

RETURN TO:
SKAGIT STATE BANK
P O BOX 285
BURLINGTON WA 98233



200208070089

Skagit County Auditor

8/7/2002 Page 1 of 2 3:25PM

LAND TITLE COMPANY OF SKAGIT COUNTY

Tax ID# 340309-2-005-0009 (P21284)

COLLATERAL ASSIGNMENT OF LEASE
(Assignment of Lessee's Interest)

Date: August 2, 2002
Lender: SKAGIT STATE BANK
Lessee: WASHINGTON ALDER, LLC
Lessor: DAHLSTED FAMILY TRUST

Lessee leases certain real property and/or improvements from Lessor. Lender has extended or will extend credit to Lessee, and as a condition of such financing, is requiring that Lessee assign its interest in the lease identified below.

NOW, THEREFORE, the parties agree as follows:

1. "Lease" means that certain lease between Lessor and Lessee dated December 17, 1997 covering real property and improvements located at: 13421 Farm To Market Rd., Mount Vernon, WA (copy attached). "Assignee" means Lender, and its successors or assigns.

2. For valuable consideration received, Lessee hereby assigns to Assignee all of Lessee's right, title and interest in, to and under the Lease as security for all of Lessee's obligations to Lender, now existing and hereafter incurred, including but not limited to all amounts owed by Lessee to Lender under (describe loan) Loan #3129921115 dated August 2, 2002
in the original amount of \$5,000,000.00.

3. Lessee warrants that the copy of the Lease attached hereto is a true and complete copy, including all modifications and extensions (if any), that there are no other agreements, arrangements or understandings between Lessor and Lessee concerning or affecting the Lease or the leased premises and that the Lease is in good standing.

4. Lessee agrees that Lessee will: (i) faithfully perform all of its obligations under the Lease, and indemnify Assignee and hold it harmless from any claim or liability asserted by any third party with regard to the Lease and the leased premises; (ii) give Assignee prompt notice of any default by either Lessee or Lessor under the Lease, and will immediately provide Assignee with a copy of any written notice or communication received from Lessor asserting the existence of any default; (iii) without Assignee's prior written consent (which may be withheld for any reason), not permit any modification, alteration or termination of the Lease, or consent to an assignment or sublease, or waive, release or discharge Lessor from any obligation under the Lease.

5. This Assignment is intended to be a present, active assignment, but shall impose no duties or obligations on Assignee under the Lease unless and until Assignee elects (in its sole discretion) to assume the Lease. So long as Lessee is not in default with regard to its obligations to Lender, Lessee shall be entitled to occupy the leased premises and enjoy all benefits under the Lease. If Lessee defaults in its obligations to Lender, or if Lessee defaults under the Lease, Assignee may (but shall not be required to) at any time, and from time to time, take any action Assignee deems necessary or proper with regard to the Lease (including without limitation, curing any default of Lessee under the Lease, ejectment of Lessee from the premises, re-letting of the premises to an assignee or subleasee, modification of the Lease, etc). Lessee consents to all such action and agrees that no such action will be deemed to waive or impair Assignee's rights and remedies against Lessee. Lessee authorizes and directs Lessor, on receipt of a written statement from Assignee stating that Lessee is in default to Lender, to permit Assignee to exercise any and all of its rights under this Assignment, and agrees that

Lessor shall rely solely on such notice with no duty to inquire or investigate the alleged default regardless of any notice from or claim of Lessee to the contrary, and that Lessor shall have no liability to Lessee for doing so.

6. Assignee shall be entitled to further assignments of its rights and interest hereunder without notice to or consent of Lessee or Lessor. This Assignment shall be binding on Lessee, its successors and assigns, and all parties claiming through them. Lessee agrees to pay Assignee's attorneys' fees and costs incurred in enforcement or protection of Assignee's rights under this Assignment.

LESSEE: WASHINGTON ALDER, LLC

By *Richard D. Tinney*
Richard D. Tinney

Title: President and CEO

STATE OF WASHINGTON

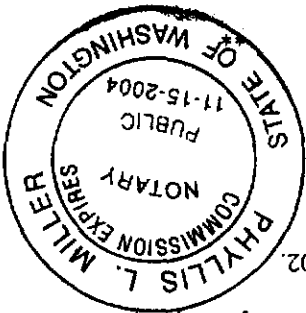
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COUNTY OF SKAGIT

On this day personally appeared before me Richard D. Tinney

President & CEO of Washington Alder, LLC, and personally known to me or proved to me on the basis of satisfactory evidence to be an officer of the limited liability company that executed the Collateral Assignment of Lease and in fact executed the Assignment on behalf of the limited liability company.

GIVEN under my hand and official seal this 6th day of August, 2002.



Phyllis L. Miller
Notary Public in and for the State of Washington
residing at Skagit County
My appointment expires on 11-15-04

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