

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:



200803240137  
Skagit County Auditor

3/24/2008 Page 1 of 11 3:09PM

Chicago Title Company  
Attention: LAINE CHENG  
700 South Flower Street, Ste. 900  
Los Angeles, California 90017  
Chicago Title Order No.: 80800601-X52

CHICAGO TITLE CO.

1C44992

**DEED OF TRUST  
AND ASSIGNMENT OF RENTS**  
(Variable Interest Rate Revolving Line of Credit)

Legal Description (abbreviated): **Tract H, AMENDED BURLINGTON HILL BUSINESS PARK PHASE II BINDING SITE PLAN; being ptn. SW, Sec. 29, T35N, R4EWM and ptn. NW, Sec. 32, T35N, R4EWM.** Full Legal Description on Exhibit A attached hereto.

Assessor's Tax Parcel/Account Number(s): P117839; P119929

**THIS DEED OF TRUST AND ASSIGNMENT OF RENTS** (this "Deed of Trust"), is executed as of March 17, 2008 by and among **PACIFIC WOODTECH CORPORATION**, a Washington Corporation herein called **Grantor**, whose address is 1850 Park Lane, Burlington, Washington, 98233, **CHICAGO TITLE INSURANCE COMPANY**, a California corporation, herein called **Trustee**, and **MIZUHO CORPORATE BANK, LTD.**, a Japanese banking corporation acting through its Los Angeles Agency, herein called **Beneficiary**.

1. Grant. For purposes and upon the terms and conditions in this Deed of Trust, Grantor irrevocably grants, conveys and assigns to Trustee, in trust for the benefit of **Beneficiary**, with power of sale and the right of entry and possession, all of Grantor's right, title and interest in (a) all real property located in Skagit County, Washington, and described on Exhibit A attached hereto; (b) all easements, rights-of-way and rights used in connection with or as a means of access to any portion of said real property; (c) all tenements, hereditaments and appurtenances thereof and thereto; (d) all right, title and interest of Grantor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining said real property, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with said real property; (e) all buildings, improvements and landscaping now or hereafter erected or located on said real property; (f) all development rights, governmental or quasi-governmental licenses, permits or approvals, zoning rights and other similar rights or interest which relate to the development, use or operation of, or that benefit or are

appurtenant to, said real property; (g) all mineral rights, oil and gas rights, air rights, water or water rights, including without limitation, all wells, canals, ditches and reservoirs of any nature and all rights thereto, appurtenant to or associated with said real property, whether decreed or undecreed, tributary or non-tributary, surface or underground, appropriated or unappropriated, and all shares of stock in any water, canal, ditch or reservoir company, and all well permits, water service contracts, drainage rights and other evidences of any such rights; and (h) all interest or estate which Grantor now has or may hereafter acquire in said real property and all additions and accretions thereto, and all awards or payments made for the taking of all or any portion of said real property by eminent domain or any proceeding or purchase in lieu thereof, or any damage to any portion of said real property together with the rents, issues and profits thereof (collectively, the "Property"). The listing of specific rights or property shall not be interpreted as a limitation of general terms.

2. Address. The address of the Property is: 1850 Park Lane, Burlington, Washington 98233. Neither failure to designate an address nor any inaccuracy in the address designated shall affect the validity or priority of the lien of this Deed of Trust on the Property as described in Exhibit A. In the event of any conflict between the provisions of Exhibit A and said address, Exhibit A shall control.

3. Obligations Secured. Grantor makes this grant, conveyance and assignment for the purpose of securing the prompt and faithful performance of the following obligations (each, a "Secured Obligation" and collectively, the "Secured Obligations") in the order cited herein:

(a) the payment to Beneficiary of all sums at any time owing and the performance of all other obligations arising under or in connection with that certain Revolving Uncommitted Availability Facility Agreement and Grid Promissory Note dated as of March 17, 2008 in the maximum principal amount of \$5,000,000.00 with interest as provided therein, executed by Grantor in favor of and payable to Beneficiary or its order (the "**March 2008 Facility**") together with the payment and performance of any other indebtedness or obligation incurred in connection with the March 2008 Facility whether or not specifically referenced therein as the same may hereinafter be amended, modified, revised, supplemented and replaced; and

(b) the payment to Beneficiary of all sums at any time owing and the performance of all other obligations arising under or in connection with that certain Revolving Uncommitted Availability Facility Agreement and Grid Promissory Note dated as of July 22, 2005 in the maximum principal amount of \$15,000,000.00 with interest as provided therein (which maximum amount has since been reduced to \$10,000,000.00), executed by Grantor in favor of and payable to Beneficiary or its order (the "**July 2005 Facility**") as the same may hereinafter be amended, modified, revised, supplemented and replaced together with the payment and performance of any other indebtedness or obligation incurred in connection with the July 2005 Facility and whether or not the obligations are evidenced by a writing which recites that it is secured by this Deed of



Trust; and

(c) the payment to Beneficiary of all sums at any time owing and the performance of all other obligations arising under or in connection with that certain Term Loan Agreement and Promissory Note dated as of June 25, 2007 in the maximum principal amount of **\$10,000,000.00** with interest as provided therein, executed by Grantor in favor of and payable to Beneficiary or its order (the "**June 2007 Facility**") as the same may hereinafter be amended, modified, revised, supplemented and replaced together with the payment and performance of any other indebtedness or obligation incurred in connection with the June 2007 Facility and whether or not the obligations are evidenced by a writing which recites that it is secured by this Deed of Trust; and

(d) all modifications, extensions and renewals of any of the Secured Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii) deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes.

(e) All of the loan documents evidencing the March 2008 Facility, the July 2005 Facility and the June 2007 Facility including but not limited to each agreement, note and all other agreements, guarantees, security agreements and other instruments delivered to the Bank pursuant thereto or in connection with each transaction is hereby collectively referred to as the "Loan Documents".

(f) the term "obligations" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, joint or several, including without limitation, all principal, interest, charges, including prepayment charges and late charges, and loan fees at any time accruing or assessed on any Secured Obligation.

4. Incorporation; Future Advances. All terms of the Secured Obligations are incorporated herein by reference. All persons who may have or acquire an interest in the Property are hereby deemed to have notice of terms of the Secured Obligations and that this Deed of Trust secures future advances, and to have notice, if provided therein, that: (a) the Note or any other Secured Obligation may permit borrowing, repayment and reborrowing; and (b) the rate of interest on one or more of the Secured Obligations may vary from time to time. Funds may be advanced by Beneficiary, repaid by Grantor and subsequently readvanced by Beneficiary. Absent Default under the terms of the Secured Obligations, all advances thereunder by Beneficiary are obligatory and are secured by this Deed of Trust. All such obligatory advances shall have the same priority as the funds initially advanced under any Secured Obligation.



5. Revolving Credit. This Deed of Trust is given, in part, to secure, among other things, revolving loans under the March 2008 Facility and the July 2005 Facility and shall secure existing obligations under the Secured Obligations, and also future advances under the Secured Obligations to the same extent as if such future advances were made on the date of the execution of the Deed of Trust. The lien of this Deed of Trust shall be valid as to all obligations secured hereby, including future advances, from the time of its filing for recording in the recorder's office of the county in which the Subject Property is located. The total principal amount of the obligations secured hereby may increase or decrease from time to time.

6. Assignment. For the purposes and upon the terms and conditions set forth herein, Grantor irrevocably assigns to Beneficiary all of Grantor's right, title and interest in, to and under all leases, licenses, rental agreements and other agreements of any kind relating to the use or occupancy of any of the Property, whether existing as of the date hereof or at any time hereafter entered into, together with all guarantees of and security for tenant's or lessee's performance thereunder, and all amendments, extensions, renewals or modifications thereto (each, a "Lease" and collectively, the "Leases"), together with any and all other rents, issues and profits of the Property (collectively, "Rents"). This assignment shall not impose upon Beneficiary any duty to produce Rents from the Property, nor cause Beneficiary to be: (a) a "mortgagee in possession" for any purpose; (b) responsible for performing any of the obligations of the lessor or landlord under any Lease; or (c) responsible for any waste committed by any person or entity at any time in possession of the Property or any part thereof, or for any dangerous or defective condition of the Property, or for the negligence in the management, upkeep, repair or control of the Property. This is an absolute assignment, not an assignment for security only, and Beneficiary's right to Rents is not contingent upon and may be exercised without taking possession of the Property. Grantor agrees to execute and deliver to Beneficiary, within five (5) days of Beneficiary's written request, such additional documents as Beneficiary or Trustee may reasonably request to further evidence the assignment to Beneficiary of any and all Leases and Rents. Beneficiary or Trustee, at Beneficiary's option and without notice, may notify any lessee or tenant of this assignment of the Leases and Rents.

7. License. Beneficiary confers upon Grantor a license ("License") to collect and retain the Rents as, but not before, they come due and payable, until the occurrence of any Default as defined in the Loan Documents. Upon the occurrence of any Default, the License shall be automatically revoked, and Beneficiary or Trustee may, at Beneficiary's option and without notice, either in person or by agent, with or without bringing any action, or by a receiver to be appointed by a court: (a) enter, take possession of, manage and operate the Property or any part thereof; (b) make, cancel, enforce or modify any Lease; (c) obtain and evict tenants, fix or modify Rents, and do any acts which Beneficiary or Trustee deems proper to protect the security hereof; and (d) either with or without taking possession of the Property, in its own name, sue for or otherwise collect and receive all Rents, including those past due and unpaid, and apply the same in accordance with the provisions of this Deed of Trust. The entering and



taking possession of the Property, the collection of Rents and the application thereof as aforesaid, shall not cure or waive any Default, nor waive, modify or affect any notice of default hereunder, nor invalidate any act done pursuant to any such notice. The License shall not grant to Beneficiary or Trustee the right to possession, except as provided in this Deed of Trust.

8. Assignment of Leases Perfected. The assignment by Grantor of the Leases and Rents in Section 6 is intended to be specific, perfected and choate upon the recording of this Deed of Trust as provided in RCW 7.28.230(3).

9. Protection of Security. To Protect the Security of This Deed of Trust, Grantor Agrees:

(a) To keep the Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(b) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be release to Grantor. Such application or release shall not cure or waive any default or notice of default hereunder of Grantor, or Guarantors under the Loan Documents or invalidate any act done pursuant to such notice.

(c) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(d) To pay at least ten (10) days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Deed of Trust.



Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, without obligation to do so and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purpose; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay its reasonable fees and costs.

(e) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(f) To immediately give Beneficiary written notice of (a) any default by Grantor under any deed of trust affecting the Property or (b) any notice of foreclosure Grantor receives affecting the Property.

(g) That any award of damages in connection with any condemnation for public use of or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(h) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to pay all remaining amounts due.

(i) That at any time or, from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(j) That upon (a) written request of Beneficiary stating that all of the Secured Obligations and sums secured hereby have been paid under the Loan Documents, and (b) payment of its fees and costs, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such conveyance of any matters or facts



shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy this Deed of Trust.

10. Default. That (a) upon a default by Grantor in payment of any Secured Obligation secured hereby or in performance of any agreement hereunder, (b) upon a default by Grantor under any deed of trust affecting the Property, or (c) upon default by Grantor under the Loan Documents or under any other agreement between any Guarantor and Beneficiary, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee a written declaration of default and demand for sale, and of election to cause to be sold the Property in accordance with the Washington Deed of Trust Act at Ch. 61.24 RCW, which notice Trustee shall cause to be filed for recordation. Beneficiary also shall deposit with Trustee this Deed of Trust, and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Grantor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone the sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any convenient or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Grantor, Trustee or Beneficiary as may purchase at such sale.

After deducting all costs, fees and expenses of Trustee including cost of evidence of title in connection with the sale, Trustee shall apply the proceeds of sale to payment of: (i) all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; then (ii) all sums then secured under the March 2008 Facility; then (iii) all sums then secured under the July 2005 Facility; then ((iv) all sums secured under the June 2007 Facility; then (v) all other sums then secured hereby and (vi) the remainder, if any, to the person or persons legally entitled thereto.

11. Substitution of Trustee. The Beneficiary, or any successor in ownership of any matters secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any trustee named herein or acting hereunder which instrument executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor trustee or trustees, who shall, without conveyance from the trustee predecessor, succeed to all its title, estate, rights



powers and duties. Said instrument must contain the name of the original Grantor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new trustee.

12. Sale of Property. Grantor shall not, without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld or delayed, become a party to, or consummate or permit any transaction whereby the property encumbered by this Deed of Trust or any portion thereof would become the property of any other person whether by way of transfer, sale, conveyance, lease, option, right of first sale, right of first refusal, right of first offer, title retention document, conditional sale contract or sale and leaseback or otherwise.

13. Waivers. Grantor waives: (a) any defense based upon any legal disability or other defense of antiusury, estoppel, any guarantor or other person, or by reason of the cessation or limitation of the liability of Grantor, from any cause other than full payment and performance of those obligations of Grantor, which are secured hereunder; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Grantor, or any principal of any partner of Grantor, or any defect in the formation of Grantor or any partner of Grantor, or any principal of any Guarantor; (c) any defense based upon the application by Grantor, of the proceeds of the loan (as defined in the Loan Documents) for purposes other than the purposes represented by Grantor to Beneficiary or intended or understood by Beneficiary or Grantor; (d) any defense based upon Beneficiary's election of any remedy against Grantor or any Guarantor or both, including, without limitation, election by Beneficiary to exercise its rights under the power of sale set forth in this Deed of Trust and the consequent loss by any Guarantor of the right to recover any deficiency from Grantor; (e) any defense based upon Beneficiary's failure to disclose to any Guarantor any information concerning Grantor's financial condition or any other circumstances bearing on Grantor's ability to pay and perform its obligations under the Note or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation or a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon Grantor's election, in any proceeding instituted under the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which Beneficiary may have against Grantor, and any right to participate in, or benefit from, any security for Grantor's obligations now or hereafter held by Beneficiary; (j) presentment, demand, protest and notice of any kind; (k) the benefit of any statute of limitations affecting the liability of Grantor hereunder or the enforcement hereof. Grantor agrees that the payment or performance of any act which tolls any statute of limitations applicable to the Loan Documents shall similarly operate to toll the statute of limitations applicable to Grantor's liability hereunder, and (l) any loss of rights Grantor may have under the Washington Deed of Trust Act at Ch. 61.24 RCW or otherwise, including any rights Grantor may have to a fair value hearing to determine the size of a deficiency following





any foreclosure sale or other disposition of any security for any portion of the Secured Obligations.

14. Successors and Assigns. This Deed of Trust applies to inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

15. Acceptance by Trustee. The Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

The undersigned Grantor requests that a copy of any notice of default and any notice of sale hereunder be mailed to it at its address hereinbefore set forth.

**IN WITNESS WHEREOF,** Grantor has executed this Deed of Trust and Assignment of Rents as of the day first written above.

**PACIFIC WOODTECH CORPORATION**  
a Washington Corporation

By: [Signature]

Name: D. L. Dewitt

Title: President

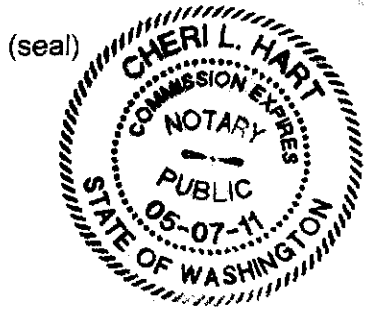


STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )

On March 19, 2008 before me, Cheri Adkins-Hart, Notary Public personally appeared David Dewitte, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under Penalty of Perjury under the laws of the State of Washington that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: Cheri Adkins-Hart  
Notary Signature



EXHIBIT "A"

Legal Description of Property

Tract H, AMENDED BURLINGTON HILL BUSINESS PARK PHASE II BINDING SITE PLAN, approved August 10, 2000, and recorded September 15, 2000, under Auditor's File No 200009150127, records of Skagit County, Washington; being a portion of the Southwest Quarter of Section 29, Township 35 North, Range 4 East of the Willamette Meridian and a portion of the Northwest Quarter of Section 32, Township 35 North, Range 4 East of the Willamette Meridian.

Situated in Skagit County, Washington.

