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RETURN ADDRESS:

First Community Bank Loan Center
P O Box 3800
721 College Street SE
Lacey, WA 98509-3800

KATHY HILL
SKAGIT COUNTY CLERK

93 AUG 26 7 4 04

LAND TITLE COMPANY OF SKAGIT COUNTY

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P-85777

DEED OF TRUST

Reference # (if applicable): 1920070583

Additional on page _____

Grantor(s):

1. Aloha Lumber Corporation

Grantee(s)/Assignee/Beneficiary:

FIRST COMMUNITY BANK OF WASHINGTON, Beneficiary
Land Title Company of Skagit County, Trustee

Legal Description: A PTN OF W 1/2 OF SW 1/4, 12-34-4 E W.M.
A PTN OF LOTS 14 & 15, SUNSET ADD. TO CLEAR LAKE
SE 1/4 OF NE 1/4, 20-35-8 E W.M.
S 1/2 OF NW 1/4, 21-35-8 E W.M.
SE 1/4 OF SW 1/4, 17-35-9 E W.M.

Additional on page _____

Assessor's Tax Parcel ID#: 340412-3-006-0000, 4027-000-014-0005, 340412-3-007-0009,
350820-1-005-0000, 350821-2-003-0009, 350917-3-006-0009

THIS DEED OF TRUST IS DATED AUGUST 25, 1998, among Aloha Lumber Corporation, a Washington Corporation, whose mailing address is 1700 Cooper Point Road SW #C1, Olympia, WA 98502 (referred to below as "Grantor"); FIRST COMMUNITY BANK OF WASHINGTON, whose mailing address is 313 WEST WALDRIP, P O BOX 738, ELMA, WA 98541 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Land Title Company of Skagit County, whose mailing address is P O Drawer 1225, 601 Second Street, Mt Vernon, WA 98273 (referred to below as "Trustee").

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CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in Skagit County, State of Washington (the "Real Property"):

See attached Exhibits A and B

The Real Property or its address is commonly known as Georgia Pacific, Kamp, and Snyder, Skagit County, WA. The Real Property tax identification number is 340412-3-006-0000, 4027-000-014-0005, 340412-3-007-0009, 350820-1-005-0000, 350821-02-003-0009, 350917-3-006-0009.

Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 65.08.070; the lien created by this assignment is intended to be specific, perfected and choate upon the recording of this Deed of Trust. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Beneficiary. The word "Beneficiary" means FIRST COMMUNITY BANK OF WASHINGTON, its successors and assigns. FIRST COMMUNITY BANK OF WASHINGTON also is referred to as "Lender" in this Deed of Trust.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Grantor. The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without limitation Aloha Lumber Corporation.

Guarantor. The word "Guarantor" means and includes without limitation any and all guarantors, sureties, and accommodation parties in connection with the Indebtedness.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. In addition to the Note, this Deed of Trust secures the following described additional indebtedness: all prior loans and any future loans including but not limited to the following: note #1920070579 dated March 6, 1998, note #1920070582 dated June 26, 1998, note #1920070572 dated September 13, 1996, note #1920070576 dated January 11, 1998, note #1920070578 dated February 5, 1998, note #1920070581 dated June 10, 1998, note #1920070574 dated February 11, 1997, note #1920070580 dated June 10, 1998, note #1920070575 dated June 12, 1997. This Deed of Trust secures, in addition to the amounts specified in the Note, future advances in an unlimited amount, together with all interest thereon, which future advances Lender is obligated to make so long as Grantor complies with all the terms and conditions of the Note or other loan agreement.

Lender. The word "Lender" means FIRST COMMUNITY BANK OF WASHINGTON, its successors and assigns.

Note. The word "Note" means the Note dated August 25, 1998, in the original principal amount of \$1,600,000.00 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note. **NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all issues and profits thereon and proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means Land Title Company of Skagit County and any substitute or successor trustees.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon default). The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agriculture or farming purposes.

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs,

replacements, and maintenance necessary to preserve its value.

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, about or from the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Property by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the properties. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) increase the interest rate provided for in the Note or other document evidencing the Indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest in a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Deed of Trust.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right To Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

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Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance for the full unpaid principal balance of the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Deed of Trust, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate provided for in the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust.

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities, including without limitation all applicable environmental laws, ordinances, and regulations, unless otherwise specifically excepted in the environmental agreement executed by Grantor and Lender relating to the Property.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice all at Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

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Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the indebtedness secured by this Deed of Trust; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust.

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under the Note, this Deed of Trust, and the Related Documents, and (b) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness, including without limitation all future advances, when due, terminates the line of credit, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee shall be paid by Grantor, if permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Deed of Trust:

Default on Indebtedness. Failure of Grantor to make any payment when due on the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

Compliance Default. Failure of Grantor to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Deed of Trust, the Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Foreclosure, Forfeiture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

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Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option to declare the entire indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding or pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's instructions) are part of this Deed of Trust.

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

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Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Skagit County, Washington. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice under this Deed of Trust shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courier, or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Lender and Trustee informed at all times of Grantor's current address.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Applicable Law. This Deed of Trust has been delivered to Lender and accepted by Lender in the State of Washington. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

Time Is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waivers and Consents. Lender shall not be deemed to have waived any rights under this Deed of Trust (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all indebtedness secured by this Deed of Trust.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

Aloha Lumber Corporation

By 
Phillip E. Roderick, President

08-25-1998
Loan No 1920070583

DEED OF TRUST
(Continued)

Page 8

CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON
COUNTY OF Grays Harbor) SS

JOHN A. HUBER
NOTARY PUBLIC
STATE OF WASHINGTON
My Commission Expires Nov. 27, 2001

On this 25 day of AUGUST, 19 98, before me, the undersigned Notary Public, personally appeared Phillip E. Roderick, President of Aloha Lumber Corporation, and personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the corporation that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the corporation.

By John A. Huber Residing at ELMA
Notary Public in and for the State of WASHINGTON My commission expires 11-27-2001

REQUEST FOR FULL RECONVEYANCE

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. You are hereby requested, upon payment of all sums owing to you, to reconvey without warranty, to the persons entitled thereto, the right, title and interest now held by you under the Deed of Trust.

Date: _____

Beneficiary: _____

By: _____

Its: _____

LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.25 (c) 1998 CFI ProServices, Inc. All rights reserved. [WA-G01 ALOHOS83.LN]

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EXHIBIT "A"

PARCEL "A":

The West $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 12, Township 34 North, Range 4 East, W.M.

EXCEPT that portion described as follows:

Beginning at the Southwest corner of said Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$;
thence East 100 feet;
thence North parallel with the section line 261 feet;
thence West 100, more or less, to said section line;
thence South, along said section line, to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of Lots 14 and 15, "PLAT OF SUNSET ADDITION TO CLEAR LAKE, SKAGIT COUNTY, WASH.", as per plat recorded in Volume 4 of Plats, page 38, records of Skagit County, Washington, lying West of the following described line:

Beginning at a point on the South line of said Lot 15 a distance of 484.60 feet East of the Southwest corner of said Lot 15;
thence Northerly to a point on the North line of said Lot 14 a distance of 457.88 feet of the Northwest corner of said Lot 14, and the termination of this line, EXCEPT the South 55 feet thereof.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

The South 55 feet, as measured along the West line of the following described tract:

That portion of Lots 14 and 15, "PLAT OF SUNSET ADDITION TO CLEAR LAKE, SKAGIT COUNTY, WASH.", as per plat recorded in Volume 4 of Plats, page 38, records of Skagit County, Washington, lying West of the following described line:

Beginning at a point on the South line of said Lot 15 a distance of 484.60 feet East of the Southwest corner of said Lot 15;
thence Northerly to a point on the North line of said Lot 14 a distance of 457.88 feet East of the Northwest corner of said Lot 14 and the terminus of this line.

Situate in the County of Skagit, State of Washington.

PER

EXHIBIT "A" (continued)

PARCEL "D":

The East 603 feet of the North 30 feet of that portion of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 12, Township 34 North, Range 4 East, W.M., lying West of the State Highway.

EXCEPT that portion thereof lying Easterly of the East line of the East $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 12 produced Southerly.

Situate in the County of Skagit, State of Washington.

PARCEL "E":

A non-exclusive road and utility easement, over and across the following:

The West 40 feet of Lots 12 and 13, "PLAT OF SUNSET ADDITION TO CLEAR LAKE, SKAGIT COUNTY, WASH.", as per plat recorded in Volume 4 of Plats, page 38, records of Skagit County, Washington,

Situate in the County of Skagit, State of Washington.

PARCEL "F":

The Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 20, Township 35 North, Range 8 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "G":

The South $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 21, Township 35 North, Range 8 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "H":

The Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 17, Township 35 North, Range 9 East, W.M., EXCEPT that portion conveyed to the State of Washington in that deed dated September 25, 1952, recorded November 19, 1952 under Auditor's File No. 482083.

Situate in the County of Skagit, State of Washington.

ALOHA LUMBER CORPORATION

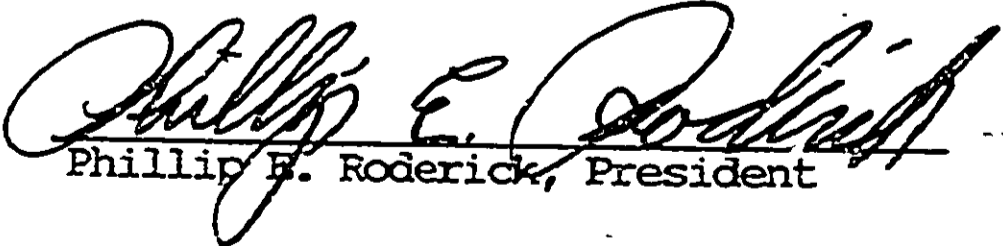

Phillip E. Roderick, President

EXHIBIT "A" (continued)

ALOHA FINNEY CREEK
ROAD USE LICENSE

As of this 5th day of December, 1997, CROWN PACIFIC LIMITED PARTNERSHIP., a Delaware limited partnership, with offices in Hamilton, Washington, 98255, (hereinafter called "Crown") hereby grants to:

Aloha Lumber Company
1700 Cooper Point Road
Olympia, WA 98502

(hereinafter called "Licensee"), a non-exclusive license until December 31, 1998, to use on the terms and conditions hereinafter set forth, the private road described as follows:

Lower Finney Creek Road number 1400 through Crown ownership in the S1/2 SE1/4 of Section 13, Township 35 North, Range 07 East, W.M. and the helicopter landing and access road in the SW1/4 NE1/4 of Section 21, Township 35 North, Range 08 East, W.M. as shown on the attached Exhibit 1.

1. This license is granted solely for the purpose of hauling approximately 200 MBF of logs from Licensee's adjacent timber sale.
2.
 - a) In addition to the other obligations of the Licensee herein contained, Licensee shall pay to Crown the sum of \$ 250.00, payable in advance of operations.
 - b) Concurrent with the conclusion of operations, Crown may present documentation and cost estimates of any loss, damage or expense incurred by Crown due to Licensee's actions, omissions, negligence or noncompliance with the terms of this License or with the terms of any law, rule or regulation. All such sums which Crown determines Licensee should pay shall be remitted to Crown immediately. The failure by Crown to present such documentation and cost estimate is not a waiver of Crown's right to enforce any provision of this License.
3. Licensee, at all times during the term hereof shall, at its own expense, maintain said road in such condition as to be passable for a standard passenger car; provided, however, that all facilities such as bridges, culverts, railroad crossings, etc. shall be maintained at least in the same condition as they were at the commencement of the term hereof. At the termination hereof for any reason, Licensee shall leave said road and such facilities in at least as good a condition as they were at the commencement hereof, normal wear and tear excepted. Licensee's obligation in this regard shall, however, be shared with any other person, firm or corporation licensed by Crown to use all or any part of said road at the same time in proportion to their respective use thereof, and, in the case of any disagreement with respect to such sharing, Crown's decision shall be final and binding on all concerned.
4. This License is non-exclusive and Crown reserves the right to:
 - a) Grant to others rights with respect to the use of said road;
 - b) Use said road in the conduct of its business, and Licensee shall exercise its rights hereunder in a manner which will not interfere with such use by Crown;

PER

EXHIBIT "A" (continued)

c) Prohibit at any time the use by Licensee upon said road of any vehicle or other equipment which Crown in its sole discretion determines would create an unnecessary hazard or cause unnecessary damage because of its unsafe condition, the potential of fire hazard, or any other cause; and

d) Control the use of said road and the traffic thereon, including but not limited to the right to close the same or limit its use whenever unrestricted use would cause excessive damage thereto due to weather conditions, whenever excessive fire danger exists, or for any other reason, and the right to establish traffic controls, including but not limited to speed limits, rights-of-way on roads and turnouts, number of vehicles to be used, number of trips per day and/or per hour, and the days and/or hours during which trips may be made.

Crown's decisions with respect to any of the matters referred to in the preceding sub-paragraphs a) through d) shall be binding on all concerned in the absence of bad faith. Notice of any such decision may be delivered orally or in writing to anyone exercising the rights herein granted, in which case it shall be effective immediately; or by mail addressed to Licensee, in which case, it shall be effective 24 hours after mailing.

5. a) Licensee, in all of its operations in connection with which it exercises rights hereunder, shall comply with all applicable Federal, State and local laws, rules and regulations (including, but not limited to, those relating to forestry and conservation practices, clearance of slash, and the prevention, suppression and control of fires) and all valid orders of Federal, State and local officials pertaining thereto.
- b) Licensee shall strictly comply with all rules, regulations or orders of Crown established herein or pursuant hereto; take all reasonable precautions to prevent the use of said road by unauthorized persons; keep said road open and free of obstructions; and, without the consent of Crown, refrain from stacking logs or other materials on or alongside said road and from loading its trucks thereon.
6. In case of fire on or threatening the land upon, over and across which said road is situated, Crown shall have the right to commandeer for the purpose of fighting such fire all vehicles and equipment belonging to Licensee, whether used on said road or not, located on any areas adjacent to said land and on any road system of which said road is a part, and Licensee shall make available to Crown all employees Licensee may have in such areas who are willing to help fight such fire. Crown shall reimburse Licensee for use of the vehicles and equipment at the standard rates established by the State of Washington, or if there be none applicable, then a reasonable rental therefor. If the parties cannot agree on such rent, the same shall be determined by arbitration in accordance with the laws of the State of Washington pertaining to arbitration and award.
7. Crown makes no warranties, express or implied, with respect to its title to said road, its grant of user rights to others with respect thereto, or to the condition thereof at any time during the term of this license which is expressly granted subject to any and all grants, easements, licenses, limitation, reservations or rights whatsoever at any time in existence pertaining to said road.

PER

EXHIBIT "A" (continued)

8. As the principal and true consideration for the grant herein contained (it being expressly understood and agreed that the monetary consideration paid to Crown is nominal and secondary), Licensee agrees to assume all risk of and indemnify and hold harmless and, at Licensee's expense, defend Crown from and against any claim, legal action, loss, cost, expense, damage or liability on account of personal injury to or death of any persons whomsoever, including but not limited to employees of Crown, or damage to or destruction of property to whomsoever belonging, including but not limited to property of Crown, or any fire whatsoever, arising from or out of, partly or wholly directly or indirectly, the existence of the rights herein granted, or any act or omission under color of such rights by Licensee, its servants, agents, employees, contractors, subcontractors, suppliers, service technicians, permittees, invitees and visitors; provided, however, that Licensee's undertaking herein contained shall not be construed as covering personal injury to or death of employees of Crown, or damage to or destruction of property of Crown, resulting from the sole negligence of Crown.
9. Licensee shall, at its own expense, procure and maintain, during the term hereof, insurance such as is specified in the Insurance Certificate attached hereto, made a part hereof and marked Exhibit 5, and Licensee must, as a condition precedent to the initial and continued effectiveness of this license, furnish to Crown one or more insurance certificates in the form of said Exhibit 5, evidencing Licensee's compliance with the insurance requirements of this License throughout the term hereof.
10. Licensee understands and agrees that it does not obtain and shall not claim at any time any interest or estate whatsoever in Crown's premises by virtue of the grant of this License or its exercise of the rights herein contained.
11. In the event of any default by Licensee in the performance of any of its undertakings herein, Crown may at its option forthwith terminate this license by notice to Licensee. Any failure by Crown to so terminate this license upon any default by Licensee shall not be deemed to constitute a waiver by Crown of its right to so terminate this license upon any future like or unlike default by Licensee. The expiration or termination hereof for any reason shall be without prejudice to any claim of Crown against Licensee whenever accrued.
12. This License is personal to Licensee and no assignment of any rights granted to Licensee herein, by operation of law or otherwise, shall be valid; provided, however, that the rights herein granted may be exercised, subject to all the terms and conditions hereof, in the accomplishment of the purposes set forth in Paragraph 1 hereof by Licensee's servants, agents, employees, contractors, subcontractors, suppliers, service technicians, permittees, invitees and visitors, but Licensee shall be responsible for compliance by such persons with all of the terms and conditions hereof.
13. This written license embodies the entire agreement of the parties in relation to the subject matter hereof, and no understandings or agreements, verbal or otherwise, in relation thereto exist between the parties except as expressly set forth herein. This license may not hereafter be altered, modified or amended, except by an agreement in writing signed by the parties hereto. *PER*

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EXHIBIT "A" (continued)

14. Except as otherwise herein provided, all notices hereunder shall be in writing and shall be deemed to have been given when delivered or mailed, postage prepaid:
- a) If to Crown, at its address hereinabove set forth, attention of Timberlands Manager, (Washington Division);
 - b) If to Licensee, at its address hereinabove set forth, or
 - c) To such other address, or to the attention of such other person as either party may specify to the other by notice given pursuant to this paragraph.
15. Licensee is to notify Mr. Russ Paul, Timberlands Manager at Hamilton, Washington, at (360) 826-3951, when beginning and completing operations.

IN WITNESS WHEREOF, Crown has executed this license as of the day and year first above set forth. The terms herein set forth are hereby agreed to and accepted as of the day and year first above set forth.

CROWN PACIFIC

Russ Paul
Title: Timberlands Manager

Aloha Lumber Company

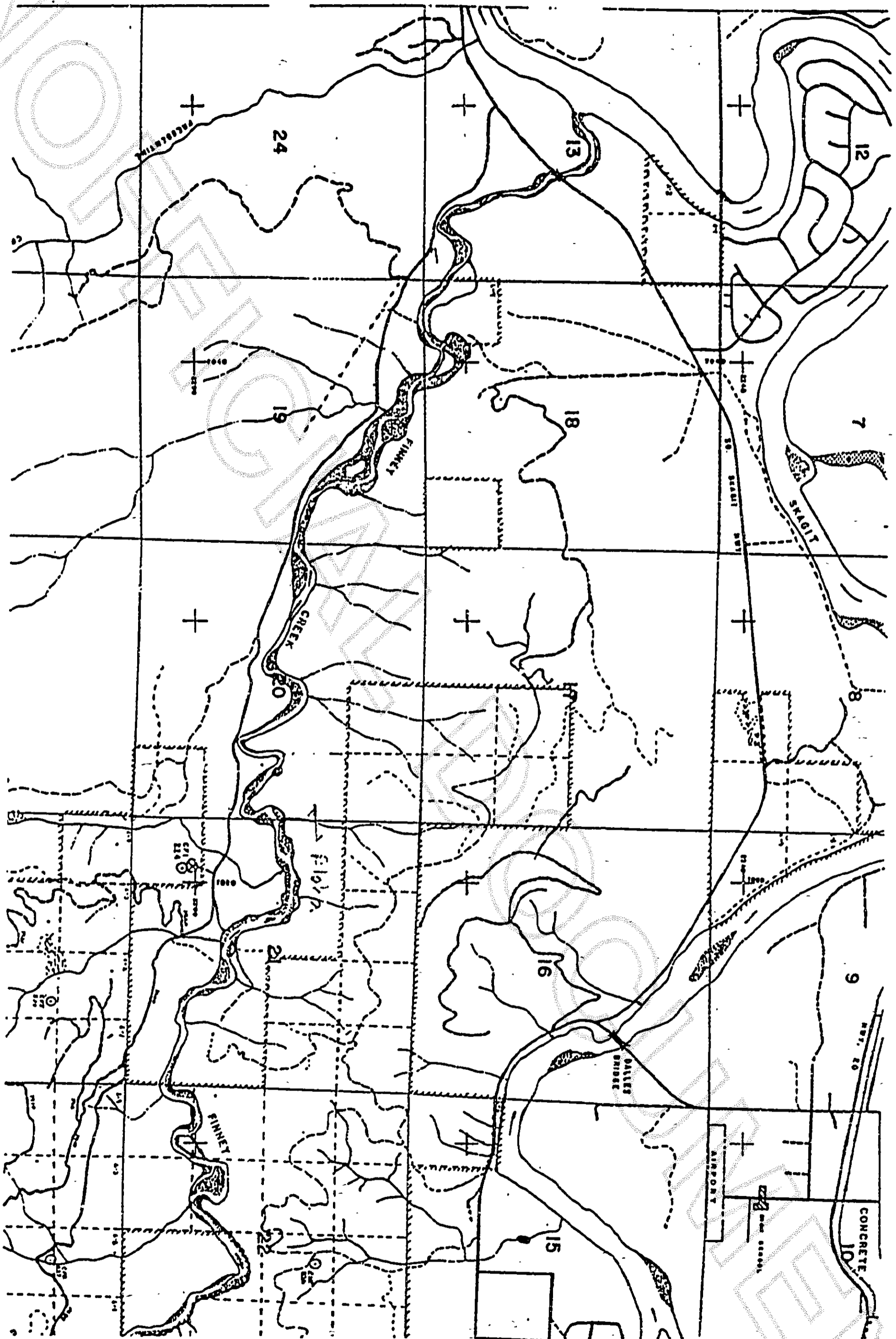
Philip Rodick
Title: Pres.

Attachments: Exhibit 1 - Map
Exhibit 3 - Road Specifications
Exhibit 5 - Insurance

ALOHARU2.DOC

PER

EXHIBIT "A" (continued)



PER

EXHIBIT "A" (continued)

GENERAL ROAD MAINTENANCE SPECIFICATIONS

A. Cuts and Fills

1. Maintain slope lines as constructed. Remove slides from the ditches and roadway. Replace fills to 1 1/2:1 slopes with selected material or as directed. Remove overhanging material from cutslopes.
2. Material from slides or other sources requiring removal shall not be deposited in streams or at locations where it will erode into streams or water courses.
3. Undesirable slide materials and debris shall not be mixed into the road surface material.

B. Surface

1. Grade and shape road surface, turnouts and shoulders to original crown, inslope or outslope as directed to provide suitable traveled surface and surface water runoff in an even, unconcentrated manner.
2. Blading must not undercut backslope at bottom of ditchline.
3. Desirable surface material shall not be bladed off the roadway.
4. Replace surface material lost or worn away.
5. Remove berms except as directed by Crown.

C. Drainage

1. Keep ditches and drainage channels at outlets and inlets of culverts clear of obstructions and functioning as intended.
2. Inspect and clean culverts regularly, with additional inspection during storms and periods of high runoff. This must be done even during periods of inactivity while the Agreement is in effect.
3. Add stable material at outlet end of culvert as needed to stabilize streambed. Keep downspouts attached and in working order.
4. Headwalls must be maintained to road shoulder level with material that will resist erosion.
5. Keep silt-bearing surface runoff from getting into live streams.

D. Structures

1. Repair bridges, culverts, fences, and other road structures to condition required by construction specifications.

E. Termination of Use or End of Season

1. Do maintenance work to minimize damage from the elements. Maintenance such as blading to insure runoff, ditch and culvert cleaning, and building water bars shall be specified by Crown's representative.

F. Debris

1. Remove fallen timber, limbs, and stumps from slopes or roadway.

PER

EXHIBIT "A" (continued)

EXHIBIT 5
INSURANCE CERTIFICATE

This is to certify that _____

(Name of Insured)

of _____, has a policy or policies of
(Address of Insured)

insurance with the undersigned insurance company insuring against the following risks in amounts not less than shown below for each such risk within the United States and naming Crown Pacific ("Crown") as additional insureds thereunder:

- | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------|
| () 1. Automobile Bodily |) | \$1,000,000 each person |
| Injury Liability |) | \$1,000,000 each occurrence |
| () 2. Automobile Property |) | |
| Damage Liability |) | \$500,000 each occurrence |
| () 3. General Bodily |) | \$1,000,000 each person |
| Injury Liability |) | \$1,000,000 each occurrence |
| () 4. General Broad Form |) | |
| Property Damage |) | \$500,000 each occurrence |
| () 5. Contractual Indemnity Liability wherein the insured shall pay for all damage to Crown's property resulting directly or indirectly from the negligent act or omission of Insured or its agent hereunder, and shall reimburse Crown for all costs reasonably incurred for fighting fire resulting directly or indirectly from the act or omissions of Insured or its agent hereunder whether negligent or otherwise and shall indemnify and hold harmless Crown against all claims or liabilities asserted by third persons resulting directly or indirectly from the acts or omissions hereunder, negligent or otherwise. | | |

This Certificate is to be delivered, and the undersigned insurance company agrees to give fifteen days advance written notice of any cancellation of or reduction of the limits of the insurance shown above, to Crown Pacific, P. O. Box 28, Hamilton, WA 98255, Attention: Documents.

Name of Insurance Carrier _____

Expiration Date of Policy (Policies) _____

Name and Address of Agent _____

Date Issued

Authorized Signature

Name of Agreement referenced by this Exhibit: ALOHA FINNEY CREEK ROAD USE AGREEMENT

PER

EXHIBIT "A" (continued)

EXHIBIT 5
INSURANCE CERTIFICATE

This is to certify that ALOHA LUMBER CORPORATION & CASCADE PACIFIC INC.
(Name of Insured)
of 1700 COOPER POINT RD SW, # 4, OLYMPIA, WA. 98502, has a policy or policies of
(Address of Insured)

insurance with the undersigned insurance company insuring against the following risks in amounts not less than shown below for each such risk within the United States and naming Crown Pacific ("Crown") as additional insureds thereunder:

- | | | | |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------|
| (X) | 1. Automobile Bodily Injury Liability |) | \$1,000,000 each person |
| | |) | \$1,000,000 each occurrence |
| (x) | 2. Automobile Property Damage Liability |) | \$500,000 each occurrence. |
| | |) | |
| (X) | 3. General Bodily Injury Liability |) | \$1,000,000 each person |
| | |) | \$1,000,000 each occurrence |
| (X) | 4. General Broad Form Property Damage |) | \$500,000 each occurrence |
| | |) | |
| (XX) | 5. Contractual Indemnity Liability wherein the insured shall pay for all damage to Crown's property resulting directly or indirectly from the negligent act or omission of Insured or its agent hereunder, and shall reimburse Crown for all costs reasonably incurred for fighting fire resulting directly or indirectly from the act or omissions of Insured or its agent hereunder whether negligent or otherwise and shall indemnify and hold harmless Crown against all claims or liabilities asserted by third persons resulting directly or indirectly from the acts or omissions hereunder, negligent or otherwise. | | |

This Certificate is to be delivered, and the undersigned insurance company agrees to give fifteen days advance written notice of any cancellation of or reduction of the limits of the insurance shown above, to Crown Pacific, P. O. Box 28, Hamilton, WA 98255, Attention: Documents.

Name of Insurance Carrier SAFECO INS. CO.
Expiration Date of Policy (Policies) 02/23/98
Name and Address of Agent DUNCAN AND ASSOCIATES, INC.
P O BOX 1458
OLYMPIA, WASH. 98507

Date Issued

Authorized Signature

Name of Agreement referenced by this Exhibit: ALOHA FINNEY CREEK ROAD USE AGREEMENT

PER

EXHIBIT "A" (continued)

THIS PERMIT, made and entered into this 12th day of November, 1997, by and between ALOHA LUMBER CORPORATION, herein called the "Grantee," and Goodyear Nelson Hardwood, Inc., P.O. Box 997, Bellingham, WA 98225, herein called "Goodyear,"

WITNESSETH:

Goodyear, for and in consideration of the terms and conditions specified herein, hereby grants and conveys to the grantee, for the purpose of hauling 200 MBF of timber from and 100 cubic yards of rock to the location of said "premises" as described and shown approximately in red on the attached map marked Exhibit A, attached hereto.

Said "premises" shall be confined to such widths as indicated on Exhibit A Map.

The word "premises" when used herein means strip of land whether or not there is an existing road located thereon. The word "road" shall mean roads now existing or hereafter constructed on the premises, or any segment of such road.

The permit is subject to the terms and conditions hereinafter set out.

1. This permit, nor any of the rights granted herein, shall not be assigned without prior written consent of Goodyear, except that said rights granted herein may be used by any employee, contractor, or representative of the Grantee hereinafter collectively referred to as the Permittee, while engaged in the Grantee's operations.

2. The consideration paid by the Grantee to Goodyear is as follows: No Charge.

3. This permit shall terminate December 1998 or earlier when requested by the Grantee; provided, that this permit may be suspended or terminated upon the breach of any of the conditions herein or at the discretion of Goodyear.

4. The Grantee shall comply with all applicable laws to the extent that it can legally do so including all Department of Natural Resources regulations, county, municipal laws, ordinances or regulations in effect and authorized by law or laws of the State of Washington. Grantee shall be responsible for suppressing fire caused by his negligent use of the rights herein conveyed.

5. This permit is subject to any rights and valid claims previously conveyed by Goodyear and to any rights and valid claims pending on said premises.

6. The Grantee under this permit takes subject to the paramount right of Goodyear and third parties using the road with the permission of Goodyear to use the above described road for any purpose approved by Goodyear.

7. **Damage to Timber and Reproduction** Any damage to trees and/or reproduction deemed by Goodyear to be excessive or unnecessary shall be paid for by the Grantee at triple the appraised value as determined by Goodyear. The Grantee may have the right to remove such trees upon payment therefor if such removal is authorized in writing by Goodyear.

8. **Insurance** Before using any of said rights granted herein, the Grantee shall (require each of its Permittees to) obtain and keep in force a policy of liability insurance in a form generally acceptable in the trade and customary in the area of said rights of way, insuring said Permittee against liability arising out of its operations, including use of vehicles. Minimum amounts of insurance shall be:

(1) For log haulers, Two Hundred Fifty Thousand Dollars (\$250,000) for injury to one person, Five Hundred Thousand Dollars (\$500,000) for any one occurrence, and Two Hundred Fifty Thousand Dollars (\$250,000) property damage for any one occurrence;

(2) For fern cutters, bough cutters, shake cutters or other miscellaneous operating pickup trucks, light trucks (under one ton) or passenger cars for the purpose of transporting miscellaneous forest products, One Hundred Thousand Dollars (\$100,000) for injury to one person, Three Hundred Thousand Dollars (\$300,000) for any one occurrence and One Hundred Thousand Dollars (\$100,000) property damage for any one occurrence; and deliver to Goodyear hereto a certificate from the insurer of said Permittee certifying that coverage is not less than above named amounts is in force and that, in the event of cancellation or modification of such coverage, the insurer will give Goodyear hereto ten (10) days written notice prior to any cancellation or modification.

9. **Survey Marker** All legal subdivision survey corners and witness objects are to be preserved. If such are destroyed or disturbed, the Grantee shall re-establish them by a licensed land surveyor registered in the State of Washington, in accordance with U.S. General Land Office standards at his own expense. Those corners and/or witness objects that must be necessarily disturbed or destroyed in process of construction must be adequately referenced and/or replaced in accordance with all applicable laws of the State of Washington in force at time of construction, reconstruction or development of the right of way, including but not limited to Chapter 58.28 RCW

PER

EXHIBIT "A" (continued)

and all Department of Natural Resources rules and regulations pertaining to preservation of such corners and/or witness objects.

10. Road Maintenance Aloha Lumber Corporation will protect Goodyear Nelsons maintenance agreements with the other affected land owners on the Lower Finney Road. This Agreement simply stated is user maintained. Aloha will repair to Goodyear Nelson's satisfaction any damage they cause.

11. Road Obstruction Aloha Lumber Corporation will not cause there to be an obstruction to the road for any reason, and there will not be any damage to the road surfaces or bridges other than normal wear. There is no reason for passage by other permittees to be blocked at any time.

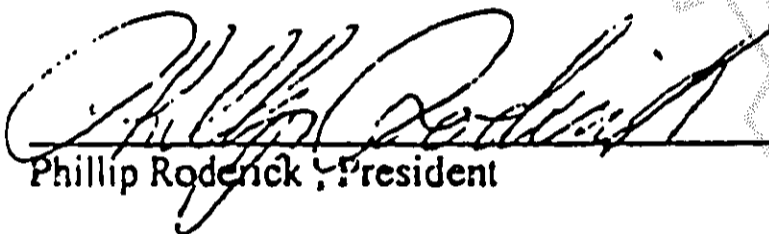
12. Plan of Operation The plan of operation and the entire project will be carried out as per the verbal agreement between Phillip Roderick and Paul Kriegel.

Any operations plan approved by the D.N.R should be from the Northwest Region Office.

IN WITNESS WHEREOF, the parties hereto have caused this Permit to be executed as below subscribed.

ALOHA LUMBER CORPORATION
1700 COOPER PT. RD. SW C-1
OLYMPIA, WA 98502

GOODYEAR NELSON HARDWOOD, INC
P.O. BOX 997
BELLINGHAM, WA 98225


Phillip Roderick, President Date

 11/12/97
Paul Kriegel, Resource Manager Date

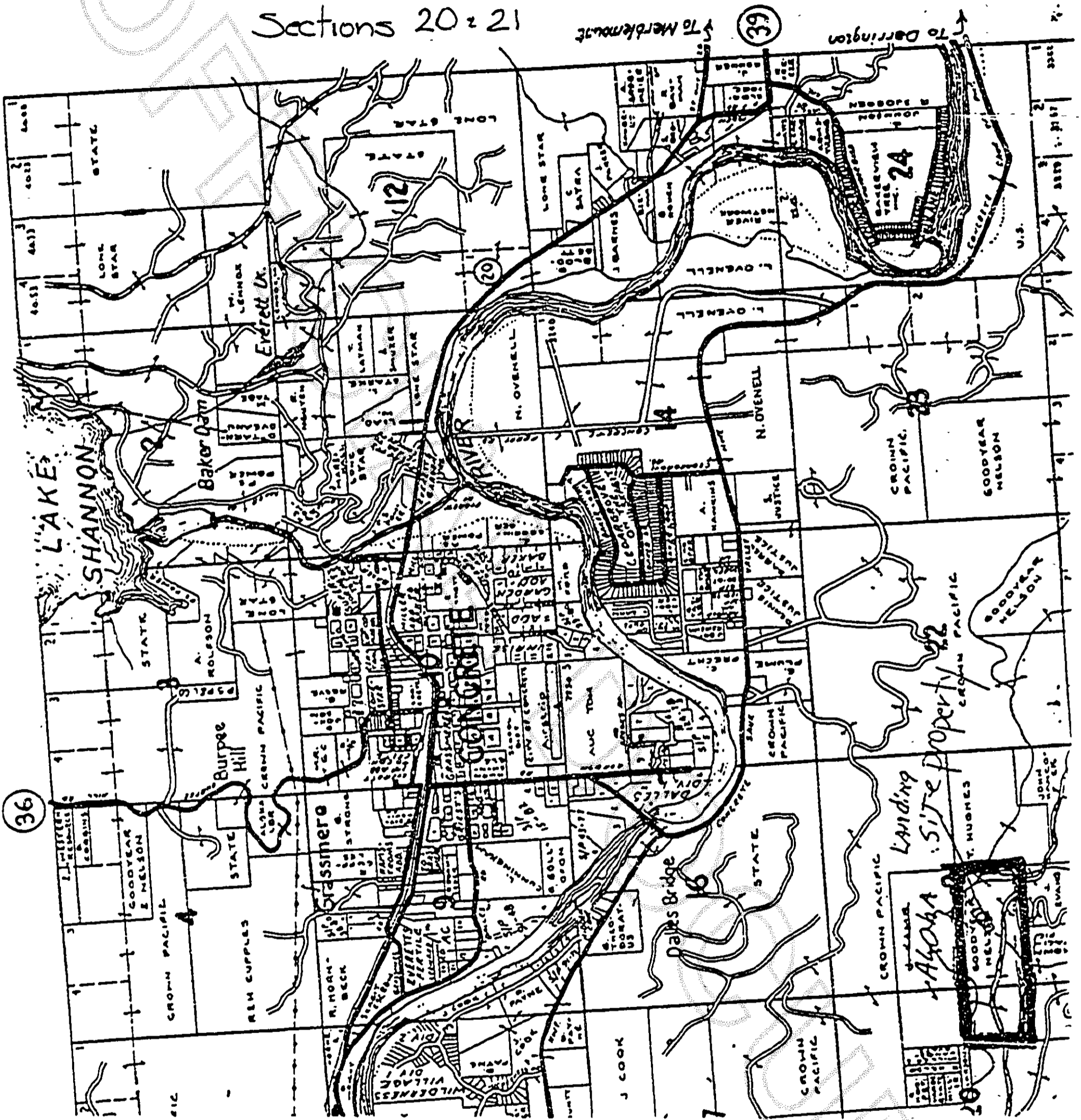
PER

EXHIBIT "A" (continued)

T 35 N , R 8 E

Skagit County

Sections 20 & 21



PER

EXHIBIT "A" (continued)

PORTLAND

31CA-675

PERMIT

By this Permit, JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY, c/o The Campbell Group, One S.W. Columbia, Suite 1720, Portland, OR 97258 hereinafter designated as "OWNER" does, upon the terms and conditions herein stated, grant to:

F 8 G

ALOHA LUMBER COMPANY

1700 COOPER POINT ROAD S.W. C-1

OLYMPIA, WASHINGTON 98502

hereinafter designated as the "PERMITTEE", non-exclusive permission to be upon:

OWNER's land in portions of Section 24, Township 35 North, Range 7 East, and portions of Sections 19 and 20, Township 35 North, Range 8 East, W.M., all in Skagit county, Washington.

hereinafter designated as the "Premises", more particularly described on Exhibit A attached hereto and by this reference made a part hereof for the purpose of:

providing for use, reconstruction and maintenance of existing road as necessary for removal of 200 mbf of timber from PERMITTEE's land in portions of Section 20 and 21, Township 35 North, Range 8 East, Skagit county, Washington.

This Permit is granted upon the following terms and conditions:

1. TERM:

This Permit shall take effect on the 1st day of August, 1997, and shall be in effect until the 31st day of December, 1998, or upon the completion of PERMITTEE's operations whichever date occurs first, provided, however, that OWNER may terminate this Permit at any time, with or without notice, in the event of PERMITTEE's breach of any of the terms or conditions hereof. PERMITTEE shall give OWNER written notice of the completion of its operations.

2. CONSIDERATION:

A. \$540.00 including \$240.00 for toll and \$300.00 for maintenance and replacement.

B. If actual volume of timber hauled over OWNER's roads differs from the numbers mentioned above, adjustments will be made according to the following numbers:

Volume hauled over and above 200 mbf: \$2.70/mbf.

PERMIT - PAGE 1

PER

EXHIBIT "A" (continued)

31CA-675

3. OTHER PROVISIONS:

- A. PERMITTEE will notify OWNER 48 hours prior to commencement of any activities covered by this Permit.
- B. Upon completion PERMITTEE shall provide a volume removal summary to The Campbell Group and if necessary fee adjustments will be made according to the adjustment numbers in paragraph 2 above.

4. ASSUMPTION OF RISK AND LIABILITY BY PERMITTEE:

- A. Presentation of Warranty: PERMITTEE acknowledges that it has inspected the Premises described on Exhibit A, knows the condition thereof and is entering into this Permit with full knowledge of the state and condition of the Premises. OWNER makes no warranty or representation as to the present or future conditions of the Premises, or the character of the traffic on any of its roads, and PERMITTEE assumes all risks of damage to Premises of or injury to PERMITTEE, in connection with the exercise of rights hereunder.
- B. PERMITTEE agrees to pay for all damage to OWNER's property resulting directly or indirectly from the negligent acts or omissions of the PERMITTEE hereunder, and shall reimburse OWNER for all costs reasonably incurred for fighting fire resulting directly or indirectly from the PERMITTEE's acts or omissions hereunder whether negligent or otherwise.
- C. Indemnification: PERMITTEE agrees to indemnify and hold harmless OWNER, its agents and employees from and against any and all liability, damage, loss, expense, claim or demand therefor, including attorney's fees suffered by or asserted against OWNER because of any injury to or the death of any person or persons including, without limitation, employees of the parties hereto or loss or damage to any property including, without limitation, property of the parties hereto, resulting from or arising out of the performance or nonperformance of the Permit by PERMITTEE, its agents, employees, contractors or subcontractors except where such liability, damage, loss or expense is caused by the sole negligence of OWNER or conditions created solely by OWNER. As part of such indemnification, PERMITTEE agrees, if requested by OWNER, to assume without expense to OWNER the defense of any such claim, demand, action or cause of action.

5. INSURANCE REQUIREMENTS:

PERMITTEE shall obtain, at its own cost and expense, and maintain during the term of this Permit with companies acceptable to OWNER the following insurance coverage:

- A. Comprehensive general liability insurance of not less than \$1,000,000 combined single limit for bodily injury and property damage providing coverage for operations and independent contractors. Broad Form B Logging Property Damage, with limits of not less than, \$1,000,000 each Occurrence.

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PER

EXHIBIT "A" (continued)

31CA-675

B. Automobile liability insurance with limits of not less than:

\$1,000,000 per person,

\$1,000,000 per occurrence for bodily injury, and

\$1,000,000 per occurrence for property damage; providing coverage for owned automobiles, non-owned automobiles, and hired automobiles.

Said policies shall name OWNER and THE CAMPBELL GROUP as additional insured with respect to performance of the Permit. Said policies shall include an endorsement that they will not be terminated, reduced or materially changed without thirty (30) days prior written notice to OWNER.

Before exercising any rights granted hereunder, PERMITTEE shall deliver to OWNER certificates from PERMITTEE's insurance carrier evidencing the coverage outlined above.

Any subcontractors must also meet the same insurance requirements and the PERMITTEE is responsible to ensure that these requirements are met. At OWNER's request, PERMITTEE will supply OWNER with evidence of such compliance.

6. COMPLIANCE WITH LAWS AND REGULATIONS:

PERMITTEE shall comply with all applicable laws, statutes, ordinances and regulations of Federal, State and local governments and agencies thereof, including, but not limited to, those relating to surface mining, forestry and conservation practices and the prevention, suppression and control of fire, and all valid orders of Federal, State, and local officials pertaining thereto. PERMITTEE shall be responsible for and shall obtain all permits and licenses required in its use of OWNER's property for purposes stated herein.

7. FIRE PROTECTION AND SUPPRESSION:

For the protection of OWNER's land and timber in the vicinity of the Premises:

- A. PERMITTEE agrees to dispose of all slashing and debris created by PERMITTEE's operation on the Premises in a manner satisfactory to OWNER and upon such disposal PERMITTEE shall, if required to do so by OWNER or by government officials, promptly obtain an unconditional certificate of clearance with respect to the slashings so disposed of and deliver the same to OWNER;
- B. Upon discovery of any fire on or in the vicinity of the Premises the PERMITTEE shall immediately notify OWNER and the nearest State Fire Warden and shall use all its equipment and employees to suppress any such fire, regardless of the cause or origin of the fire.

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PER

EXHIBIT "A" (continued)

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8. USE AND MAINTENANCE OF PREMISES:

- A. PERMITTEE agrees to conduct its operations in a workmanlike manner, and leave the Premises in a condition satisfactory to OWNER upon the expiration of this Permit. It is understood and agreed that PERMITTEE shall not commit or suffer to be committed any waste upon the Premises nor allow or cause the Premises to be used for any improper or unlawful purpose.
- B. PERMITTEE agrees to neither cut, damage nor destroy any of OWNER's timber, without OWNER's prior written permission. The cutting, damaging or destroying of any such timber shall be considered willful trespass and PERMITTEE shall be liable to OWNER therefore in a sum equal to three times the damage sustained by OWNER on account of the cutting, damaging or destroying of such timber.
- C. PERMITTEE agrees to maintain all roads used in such a state of repair as to allow normal use by passenger cars at all times, and upon the termination of this Permit, leave the same in said condition and shall, if any portion of the same is maintained by any party other than PERMITTEE, pay to such maintaining party PERMITTEE's equitable share of the cost of such maintenance to be agreed upon by the parties concerned.
- D. PERMITTEE agrees to keep all roads open and not obstruct same nor land any logs or other forest products alongside said road nor load any trucks thereon without OWNER's permission in writing.

This Permit shall be subject to the traffic control and other regulations promulgated by OWNER from time to time, including the right of OWNER to close the road during periods of high fire danger or soft road conditions, provided OWNER shall also have suspended its operations near the Premises.

9. NON-ASSIGNMENT:

Neither this Permit nor the right of PERMITTEE hereunder shall be assignable in whole or in part, by operation of law or otherwise, without the prior written consent of OWNER thereto.

10. NOTICE:

Any notice or demand required or permitted to be given under the terms of this Permit shall be deemed to have been duly given if served personally or if deposited in the United States mail in a sealed envelope, postage prepaid, by registered or certified mail, addressed to the party to be served at the latter's post office address hereinabove set forth; and such service by registered mail shall be equivalent to personal service.

PERMIT - PAGE 4

PER

EXHIBIT "A" (continued)

31CA-6/5

11. WAIVER:

Any failure by OWNER to exercise a right to terminate this Permit in case of default by PERMITTEE shall not constitute a waiver of PERMITTEE's obligations to perform strictly in accordance with the terms and conditions of the Permit. Any such right to terminate shall remain in full force and effect and may be exercised so long as such default continues.

12. TERMINATION WITHOUT CAUSE:

OWNER may for any reason, with or without cause terminate this Permit at any time upon twenty-four hours notice to PERMITTEE.

13. ENTIRE AGREEMENT:

This Permit contains the entire agreement of the parties concerning the subject matter hereof, and no provision hereof may be modified, waived or amended except in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Permit to be executed in duplicate on the 12th day of Dec, 1997

ACCEPTING PARTY:

ALOHA LUMBER COMPANY

By: [Signature]

Title: Pres.

Date: 12-12-97

"PERMITTEE"

GRANTING PARTY:

JOHN HANCOCK MUTUAL LIFE
INSURANCE COMPANY

By: Hancock Natural Resources Group, Inc.,
its investment manager

By: [Signature]

Title: Manager of Operations

Date: 11-12-97

"OWNER"

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PER

EXHIBIT "A" (continued)

JOHN HANCOCK LIFE INSURANCE COMPANY

31CA-675

EXHIBIT MAP

COUNTY: Skagit

LEGAL DESCR.: Portions of Section 24(35N-7E) & 19,20(35N-8E)

MAP DATE: July 1, 1997

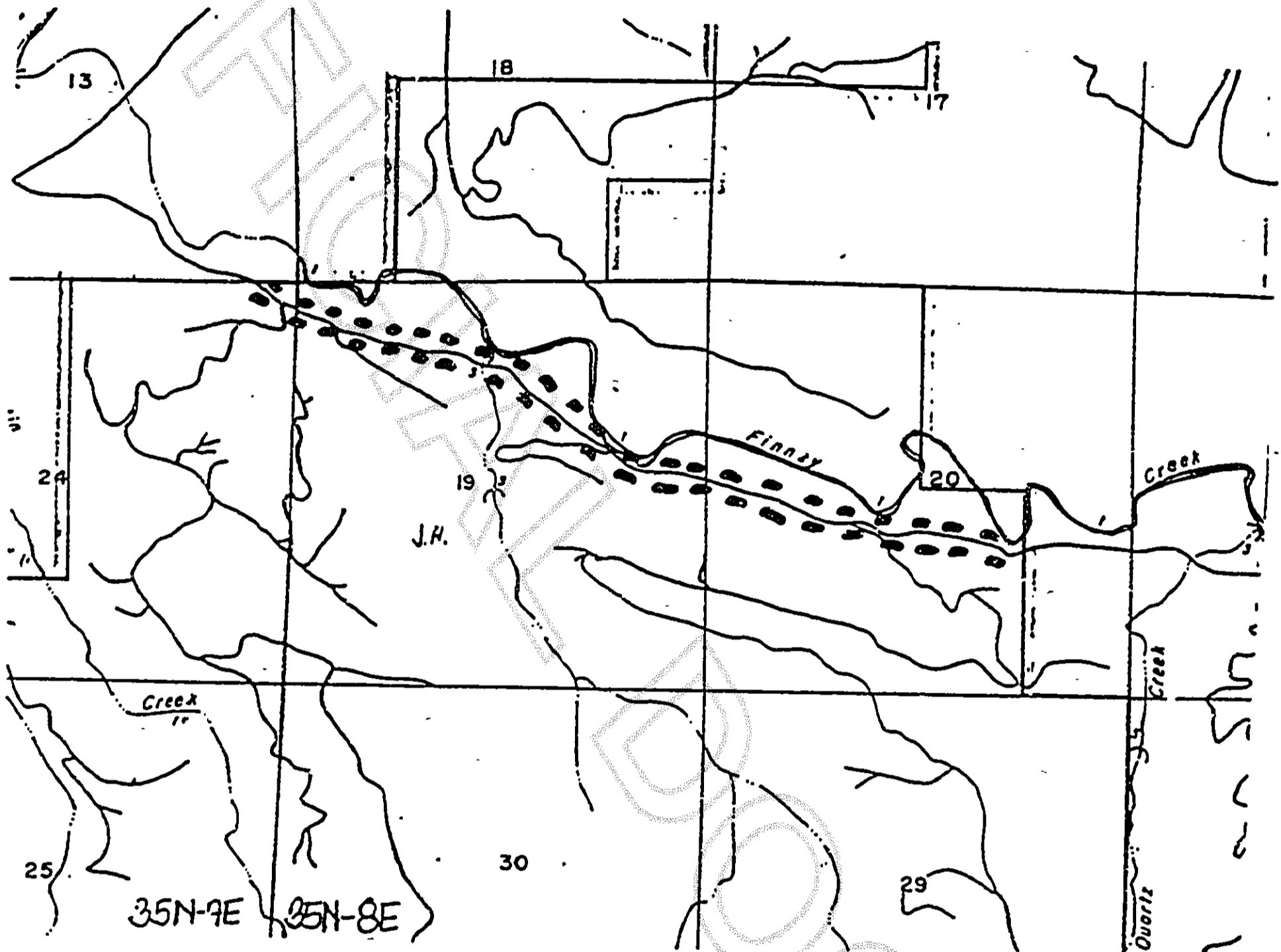


EXHIBIT A

Existing forest road

Existing forest road with non-exclusive temporary right-of-way

PERMIT - PAGE 6

PER

EXHIBIT B

Attachment to Deed Of Trust & Security Agreement dated August 25, 1998

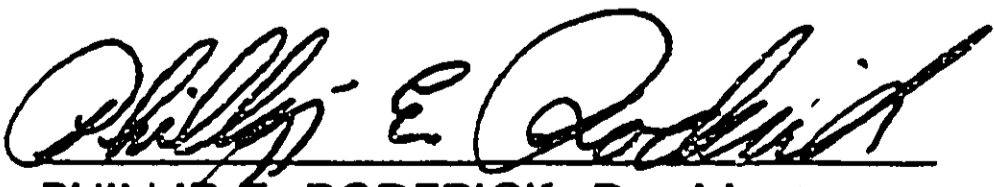
All Timber, including but not limited to all standing, growing, fallen and dead timber, logs, blocks, lumber in any state or form of manufacturing or processing at any location, the by-product therefrom and in all proceeds thereof; and

All Inventory, including but not limited to all standing, growing, fallen and dead timber logs, blocks, lumber in any stage or form of manufacturing or processing. All raw materials, work in process whether now owned or hereafter acquired, and wherever located, including merchandise and stock in trade, either in possession of the borrower, a warehouseman, bailee, or any other person, and in all products thereof, and all proceeds thereof; and

All Accounts and Other Rights to Payments as described as follows: Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease, or other disposition of goods or other property by Debtor, out of rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interest (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligations to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, and loans and obligations receivable; and including but not limited to

All Timber, all Inventory, all Accounts and Other Rights to Payments, and General Intangibles and as further described in the Security Agreement with the foregoing located on, originating/generated from/on, and/or derived from all timber located on real property as described in Exhibit A attached to Deed of Trust of even date.

ALOHA LUMBER CORPORATION


PHILLIP E. RODERICK, President

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