

AFTER RECORDING RETURN TO:

Richard J. Schroeder
Davis Wright Tremaine LLP
1201 Third Avenue
Seattle, WA 98101



200810270025

Skagit County Auditor

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SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

Grantor(s):

1. Smokey Point Concrete Inc., acting through its division Skagit Ready Mix

Grantee(s):

1. Wells Fargo Bank, National Association, Administrative Agent

Abbreviated Legal Description (lot, block and plat name, or section-township-range):

Ptn. N/2, 14-35-6

Assessor's Property Tax Parcel Account Number(s):

350614-2-001-0002	(P41201)
350614-0-009-0008	(P41178)
350614-0-006-0001	(P41175)
350614-2-002-0001	(P41202)

Reference Numbers of Documents Assigned or Released (if applicable):

Deed of Trust No. 200807010058

Assignment of Rents and Leases No. 200807010057

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made and entered into as of the 24th day of October, 2008, by and between Smokey Point Concrete, Inc., acting through its division Skagit Ready Mix, a Washington corporation ("Tenant"), and Wells Fargo Bank, National Association, a national banking association, as Administrative Agent for itself and lender from time to time party to the Credit Agreement (defined below) ("Administrative Agent").

A. Lender and Tenant as borrower ("Borrower") as parties to that certain Credit Agreement dated June 30, 2008 (as amended, the "Credit Agreement").

B. Pursuant to the Credit Agreement, Lender is providing credit facilities in the aggregate amount of Fifty-Two Million Four Hundred Sixty Thousand Dollars (\$52,460,000) (collectively, the "Loan"), repayment of which is secured, *inter alia*, by a deed of trust or mortgage (herein referred to as the "Deed of Trust") under which Punkin Center, L.L.C., a Washington limited liability company is grantor ("Grantor") on real estate known as 34280 Highway 20, Sedro-Woolley, Washington 98284 (the "Property") all as more fully described in Exhibit A attached hereto. The Deed of Trust has been recorded in Skagit County, Washington under Recording No. 200807010058.

C. The Loan is also secured by an Assignment of Rents and Leases (the "Assignment") in which Grantor assigns the leases affecting the Property and the rents accruing thereunder to Lender. The Assignment has been recorded in Skagit County, Washington under Recording No. 200807010057.

D. Tenant is the lessee under a Commercial Lease Agreement dated June 1, 2008 (the "Lease") between Tenant and Grantor, as Landlord, demising a portion of the Property.

E. As a condition precedent to Lender's consenting to the Lease, Lender has required that Tenant certify and confirm certain matters about the Lease and subordinate the Lease and its interest in the Property in all respects to the lien of the Deed of Trust.

F. It will be of substantial benefit to Tenant for Lender to consent to the Lease.

G. Lender is consenting to the Lease in reliance upon the agreements contained in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the parties agree as follows:



1. Representations and Warranties of Tenant. Tenant represents and warrants to Lender, as of the date hereof, as follows:

1.1 A true and correct copy of the Lease is attached hereto as Exhibit B.

1.2 The Lease has not been amended in any respect except as shown in Exhibit B and is the only lease or agreement between Tenant and any person or entity affecting the Property.

1.3 Tenant has made no agreements with Grantor or its agents or employees concerning free rent, partial rent, rebate of rental payments or any other type of rental concession other than as described in the Lease.

1.4 The Lease is not in default and is in full force and effect. As of the date hereof, Tenant is entitled to no credit and no offset or deduction in rent, and the Tenant does not have any claims or defenses to enforcement of the Lease.

1.5 The Lease does not contain and the Tenant does not have an outstanding option to purchase the Property, except as follows (if none, state "none"): **None.**

1.6 No actions, whether voluntary or otherwise, are pending against the Tenant under the bankruptcy laws of the United States or any state thereof.

1.7 The Lease is for a term of five (5) years commencing with five (5) options of 5 years each. Rent has been paid in advance through August, 2008.

1.8 The monthly rent payable under the Lease is: \$3,600.00.

1.9 Tenant does not know of any prior assignment, hypothecation or pledge of rents under the Lease.

1.10 The certifications contained herein are made and delivered to Lender by Tenant, knowing that Lender will rely upon the truth of the certifications in executing this Agreement.

2. Subordination. The Lease, the leasehold estate created thereby, and the rights of Tenant in, to or under the Lease and the Property, are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate and junior to the lien of the Deed of Trust and the Assignment, as fully and with the same effect as if the Deed of Trust and the Assignment had been duly executed, acknowledged and recorded, and the indebtedness secured thereby had been fully disbursed, prior to the execution of the Lease or possession of the Property by Tenant, or its predecessors in interest.



3. **Reliance by Lender.** The parties are executing this instrument in order to induce Lender to disburse the indebtedness secured by the Deed of Trust, and the parties further agree that the disbursement by Lender of all or any part of the indebtedness shall constitute conclusive reliance by Lender upon this instrument and the provisions hereof and the subordination effected hereby.

4. **Tenant Not to Be Disturbed.** So long as Tenant attorns to Lender and is not in default (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the terms, covenants, or conditions of the Lease on Tenant's part to be performed, Tenant's rights under the Lease including but not limited to quiet enjoyment and possession of the Premises, shall not be diminished or interfered with by Lender.

5. **Tenant Not to Be Joined in Foreclosure.** So long as Tenant is not in default (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the terms, covenants, or conditions of the Lease on Tenant's part to be performed, Lender will not join Tenant as a party defendant in any action or proceeding foreclosing the Deed of Trust unless such joinder is necessary to foreclose the Deed of Trust and then only for such purpose and not for the purpose of terminating the Lease.

6. **Tenant to Attorn to Lender.** If the interests of Grantor shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by it in lieu of or pursuant to a foreclosure, or by any other manner, and Lender succeeds to the interest of the Grantor under the Lease, Tenant shall be bound to Lender under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, with the same force and effect as if Lender were the landlord under the Lease; and Tenant shall attorn to Lender, as its landlord, said attornment to be effective and self-operative immediately upon Lender succeeding to the interest of Grantor without the execution of any further instruments on the part of any of the parties hereto. Except in the event of default by Grantor under the Deed of Trust and notice thereof from Lender, and without affecting Lender's security interest in rent due under the Lease, Tenant shall be under no obligation to pay rent to Lender until Tenant receives written notice from Lender that it has succeeded to the interest of Grantor under the Lease. The respective rights and obligations of Tenant and Lender upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals, shall be and are the same as now set forth therein, it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth at length herein.



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7. **Lender Not Bound by Certain Acts of Landlord.** If Lender shall succeed to the interest of Landlord under the Lease, Lender shall not (a) be liable for any act or omission of any landlord (including Grantor) occurring prior to Lender's succession; (b) be subject to any offsets or defenses which Tenant might have against any landlord (including Grantor) arising prior to Lender's succession; (c) be bound by any security deposits or by any rent or additional rent which Tenant might have paid for more than the then current installment, unless the same shall have been paid to Lender; nor (d) be bound by any amendment or modification of the Lease or any release from liability of any party liable for the obligations of Tenant under the Lease made without Lender's consent.

8. **Purchase Options.** Any option or rights contained in said Lease to acquire title to the Property are hereby made subject and subordinate to the rights of Lender under the Deed of Trust and any acquisition of title to the Property made by Tenant during the term of the Deed of Trust shall be made subordinate and subject to the Deed of Trust.

9. **Notice and Cure of Grantor's Default.** No notice by Tenant to Grantor under the Lease will be binding on Lender unless a copy thereof is sent to Lender. Tenant agrees to send to Lender a copy of any notice relating to a breach of default under the Lease at the same time any such notice is sent to Grantor. Tenant agrees that if any such notice relates to the breach or default by Grantor under the Lease, then Lender, at its sole option and without any obligation so to do, may cure any such default within a reasonable period, but in no event less than any period of time as would be available to Grantor, but measured from the date that Tenant delivers a copy of such notice to Lender. Tenant additionally agrees to promptly give notice to Lender of any damage to or destruction of the Property by fire or other casualty requiring reconstruction of improvements.

10. **No Modification.** No modification, amendment or release of any provision of this Agreement, or of any right, obligation, claim, or cause of action arising hereunder shall be valid or binding for any purpose whatsoever unless in writing and executed by the party against whom the same is asserted.

11. **Notices.** Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or registered or certified mail or by facsimile. Any notice given by registered or certified mail shall be sent with return receipt requested. Any notice give by facsimile shall be verified by telephone. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing.

Lender:

Tim P. Brown
Wells Fargo Bank, National Association,
Administrative Agent
MAC P6478-060
205 108th Ave NE, Suite 600



Bellevue, WA 98004
Telephone: (425) 450-8056
Fax: (425) 450-8069

With copy to:

Richard J. Schroeder
Davis Wright Tremaine LLP
1201 Third Avenue
Seattle, WA 98101
Telephone: (206) 757-8139
Telecopier: (206) 757-7139

Tenant:

Skagit Ready Mix
103 North Township
Sedro-Woolley, WA 98284
Attn: Rod Hall

Any notice shall be deemed to have been given on (a) actual delivery or refusal, (b) three (3) days after mailing by registered or certified mail, or (c) the day facsimile delivery is verified.

12. Grantor's Consent. Grantor is joining herein solely for the purpose of consenting to the terms and conditions of this Agreement and agreeing that Tenant may rely upon any and all notices from Lender relating to the rights of Lender hereunder and under the Assignment.

13. Successors and Assigns. This Agreement and each and every covenant, agreement and other provisions hereof shall inure to the benefit of and bind the parties hereto and their successors and assigns, including without limitation each and every holder of the landlord's or the tenant's interest in the Lease, including purchasers at a foreclosure sale and any other person having an interest therein.

14. Choice of Law. This Agreement shall be governed and construed under the laws of the State of Washington.

15. Captions and Headings. The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

TENANT:

SMOKEY POINT CONCRETE, INC.

By

Name: Mark Crawford
Title: President.

STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)

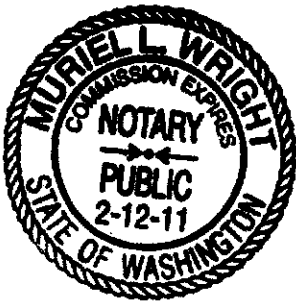
On this 23 day of Sept., 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Mark Crawford, to me known to be the person who signed as President of Smokey Point Concrete, Inc., the Washington corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

(Signature of Notary)

(Print or stamp name of Notary)


NOTARY PUBLIC in and for the State of Washington,
My appointment expires: 2/12/2011



IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

LENDER:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, a national banking association,
Administrative Agent

By 
Tim P. Brown
Its Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 14th day of October, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared TIM P. BROWN, to me known to be the person who signed as Vice President of WELLS FARGO BANK, NATIONAL ASSOCIATION, the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said national association for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said Vice President of the national association, that he was authorized to execute said instrument for the purposes set forth therein.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.




(Signature of Notary)

Chong Y Dufresne
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,
residing at King County
My appointment expires: 12/29/11

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

The foregoing Agreement is hereby consented and agreed to by the undersigned as set forth in Paragraph 12 hereof.

GRANTOR:

PUNKIN CENTER, L.L.C.,
a Washington limited liability company

By


Robert Janicki
Its Member

STATE OF WASHINGTON)

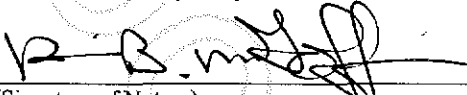
) ss.

COUNTY OF SKAGIT)

On this 24th day of September, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ROBERT JANICKI, to me known to be the person who signed as Member of PUNKIN CENTER, L.L.C., the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said Member of the company, that he was authorized to execute said instrument for the purposes set forth therein.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

KEVIN B. McGOFFIN
STATE OF WASHINGTON
NOTARY ---- PUBLIC
My Commission Expires 10-15-2009


(Signature of Notary)

Kevin B. mcgoffin
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,
residing at Sedro-Woolley, WA
My appointment expires: 10-15-2009

EXHIBITS:

- A Legal Description of Property
- B Lease and All Amendments and Modifications

**EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY**

A portion of the certain real property located in the County of Skagit, State of Washington, described as follows:

PARCEL A:

The North Half of the Northwest Quarter; and the Northwest Quarter of the Northeast Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington;

EXCEPT the following described tracts:

1. The North 50 feet thereof, as conveyed to the Puget Sound and Baker River Railroad Company, by deeds recorded in Volume 70 of deeds, Page 185, and in Volume 64 of deeds, Page 603, records of Skagit County, Washington
2. The North 15 feet of the Northeast Quarter of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter
3. That portion of said property conveyed to Puget Sound Power and Light Company, a corporation, by deed dated April 3, 1957, filed April 4, 1957, under Auditor's File No. 549528, records of Skagit County, Washington, also described therein as the South 100 feet of the West 100 feet of the North 739.62 feet of that portion of the Northwest Quarter of the Northwest Quarter of said section, lying Easterly of the county road known as the Ensley Road (Cabin Creek Road) in Hamilton, Washington
4. That portion conveyed by Thomas Cook to the State of Washington by deed dated February 5, 1958, filed February 20, 1958, under Auditor's File No. 562027, records of Skagit County, Washington and recorded in Volume 292 of deeds, at Page 621, records of Skagit County, Washington
5. That portion conveyed to Skagit County, Washington, by deed dated July 7, 1962, recorded July 30, 1962, as Auditor's File No. 624432, records of Skagit County, Washington, and recorded in Volume 324 of deeds, Page 715, described as follows:

A tract of land 100 feet in width, lying 50 feet on each side of the following centerline:

Beginning at a point on the East line of said Northwest Quarter of the Northwest Quarter which 672.67 feet South of the Northeast Quarter corner thereof; thence South 56°12'20" West 1706.36 feet to the West end of the State Highway Bridge and the terminal point of this line;

ALSO that portion of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 14, lying Northerly of the Great Northern Railroad right of way;

EXCEPT road rights of way;

AND EXCEPT a 50 strip North of and parallel with said Great Northern Railroad right of way;



AND ALSO EXCEPT that portion of said premises lying Westerly of Harvey Davis Creek;

AND ALSO EXCEPT that portion deeded to the State of Washington for Primary State Highway No. 16, by deed dated August 12, 1964, recorded September 21, 1964, under Auditor's File No. 656103, records of Skagit County, Washington;

6. That portion conveyed to IMC Industry Group., by instrument recorded under Auditor's File No. 8610230040, records of Skagit County, Washington
7. Those portions conveyed to the State of Washington by instruments recorded under Auditor's File Nos. 562026, 654609, 659282, 659518, and 659519 records of Skagit County, Washington;

ALSO any portion thereof taken by decree of appropriation in Skagit County Superior Court Cause No. 27870;

EXCEPT any portion lying in the bed of Alder Creek and Alder Slough;

AND EXCEPT from all the above any portion lying within any Skagit County road right of way, Washington State Highway, Town of Hamilton Street or the Puget Sound and Baker River Railroad right of way.

8. That portion lying North of State Route 20.
9. Lot 1 Town of Hamilton Short Plat No. 94-01, approved February 8, 1994, and recorded February 11, 1994, in Volume 11 of Short Plats, page 58, under Auditor's File No. 9402110124, records of Skagit County, Washington; being a portion of the Northwest Quarter of the Northeast Quarter.

TOGETHER WITH that portion of vacated Ensley Road as may attach by operation of law; Situated in Skagit County, Washington

- END OF EXHIBIT "A" -



EXHIBIT B

LEASE AND ALL AMENDMENTS AND MODIFICATIONS

Commercial Land Lease Agreement dated June 1, 2008

DWT 11722245v2 0023482-000038

B-1



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COMMERCIAL LEASE AGREEMENT
PUNKIN CENTER, L.L.C. - SMOKEY POINT CONCRETE, INC.
JUNE 1, 2008

This Lease Agreement ("this lease") is made and entered into this 1st day of June 2008 by and between **PUNKIN CENTER L.L.C.**, whose address is 103 North Township, Sedro-Woolley, Washington 98284 (hereinafter referred to as "Landlord"), and **SMOKEY POINT CONCRETE, INC.** acting through its division **SKAGIT READY MIX**, whose address is 23315 Dike Road, Arlington, Washington 98223 (herein after referred to as "Tenant").

ARTICLE I.
PREVIOUS LEASE AGREEMENT

There is no previous Commercial Lease Agreement between these parties.

ARTICLE II.
GRANT OF LEASE; LEASE PREMISES

Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed and observed by Tenant, does hereby lease to Tenant and Tenant does hereby lease and take from Landlord the following land, and buildings and improvements thereupon:

A portion of the real property described in attached exhibit 1, namely, that part of "PARCEL A", comprising a portion of P41201 not occupied by Janicki Industries, Inc., and a portion of P41178, P41175 and P41202, all as identified in the illustration attached as exhibit 2, comprising five (5) acres, more or less. A more detailed description of the lease property may be attached as exhibit 3 at a future date.



Together with a non-exclusive and concurrent access privilege upon the existing road on the property identified above for purposes of ingress and egress from State Highway 20 to the lease premises for Tenant's vehicles and equipment.

The above land, and buildings and improvements thereupon, are referred to herein either singularly or collectively as the "lease premises".

**ARTICLE III.
INITIAL LEASE TERM; EXTENSION TERM**

The initial term of this lease shall be for a period of five (5) years, commencing on June 1, 2008 and ending on May 31, 2013.

Provided Tenant is not in default on any term of this lease, and subject to the determination of rent for the extension term, Tenant is granted the right to extend the term for one (1) additional five (5) year term (for a total initial and extended term of ten (10) years) by providing to Landlord written notice of its intent to exercise the extension right not later than ninety (90) days before the expiration of the initial term.

Rent for the extended term shall be fair market rental value as determined by the Landlord and Tenant, or if they should not agree then each shall select and pay for an appraiser who shall jointly decide the fair market rental value of the lease premises. If the two appraisers cannot agree, they shall select a third appraiser and the rent shall be determined by the concurrence of two of the three appraisers. Landlord and Tenant shall equally share the cost of the third appraiser.



ARTICLE IV.
RENT PAYMENT

Beginning June, 2008 and for each successive month during the initial term of this lease, Tenant shall pay to Landlord, on or before the first (1st) day of the month, the sum of THREE THOUSAND SIX HUNDRED DOLLARS U.S. (\$3,600.00) as rent. Rent payments shall be made by check(s) payable to Landlord or any other person designated by Landlord and mailed to Landlord at: 103 North Township, Sedro-Woolley, WA 98284.

ARTICLE V.
USE OF PREMISES

Tenant shall neither use nor permit the lease premises or any part thereof to be used for purposes other than the operation of a concrete batching plant, together with all necessary equipment and accessory usages associated therewith. Tenant shall procure any licenses and permits required for any use made of the lease premises by Tenant, and shall use the same in accordance with all applicable rules, regulations and laws.

ARTICLE VI.
TAXES

Section 1. Personal Property Taxes. Tenant shall be liable for all taxes levied against any leasehold interest of Tenant or personal property and trade fixtures owned or placed by Tenant on the lease premises.



Section 2. Real Property Taxes. Landlord shall be responsible for all real property taxes, levies, and assessments against the lease premises and all buildings, improvements, additions and alterations thereupon, except that Tenant shall be responsible for and shall reimburse Landlord for any increase in real property tax caused by Tenant's use and occupancy of the lease premises.

**ARTICLE VII.
UTILITIES**

Tenant shall be solely responsible for all utility expenses (whether installation, usage or otherwise) and shall indemnify and hold Landlord harmless there from. Landlord shall have no duty to provide utilities to the lease premises. Tenant shall provide, at Tenant's sole expense, sanitation, fire suppression and other facilities/measures as required by law for Tenant's purposes.

**ARTICLE VIII.
CARE OF PREMISES**

Tenant shall maintain the interior and exterior of the lease premises in good repair, shall perform all maintenance and repair, and upon expiration or termination of this lease, Tenant shall immediately remove its goods and effects, shall repair and restore the lease premises to a condition reasonably approximating condition prior to the lease, except for normal wear and tear and except for alterations and additions permitted by Landlord in Article IX. below, and shall immediately yield up peaceably to Landlord the lease premises.



ARTICLE IX.
ALTERATION AND ADDITIONS

Section 1. Acceptance of Premises. By occupying, Tenant acknowledges that it has thoroughly examined the lease premises, and that Tenant accepts the leased premises in its then "as is" condition.

Section 2. Alteration; Additions. Tenant shall not make alterations, additions, or improvement to the lease premises without the prior written consent of Landlord, and shall be made at Tenant's sole expense. Any alterations, additions, or improvements to the lease premises shall be the sole property of Landlord and shall be surrendered with the lease premises without disturbance upon termination or expiration of the lease.

Section 3. Trade Fixtures. Prior to expiration of this lease, Tenant shall have the right to remove all moveable furniture and equipment located on the lease premises, but shall not remove any fixtures which are an integral part of any building or structure. Tenant shall repair any damage caused by removal of fixtures. Any item which is integrated into a building or structure, and which cannot be removed without causing irreparable damage, shall become the property of Landlord, at no cost, upon termination of the lease, at Landlord's option.

Section 4. Liens; Indemnification. Tenant shall keep the lease premises free of liens arising out of any work performed, materials furnished or obligations incurred by



Tenant. Tenant shall indemnify and hold Landlord and the lease premises harmless from and against claims and/or expenses arising by virtue of any alteration, addition (including removal thereof or repair of the leased premises.

ARTICLE X.

INDEMNITY; INSURANCE

Section 1. Public Liability/Automobile Insurance.

Tenant shall procure and maintain in effect, at Tenant's own expense, a certificate of comprehensive general public liability and automobile insurance against claims for personal injury, death or property damage arising from the use, occupancy or disuse or condition of the lease premises, building and improvements with limits of not less than \$1,000,000 per occurrence/\$2,000,000 general aggregate, insuring Landlord and Tenant as co-insured with severability of interest endorsement. All such insurance shall be issued by carrier(s) acceptable to Landlord and shall contain a provision whereby the carrier agrees not to cancel or modify the insurance without thirty (30) days prior written notice to Landlord. Tenant shall provide to Landlord a current certificate evidencing the aforesaid insurance coverage.

Section 2. Fire Insurance. Tenant shall procure and maintain in effect, at Tenant's own expense, policies of insurance covering Tenant's personal property on the lease premises. Tenant shall also maintain fire and extended casualty insurance on the building(s) for Landlord's own



benefit, and Tenant waives any claim for the proceeds thereof.

Section 3. Waiver of Subrogation. Landlord and Tenant each hereby waive any and all rights of recovery against the other with respect to losses payable under any insurance policies concerning the lease premises, and policies shall reflect this waiver.

Section 4. Indemnification by Tenant. Tenant shall defend, indemnify, and hold Landlord harmless against and from any and all claims or actions arising from Tenant's use of the lease premises.

Section 5. Hazardous Materials. Tenant shall not allow to be released upon the lease premises or adjoining properties any hazardous or toxic materials. Tenant shall indemnify, reimburse and hold Landlord harmless from all damages and expenses sustained, including clean-up costs, as a result of the release of any hazardous or toxic material by Tenant, its employees, agents, licensees or contractor.

ARTICLE XI. GENERAL PROVISIONS

Section 1. Condemnation. In the event of the taking of all or substantially all of the lease premises, by condemnation, settlement agreement or other action by an federal, state or local governmental authority, or if a partial taking renders the said lease premises in the judgment of Tenant unsuitable for business of Tenant,



Tenant shall have the option to terminate this lease as of the date of the actual taking of possession by said authority. In the event of partial taking or damaging of the lease premises by condemnation which does not have the effect of rendering the said lease premises unsuitable for the business of the Tenant, the parties shall promptly negotiate a revision of rent to reflect the diminution, if any, in the rental value of the lease premises caused by such partial taking or damaging, utilizing then commercial values for the diminished lease premises.

Section 2. Inspection. Landlord and its agents shall have the right to inspect said lease premises at all reasonable times, and shall have the right to enter the same whenever it is reasonably necessary for the exercise of any right or privilege of the Landlord under this lease.

Section 3. Assignment and Subletting. Tenant shall not assign this lease or any interest therein, nor let or sublet the lease premises or any part thereof or any privilege appurtenant thereto, nor permit the occupancy or use of any part thereof by any other person without the written consent of Landlord, which consent will not be unreasonably withheld. The assignment or subletting of this lease shall not relieve Tenant of his duties or obligations here under, including the obligation to pay rent.

Section 4. Termination for Default or Insolvency/ Remedies. Should Tenant at any time default in payment when due of rent or any other charge payable by Tenant hereunder and should such default continue for more than 3 days after written notice thereof from Landlord to Tenant specifying



the particulars of such default; or should Tenant be in default in the prompt and full performance of any other term, covenant or condition herein contained and should such default continue for more than 10 days after written notice thereof from Landlord to Tenant specifying the particulars of such default; or should Tenant vacate the lease premises for more than 10 days without good cause or abandon the lease premises; or if Tenant shall make an assignment for the benefit of creditors or shall file a voluntary petition under any bankruptcy act or under any other law for the relief of debtors; or if any involuntary petition is filed against Tenant under any such law and is not dismissed within 60 days after filing; or if a receiver be appointed for the property of Tenant and is not discharged or removed within 60 days; or if any department of any government or any officer thereof shall take possession to the business or property of Tenant; or if Tenant is adjudicated a bankrupt, then Landlord may, upon giving Tenant any notice required by law, terminate this lease, immediately reenter and dispossess the Tenant from the lease premises, and/or exercise any other remedy afforded by the laws of the State of Washington.

Section 5. Advances by Either Party. Subsequent to receipt of proper notice if Tenant or Landlord shall fail to do anything required to be done by it under the terms of this lease, except to pay rent, Landlord or Tenant may at its option do such act or thing on behalf of the other party, and upon notification of the cost thereof to the other party, the party neglecting the obligation shall within thirty (30) days of demand promptly pay the amount of that cost subsequent to receipt of proper notice.



Section 6. Waiver. The acceptance of rent after its due date and any other act of omission of the Landlord at any time or times after the happening of any event authorizing the cancellation or forfeiture of this lease shall in no event operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof. Nor shall same deprive the Landlord of its right to cancel or forfeit this lease, upon the written notice provided for herein, at any time that cause for cancellation or forfeiture may exist.

Section 7. Costs and Attorney's Fees. If either party to this lease brings an action including litigation or arbitration (and including appeals there from) to enforce any of the provisions of this lease, the prevailing party in such lawsuit or arbitration shall be entitled to recover, as part of any such judgment or decision, the costs of the action, including a reasonable attorney's fee.

Section 8. Notices, Demands and Requests. All notices, demands and request that may or are required to be given by either party to the other shall be writing. All notices, demands, and requests by one party may be personally served on the other or may be sent by United States registered or certified mail, postage prepaid, addressed to:

If to Landlord: Punkin Center, L.L.C.
103 North Township
Sedro-Woolley, WA 98284



With copy to: Kevin B. McGoffin, Esq.
103 North Township
Sedro-Woolley, WA 98284

If to Tenant to: Smokey Point Concrete Inc.
23315 Dike Road
Arlington, WA 98223

With copy to: Skagit Ready Mix
Attn: Rod Hall
103 North Township
Sedro-Woolley, WA 98284

or such other place as the parties may from time to time designate in writing. Any notice given by registered or certified mail shall be deemed sufficiently served or given for all purposes under the terms of this lease at such time as such notice, demand, or request shall be deposited in the United States mail, postage prepaid, provided that if the mailing is from other than the United States government post office in Skagit County, Washington, that the notice shall be deemed given three (3) days after the date of postmark.

Section 9. Waste. Tenant shall keep the lease premises in a neat, clean, sanitary, and safe condition, consistent with its use as a commercial concrete batch operation and/or its current use as the case may be, and shall keep the lease premises clean and free from trash, rubbish, and dirt at all times, and shall maintain all trash, refuse, and waste materials in such a manner so as not to constitute a health or fire hazard or nuisance, in adequately covered containers, again consistent with its use above.



Section 10. Successors and Assigns. All the terms, covenants, conditions and agreements of this lease agreement shall extend to and be binding upon Landlord, Tenant and their respective heirs, administrators, successors and assigns and upon any person or persons coming into ownership or possession of any interest in the lease premises, and shall be construed as covenants running with the land.

Section 11. Interpretation and Venue. This lease shall at all times be interpreted under and in accordance with the laws of the State of Washington, and venue and jurisdiction of any suit brought to enforce any of the terms shall lie in Skagit County, Washington.

Section 12. Exterior Signs. Tenant shall have the right, at its sole risk and expense and in conformity with applicable laws and ordinances, to erect and thereafter, to repair or replace, if it shall so elect signs on any portion of lease premises, providing that Tenant shall remove any such signs upon termination of this lease, and repair all damage occasioned thereby to the lease premises.

Section 13. Quiet Enjoyment. Landlord covenants and agrees that upon Tenant paying the rent and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed hereunder, that Tenant may peaceably and quietly have, hold, occupy and enjoy the lease premises in accordance with the terms of this lease without hindrance or molestation from Landlord or any persons lawfully claiming through Landlord.



Section 14. Holding Over. In the event that Tenant or anyone claiming under Tenant shall continue occupancy of the lease premises after the expiration of the term of this lease or any renewal or extension thereof without any agreement in writing between Landlord and Tenant with respect thereto, such occupancy shall not be deemed to extend or renew the term of the lease, but such occupancy shall continue as a tenancy at will, from month to month, upon the covenants, provisions and conditions herein contained. The rent shall be the rent in effect during that term of this lease as extended or renewed, prorated and payable for the period of such occupancy.

Section 15. Estoppel Certificates. Tenant agrees that at any time and from time to time during the term of this lease, within ten (10) days after request by Landlord, it will execute, acknowledge, and deliver to Landlord or to any prospective purchaser or mortgagee of Landlord, a certificate stating (a) that this lease is unmodified and in force and effect (or if there have been modifications, that this lease is in force and effect as modified, and identifying the modification agreements); (b) the date to which rent has been paid; (c) whether or not there is any existing default hereunder by either party hereto with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof; and (d) whether or not there are any set-offs, defenses, or counterclaims against enforcement of the obligations to be performed hereunder by the Tenant.

Section 16. Subordination. This lease is subject to and is hereby subordinated to all present and future



mortgages, deeds of trust and other encumbrances affecting the lease premises. The Tenant agrees to execute, at no expense to the Landlord, any instrument which may be deemed necessary or desirable by the Landlord to further subordination of this Lease to any mortgage, deed of trust or encumbrance, provided that the Tenant's rights hereunder shall not be diminished.

**ARTICLE XII.
CORPORATE AUTHORITY**

The Tenant represents, by its signature hereupon, that the person signing for the Tenant has the authority to represent and bind the Smokey Point Concrete, Inc. corporation, and the division thereof named Skagit Ready Mix. Should Landlord require, the Tenant shall provide a corporate resolution authenticating said authority.

**ARTICLE XIII.
MEMORANDUM OF LEASE**

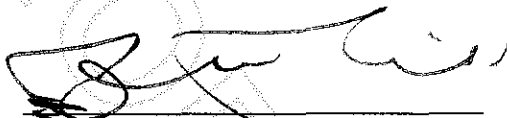
The Landlord and the Tenant may execute a Memorandum of Lease in the customary form and may record said Memorandum of Lease for record with the Skagit County Auditor's office.

IN WITNESS WHEREOF, the parties have executed this lease the day and year first above written or have caused this lease to be executed by their respective officers thereunto duly authorized.



LANDLORD:

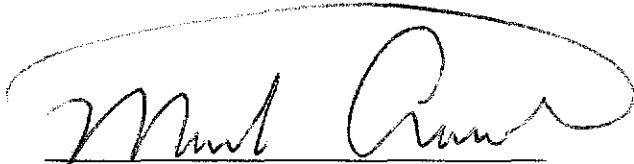
TENANT:



PUNKIN CENTER, L.L.C.

By: Robert W. Janicki

Its: Authorized Member



SMOKEY POINT CONCRETE, INC.

By:

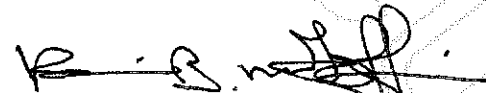
Its:

State of Washington)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that Robert W. Janicki is the person who appeared before me, and said person acknowledged that he signed this lease instrument, on oath stated that he was authorized to execute the lease instrument and acknowledged it as the authorized signing member of PUNKIN CENTER L.L.C., to be the free and voluntary act of such party for the uses and purposes mentioned in the lease agreement.

DATED this 24 day of July, 2008.

KEVIN B. MCGOFFIN
STATE OF WASHINGTON
NOTARY ---- PUBLIC
My Commission Expires 10-15-2009


Notary Public in and for the State
of Washington residing at Seabrook-Woolley
My commission expires 10-15-2009.

State of Washington)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that Mark Crawford is the person who appeared before me, and said person acknowledged that he signed this lease instrument, on oath stated that he was authorized to execute the lease instrument and acknowledged it as the President of SMOKEY POINT CONCRETE, INC. to be the free and voluntary act of such party for the uses and purposes mentioned in the lease agreement.

DATED this 15 day of July, 2008.

Allyson Robinson

Notary public in and for the state
of Washington residing at Snohomish
My commission expires 12-10-11.



When Recorded Return to:
PUNKIN CENTER, L.L.C., a Washington limited liability com
103 North Township
Sedro Woolley WA 98284



200702150104
Skagit County Auditor

2/15/2007 Page 1 of 8 12:48PM

Chicago Title Company - Island Division
Order No: BE11081 MJJ 3040364

BARGAIN AND SALE DEED

THE GRANTOR(S) HAMILTON OFFICE LLC, a Delaware limited liability company

for and in consideration of One Million Six Hundred Fifty Thousand and 00/100.....(\$1,650,000.00)
DOLLARS in hand paid, bargains, sells, and conveys to PUNKIN CENTER, LLC, a Washington limited
liability company

the following described real estate, situated in the County of Skagit, State of Washington:

Abbreviated Legal: Portions of Section 14, Township 35 North, Range 6 East of the Willamette Meridian,
Skagit County, Washington; as more fully described in Exhibit "A" attached hereto.

Tax Parcel Number(s): 350614-0-005-0002, P41174, as more fully described in Exhibit "B" which is
attached hereto and made a part hereof.

The real estate is conveyed by Grantor and accepted by Grantee subject to those matters described on
Exhibit "C" attached hereto.

The Grantor(s) for themselves and for their successors in interest do(es) by these presents expressly limit
the covenants of the deed to those herein expressed, and exclude all covenants arising or to arise by
statutory or other implication, and do(es) hereby covenant that against all persons whomsoever lawfully
claiming or to claim by, through or under said Grantor(s) and not otherwise, they will forever warrant and
defend the said described real estate.

Dated: February 13, 2007

HAMILTON OFFICE LLC,
a Delaware limited liability company

By: Cascade Timberlands, LLC,
a Delaware limited liability company

Its: Member

By: Olympic Resource Management, LLC
A Washington limited liability company

Its Manager

By: Thomas M. Ringo
Its V.P. and CEO

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

FEB 15 2007

Amount Paid \$ 18,913.94
By Skagit Co. Treasurer Deputy

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

FEB 15 2007

Amount Paid \$ 10,406.00
By Skagit Co. Treasurer Deputy



STATE OF WASHINGTON)
COUNTY OF Kitsap) ss.

I certify that I know or have satisfactory evidence that Thomas M. Ringo is the person
who appeared before me, and he acknowledged that he signed this instrument and is authorized to execute the
document as the V.P. and CEO of Olympic Resource Management, LLC, a
Washington limited liability company, Manager of Cascade Timberlands, LLC, a Delaware limited liability company,
sole member of HAMILTON OFFICE LLC, a Delaware limited liability company and that it is the free and voluntary
act and deed of the said entity, for the uses and purposes declared in the document, and on oath state that he is
authorized to execute the said instrument on behalf of said entity.

Dated: February 13, 2007

Susan M. Graham-Schuyler
Notary Public in and for the State of Washington
Residing at Suquamish, WA
My appointment expires May 20, 2010

Susan M. Graham-Schuyler

exhibit 1



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Skagit County Auditor

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EXHIBIT 'A'

Description:

Escrow Order No: BE11081

Title Order No.: IC40384

PARCEL A:

The North Half of the Northwest Quarter; and the Northwest Quarter of the Northeast Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington;

EXCEPT the following described tracts:

1. The North 50 feet thereof, as conveyed to the Puget Sound and Baker River Railroad Company, by deeds recorded in Volume 70 of deeds, Page 185, and in Volume 64 of deeds, Page 603, records of Skagit County, Washington
2. The North 15 feet of the Northeast Quarter of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter
3. That portion of said property conveyed to Puget Sound Power and Light Company, a corporation, by deed dated April 3, 1957, filed April 4, 1957, under Auditor's File No. 549528, records of Skagit County, Washington, also described therein as the South 100 feet of the West 100 feet of the North 739.62 feet of that portion of the Northwest Quarter of the Northwest Quarter of said section, lying Easterly of the county road known as the Ensley Road (Cabin Creek Road) in Hamilton, Washington
4. That portion conveyed by Thomas Cook to the State of Washington by deed dated February 5, 1958, filed February 20, 1958, under Auditor's File No. 562027, records of Skagit County, Washington and recorded in Volume 292 of deeds, at Page 621, records of Skagit County, Washington
5. That portion conveyed to Skagit County, Washington, by deed dated July 7, 1962, recorded July 30, 1962, as Auditor's File No. 624432, records of Skagit County, Washington, and recorded in Volume 324 of deeds, Page 715, described as follows:

A tract of land 100 feet in width, lying 50 feet on each side of the following centerline:

Beginning at a point on the East line of said Northwest Quarter of the Northwest Quarter which 872.67 feet South of the Northeast Quarter corner thereof; thence South 56°12'20" West 1706.36 feet to the West end of the State Highway Bridge and the terminal point of this line;

ALSO that portion of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 14, lying Northerly of the Great Northern Railroad right of way;

EXCEPT road rights of way;

AND EXCEPT a 50 strip North of and parallel with said Great Northern Railroad right of way;

AND ALSO EXCEPT that portion of said premises lying Westerly of Harvey Davis Creek;

AND ALSO EXCEPT that portion deeded to the State of Washington for Primary State Highway No. 16, by deed dated August 12, 1964, recorded September 21, 1964, under Auditor's File No. 658103, records of Skagit County, Washington;

6. That portion conveyed to IMC Industry Group Inc., by Instrument recorded under

LPB 15-05



200702150104



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Skagit County Auditor

Auditor's File No. 8610230040, records of Skagit County, Washington

7. Those portions conveyed to the State of Washington by instruments recorded under Auditor's File Nos. 562026, 654609, 659282, 659518, and 659519 records of Skagit County, Washington;

ALSO any portion thereof taken by decree of appropriation in Skagit County Superior Court Cause No. 27870;

EXCEPT any portion lying in the bed of Alder Creek and Alder Slough;

AND EXCEPT from all the above any portion lying within any Skagit County road right of way, Washington State Highway, Town of Hamilton Street or the Puget Sound and Baker River Railroad right of way.

8. That portion lying North of State Route 20.

9. Lot 1 Town of Hamilton Short Plat No. 94-01, approved February 8, 1994, and recorded February 11, 1994, in Volume 11 of Short Plats, page 58, under Auditor's File No. 9402110124, records of Skagit County, Washington; being a portion of the Northwest Quarter of the Northeast Quarter.

TOGETHER WITH that portion of vacated Ensley Road as may attach by operation of law.

Situated in Skagit County, Washington

PARCEL B:

That portion of the East Half of the Northeast Quarter of the Southwest Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of the Great Northern Railway right of way;

EXCEPT road rights of way;

AND EXCEPT a 50 foot strip adjoining the North side of the Great Northern Railway right of way as conveyed to the town of Hamilton, by deed dated April 18, 1922, recorded June 7, 1922, under Auditor's File No. 156862, records of Skagit County, Washington;

AND ALSO EXCEPT spur tract of railway, as referred to in deed from Seattle and Northern Railway Company, dated January 30, 1902, and recorded April 5, 1902, in Volume 46 of deeds, Page 428, records of Skagit County, Washington;

PARCEL C:

That portion of the West Half of the Northeast Quarter of the Southwest Quarter of the Northwest Quarter of said Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of the Great Northern Railway right of way and Westerly of the spur tract of railway extending from said main tract to the mill of the Lyman Lumber Company as conveyed by deed dated January 30, 1902 and recorded April 5, 1902 and Auditor's File No. 39426, records of Skagit County, Washington, in Volume 46 of deeds, Page 428;

EXCEPT highway rights of way;

AND EXCEPT a 50 foot strip adjoining the North side of the Great Northern Railway right of way as conveyed to the Town of Hamilton by deed dated April 18, 1922, recorded June 7, 1922 under Auditor's File No. 156862, records of Skagit County, Washington;

AND ALSO EXCEPT Lot 1, TOWN OF HAMILTON SHORT PLAT NO. HAM-94-1, approved February 9, 1994, recorded February 11, 1994, in Volume 11 of Short Plats, Page 58, under Auditor's File No. 9402110124, records of Skagit County, Washington, and being a portion of the Northwest Quarter of the



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Skagit County Auditor

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Skagit County Auditor

Northeast Quarter of said Section 14.

Situated in Skagit County, Washington

PARCEL D:

That portion of the East Half of the Northwest Quarter of said Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, described as follows:

Beginning at a point 3555.4 feet West and 1238.6 feet South of the Northeast corner of Section 14; thence South 368 feet to the North boundary of the Great Northern Railway right of way boundary; thence North 88°19' West 220 feet, more or less, along said boundary, to the East boundary of the county road; thence North 194 feet to the South boundary of the Puget Sound and Baker River Railway; thence along curve to the right of 13° a distance of 286.8 feet, more or less, to the point of beginning;

EXCEPT that portion, if any, lying East of the West line of those premises conveyed to Tate Lundy by deed dated July 10, 1937, filed August 9, 1937 under Auditor's File No. 293192, records of Skagit County, Washington, and recorded in Volume 172 of deeds, at Page 431.

Situated in Skagit County, Washington

PARCEL E:

That portion of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of a 50 foot strip North of and parallel to the right of way of Great Northern Railway Company and Westerly of Harvey Davis Creek.

Situated in Skagit County, Washington

PARCEL F:

The West 70 feet of the North 100 feet of the South Half of the Northwest Quarter of the Northwest Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington;

EXCEPT county road.

Situated in Skagit County, Washington

PARCEL G:

That portion of the Southeast Quarter of the Northeast Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, which lies West of the West boundary of Alder Creek and North of the North line of HAMILTON'S TOWNSITE SECOND ADDITION, according to the plat thereof recorded in Volume 2 of Plats, page 60, records of Skagit County, Washington

Situated in Skagit County, Washington

PARCEL H:

That portion of the Northwest Quarter of the Southeast Quarter of the Northwest Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian, Skagit County, Washington, lying North of the Great Northern Railway right of way;

EXCEPT road rights of way;

AND EXCEPT that portion conveyed to Scott Paper Company by deed dated April 22, 1976 and recorded May 4, 1976, under Auditor's No. 834361, records of Skagit County, Washington;



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Skagit County Auditor

(Also known as a portion of Lot 2, TOWN OF HAMILTON SHORT PLAT NO. 94-01, approved February 8, 1994, and recorded February 11, 1994, in Volume 11 of Short Plats, page 58, under Auditor's File No. 9402110124, records of Skagit County, Washington; being a portion of the Northwest Quarter of the Northeast Quarter).

Situated in Skagit County, Washington

PARCEL I:

Lots 1 through 20, Block 19, Lots 1 through 3, 13, 14, 19 through 26, Block 23, Lots 1 through 15, Block 26, Lots 2 through 18, Block 27, Lots 1 through 9, Block 28, Lots 1 through 11, Block 37, Lots 1 and 2, Block 38, all in THE HAMILTON TOWNSITE COMPANY'S SECOND ADDITION TO THE TOWN OF HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 60, records of Skagit County, Washington;

Situated in Skagit County, Washington

PARCEL J:

Lots 1 through 22, Block 16, Lots 1 through 5, the West 15 feet of Lot 6; the West 15 feet of Lots 19 and 20 through 24, Block 17, all in CENTRAL ADDITION TO HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 55, records of Skagit County, Washington.

Situated in Skagit County, Washington

PARCEL K:

Lots 1 to 5, and Lots 7 to 22, Block 1, all of Block 2, Block 7 and Block 8, RIVERSIDE ADDITION TO THE TOWN OF HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 83, records of Skagit County, Washington.

Situated in Skagit County, Washington



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EXHIBIT "B"

Assessor's Parcel Numbers

Hamilton Office

P41174	350614-0-008-0002
P41175	350614-0-008-0001
P41178	350614-0-007-0000
P41178	350614-0-008-0008
P41192	350614-1-012-0008
P41193	350614-1-018-0007
P41194	350614-1-018-0008
P41195	350614-1-018-0003
P41196	350614-1-011-0002
P41197	350614-1-012-0001
P41200	350614-1-012-0008
P41201	350614-2-001-0002
P41202	350614-2-008-0001
P41203	350614-2-002-0000
P41204	350614-2-001-0008
P41208	350614-2-008-0007
P41209	350614-2-008-0008
P41209	350614-2-008-0004
P41210	350614-2-011-0000
P41212	350614-2-018-0008
P41213	350614-2-018-0008
P41215	350614-2-017-0004

Hamilton City Lots

P66603	3922-001-008-0002
P66608	3922-001-022-0001
P66609	3922-002-022-0008
P66612	3922-007-022-0008
P66613	3922-008-008-0007
P66614	3922-008-007-0008
P66615	3922-008-011-0009
P66616	3922-008-013-0007
P66617	3922-008-022-0008
P73719	4113-018-028-0002
P73728	4113-023-028-0008
P73741	4113-028-004-0007
P73742	4113-028-015-0004
P73744	4113-027-018-0009
P73745	4113-028-008-0008
P73768	4113-037-008-0008
P73769	4113-037-011-0008
P73760	4113-038-002-0004
P73824	4113-018-022-0003
P73826	4113-017-008-0001
P73827	4113-017-024-0008



200810270025

Skagit County Auditor

EXHIBIT 'C'

Schedule B-001

Title Order: IC40364

1. Exceptions and reservations as contained in Deed;
Recorded: July 7, 1989
Auditor's No.: 8907070037, records of Skagit County, Washington
In Favor Of: Scott Paper Company
As Follows: Mineral estate
2. Easement, including the terms and conditions thereof, granted by instrument(s);
Recorded: July 7, 1989
Auditor's No(s): 8907070037, records of Skagit County, Washington
In favor of: Scott Paper Company
For: Road use and road construction
3. Easement, including the terms and conditions thereof, granted by instrument(s);
Recorded: July 7, 1989
Auditor's No(s): 8907070037, records of Skagit County, Washington
In favor of: Scott Paper Company
For: Hydroelectric project site easement reservation
4. Any unpatented mining claims and all matters and rights relating thereto.
5. Any prohibition or limitation on the use, occupancy, or improvement of the land resulting from the rights of the public or riparian owners to use any waters which may cover the land or to use any portion of the land which is now or may formerly have been covered by water.
6. Right of use, control, or regulation by the United States of America in the exercise of power over commerce and navigation.
7. Any question of location, boundary, or area related to the Alder Creek or Muddy Creek.
8. Rights of the State of Washington in and to that portion of said premises, if any, lying in the bed or former bed of the Alder Creek or Muddy Creek.
9. Exceptions and reservations as contained in Deed;
Recorded: July 7, 1989
Auditor's No.: 8907070037, records of Skagit County, Washington
From: Scott Paper Company
As Follows: Grantor hereby excepts from the above-described real property and reserves unto Grantor, its successors and assigns, the mineral estate, as described below:

Description of the Mineral Estate. The substances herein excepted and reserved include the following minerals: All metals; precious or base; metallic and nonmetallic minerals; ores; mineral products; mineral materials, and substances in, on, or lying beneath the surface of the property, except earth soil, building stone, rock, sand and gravel.

continued.....



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Skagit County Auditor

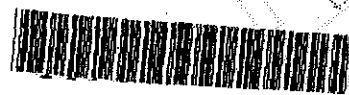
EXHIBIT 'C'

Schedule B-001

Title Order: IC40384

10. Exceptions and reservations as contained in Deed;
 Recorded: July 7, 1989
 Auditor's No.: 8907070037, records of Skagit County, Washington
 Executed By: Scott Paper Company
 As Follows: Grantor hereby excepts from the property and reserves unto Grantor, its successors and assigns, including its contractors and licensees, a non-exclusive easement over and upon any and all logging roads, as well as the right to construct such additional roads as may be necessary, for purposes of obtaining access to and removing forest products from lands adjacent to or adjoining the property and upon which Grantor has or shall have the right to harvest and remove forest products. Any damage caused to any road so used shall be repaired by Grantor at Grantor's expense. Reconstruction, alteration or substantial improvements of existing roads must receive approval in advance by Grantee, which approval shall not be unreasonably withheld.
11. Easement, including the terms and conditions thereof, granted by instrument(s);
 Recorded: March 28, 2003
 Auditor's No(s): 200303280003, records of Skagit County, Washington
 In favor of: Town of Hamilton
 For: Waterline
 Affects: Section 14, Township 35 North, Range 6 East of the Willamette Meridian
12. Any question that may arise due to shifting or change in the course of the Alder Creek, Muddy Creek and the Skagit River or due to said Alder Creek, Skagit River, and Muddy Creek having shifted or changed its course.
13. Right of the State of Washington in and to that portion of the property described herein, if any, lying in the bed or former bed of the Alder Creek, Skagit River and Muddy Creek, if navigable.
14. Easement, including the terms and conditions thereof, granted by instrument;
 Recorded: January 31, 2001
 Auditor's No.: 200101310136, records of Skagit County, Washington
 In favor of: Puget Sound Power & Light Company
 For: Underground electric system, together with necessary appurtenances
 Affects: North Half of the Northwest Quarter and the Northwest Quarter of the Northeast Quarter of Section 14, Township 35 North, Range 6 East of the Willamette Meridian
15. Easement, including the terms and conditions thereof, conveyed by instrument(s);
 Recorded: March 28, 2003
 Auditor's No(s): 200303280003, records of Skagit County, Washington
 In favor of: Town of Hamilton
 For: Non-exclusive perpetual easement for water main and related accessories

- END OF SCHEDULE B-001 -

200810270025
Skagit County Auditor

Welcome



exhibit 2



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Skagit County Auditor
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