 20, Block 55 "FIRST ADDITION TO THE TOWN OF SEDRO", as per plat recorded in Volume 3 of Plats, page 29, records of Skagit County, Washington.

TOGETHER WITH that portion of the East 1/2 of vacated Second Street adjoining which upon vacation reverted to said premises by operation of law. ALSO TOGETHER WITH the West 1/2 of that portion of vacated Metcalf Street adjoining which upon vacation reverted to said premises by operation of law. ALSO TOGETHER WITH that portion of the South 1/2 of the vacated alley adjoining said premises to the North which upon vacation reverted to said premises by operation of law. ALSO TOGETHER WITH that portion of vacated Railroad Avenue adjoining which upon vacation reverted to said premises by operation of law. ALSO TOGETHER WITH that portion of vacated Fidalgo Street adjoining said premises which upon vacation reverted to said premises by operation of law.

EXCEPT from all of the above that portion thereof lying within the boundaries of those certain tracts of land conveyed to the City of Sedro-Woolley by deeds recorded December 10, 1955 under Auditor's File Numbers 528649, 528650 and 528651, records of Skagit County, Washington.

PARCEL E

That portion of Lots 1, 2 and 3 lying West of the West line of vacated Metcalf Street in Block 55, "FIRST ADDITION TO THE TOWN OF SEDRO", as per plat recorded in Volume 3 of Plats, page 29, records of Skagit County, Washington.

TOGETHER WITH that portion of the West 1/2 of vacated Metcalf Street which upon vacation reverted to said premises by operation of law (said West 1/2 of Metcalf Street being a portion of Lots 3 and 4 of said Block 55). ALSO TOGETHER WITH that portion of the East 1/2 of vacated Second Street which upon vacation reverted to said premises by operation of law.

ALSO TOGETHER WITH that portion of the North 1/2 of the vacated alley adjoining all of the above which upon vacation reverted to said premises by operation of law.

PARCEL F

Lots 2 through 6, inclusive, Block 57, "FIRST ADDITION TO THE TOWN OF SEDRO", as per plat recorded in Volume 3 of Plats, page 29, records of Skagit County, Washington.



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TOGETHER WITH that portion of the South 25 feet of Fidalgo Street adjacent, which upon vacation reverted to said premises by operation of law.

ALSO TOGETHER WITH that portion of the Northerly 1/2 of vacated Railroad Avenue adjacent which upon vacation reverted to said premises by operation of law. EXCEPT from all of the above any portion thereof lying within the boundaries of those certain tracts of land conveyed to the City of Sedro-Woolley by deeds recorded December 10, 1955 under Auditor's File Numbers 528649, 528650 and 528651, records of Skagit County, Washington.

PARCEL G

That portion of the Burlington Northern and Santa Fe Railway Company's (formerly Northern Pacific Railway Company) Station Ground property at Sedro-Woolley, Washington, situated in the north 1/2 of the north 1/2 of the northwest 1/4 of Section 25, and the west 1/2 of the southeast 1/4 of the southwest 1/4 of Section 24, all in Township 35 North, Range 4 East, W.M., Skagit County, Washington, more particularly described as follows, to-wit:

Beginning at the intersection of the south line of 66.0 foot wide State Street with the westerly line of 30.0 foot wide First Street, according to the recorded plat of Sedro Woolley, Washington; thence southwesterly along the westerly line of 30.0 foot wide First Street, 395.0 feet to the most southerly corner of that certain parcel of land described in Quit Claim Deed from Burlington Northern Railroad Company to Wood's Logging Supply, Inc., dated November 3, 1993, and recorded December 7, 1993, Document No. 9312070052, in the Auditor's Office of Skagit County, Washington, and the true point of beginning; thence continuing southwesterly along the westerly line of 30.0 foot wide First Street, 1,165 feet, more or less, to the westerly extension of the north line of Jameson Avenue to the City of Sedro Woolley; thence westerly along said westerly extension of the north line of Jameson Avenue and along the northerly line of that certain parcel of land described in Quit Claim Deed from Burlington Northern Railroad Company to Skagit County, Washington, dated January 29, 1993, a distance of 146 feet, more or less, to a point being 25.0 feet easterly, as measured at right angles from said Railway Company's Main Tract centerline, as now located and constructed; thence northerly parallel with said main track centerline, 1,550 feet, more or less, to the southerly line of that certain strip of land described in easement for public roadway and other purposes from Burlington Northern, Inc., to the City of Sedro Woolley, Washington, recorded January 3, 1973, in Volume 106, Page 488, as Document No. 779702, in and for said County; thence easterly deflecting an angle of 65 degrees 21' 30", as measured from north to east from the last described course, 25 feet, more or less, to a point being 120.0 feet westerly, as measured at right angles from the westerly line of 30.0 foot wide First Street; thence southerly parallel with said main track centerline and along the westerly line of said Wood's Logging Supply, Inc., property 360 feet, more or less, to the southwest corner thereof; thence east along the southerly line of said Wood's Logging Supply, Inc., property, 120.0 feet to the true point of beginning.



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EXCEPT from said Parcel "G" all those portions thereof lying within Section 25.

TOGETHER WITH a non-exclusive Storm Drain Easement over, across and under said excepted portion of Parcel "G", lying in Section 25, as established and described on Auditor's File No. 200202010133.

PARCEL H

That portion of said Railway Company's Station Ground property at Sedro-Woolley, Washington, situated in the west ½ of the southeast ¼ of the southwest ¼ of said Section 24, Township 35 North, Range 4 East, W.M., Skagit County, Washington, more particularly described as follows:

Beginning at the southwest corner of said west ½ of the southeast ¼ of the southwest ¼ of Section 24; thence northerly along the west line of said west ½ of the southeast ¼ of the southwest ¼, a distance of 690 feet, more or less, to the intersection with a line drawn parallel with and distant 200.00 feet westerly, as measured at right angles from said Railway Company's Main Track centerline, as now located and constructed; thence northeasterly along the last described parallel line, 235 feet, more or less, to the southerly line of that certain strip of land described in easement for public roadway and other purposes from Burlington Northern, Inc., to the City of Sedro Woolley, Washington, recorded January 3, 1973, in Volume 106, Page 488, as Document No. 779702, in and for said County; thence easterly, deflecting an angle of 65 degrees 21' 30", as measured from north to east from the last described course, 190 feet, more or less, to a point being 25.0 feet westerly, as measured at right angles from said Main Track centerline; thence southwesterly parallel with said Main Track centerline, 660.00 feet; thence westerly at right angles, 25 feet, more or less, to a point being 15.0 feet westerly, as measured at right angles from said Railway Company's spur track centerline, as now located and constructed; thence southerly parallel with said spur track centerline, 340 feet, more or less, to the south line of said west ½ of the southeast ¼ of the southwest ¼; thence west along said south line to the point of beginning.

EXCEPT that portion thereof, if any, lying within City of Sedro-Woolley road right-of-way commonly known as Rita Street.



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