

SQUAXIN ISLAND TRIBE

RESOLUTION NO. 95 - 61

OF THE

SQUAXIN ISLAND TRIBAL COUNCIL

WHEREAS, the Squaxin Island Tribal Council is the Governing Body of the Squaxin Island Indian Reservation by authority of the Constitution and By-Laws of the Squaxin Island Tribe, as approved and adopted by the General Body and the Secretary of the Interior on July 8, 1965; and

WHEREAS, under the Constitution and By-laws of the Tribe, the Squaxin Island Tribal Council is charged with the duty of protecting the health, security, education and general welfare of tribal members; and

WHEREAS, the Tribal Council, acting within their authority, has approved by consensus that an offer be made to purchase a tract of land adjacent to the commercial property in Kamilche, known as the Lewis Property, which offer has been accepted, and

WHEREAS, an application has been made for a commercial loan to Key Bank of Washington, which has identified that the property would be used as collateral,

NOW THEREFORE BE IT RESOLVED, that the Squaxin Island Tribal Council does hereby approve using the land as collateral without placing it into Trust Status until the loan is retired, and

BE IT FURTHER RESOLVED, that the Chairman, David Lopeman, is authorized to sign all loan and real estate documents connected with the purchase of the Lewis Property on behalf of the Squaxin Island Tribe.

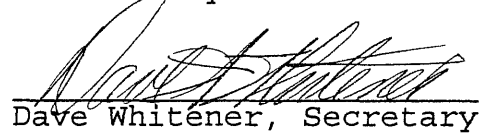
C E R T I F I C A T I O N

The Squaxin Island Tribal Council does hereby certify that the foregoing Resolution was adopted at a meeting of the Squaxin Island Tribal Council, held on this 31st day of August 1995, at which a quorum was present and was passed by a vote of 3 for, and 0 against with 0 abstentions.

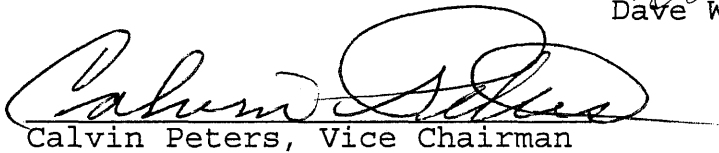


David Lopeman, Chairman

Attested by:



Dave Whitener, Secretary



Calvin Peters, Vice Chairman



DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
\$90,000.00	10-02-1995	01-02-1996	9001		810	262397	CAL03	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: SQUAXIN ISLAND TRIBE
SOUTHEAST 70 SQUAXIN LANE
SHELTON, WA 98584

Lender: KEY BANK OF WASHINGTON
OLYMPIA/SW WASHINGTON COMMERCIAL BANKING
CENTER
105 8TH AVENUE SE
P.O. BOX 1849 WA-31-33-0185
OLYMPIA, WA 98507

LOAN TYPE. This is a Variable Rate (1.000% over Lender's announced prime rate, making an initial rate of 9.750%), Single Pay Loan to a Corporation for \$90,000.00 due on January 2, 1996.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: TO PURCHASE ACREAGE.

FLOOD INSURANCE. The property that will secure the loan is not located in an area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards. Therefore, although flood insurance may be available for the property, no special flood hazard insurance is required by law for this loan.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$90,000.00 as follows:

Amount paid to Borrower directly:	\$90,000.00
\$90,000.00 Lender's Check # CASHIER CHECK	

Note Principal:	\$90,000.00
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CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid In Cash:	\$900.00
\$900.00 Loan Fees	

Other Charges Paid In Cash:	\$170.02
\$63.00 Recording and Filing	
\$10.00 Flood Search	
\$97.02 Title Insurance	

Total Charges Paid in Cash:	\$1,070.02
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AUTOMATIC PAYMENTS. Borrower hereby authorizes Lender automatically to deduct from Borrower's account numbered WAIVED the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

DOCUMENT PREPARATION. In connection with this Loan, Lender has selected, prepared, drafted or completed certain instruments or documents which will affect Borrower's legal rights. Lender has done this solely for its own benefit and to protect its own interest in the transaction. BORROWER HAS BEEN ADVISED BY LENDER THAT BORROWER SHOULD CONSULT WITH BORROWER'S OWN LEGAL COUNSEL TO PROTECT BORROWER'S INTERESTS AND TO ANSWER ANY QUESTIONS BORROWER MAY HAVE ABOUT THE INSTRUMENTS, DOCUMENTS OR THE TRANSACTION.



Key Bank of Washington
A KeyCorp Bank

Olympia/Southwest Washington
Commercial Banking Center
Mailcode: WA-31-33-0185
105 8th Avenue Southeast
~~Post Office Box 1049~~
Olympia, Washington 98507-1849

(206) 753-0054
FAX (206) 956-7354

August 18, 1995

Dave Burnett, Executive Director
Squaxin Island Tribe
SE 70 Squaxin Lane
Shelton, WA 98584

Dear Mr. Burnett:

We are pleased to inform you that Key Bank of Washington (Bank) has approved a loan on the following terms:

1. BORROWER: Squaxin Island Tribe
2. GUARANTORS: None
3. SUMMARY OF FACILITY: Single Pay Note/Term Loan
4. AMOUNT: \$90,000.00 (Ninety Thousand and no/100 Dollars)
5. COLLATERAL: First lien on the 40 acres of property, to be purchased and owned by Borrower.
6. LOAN PURPOSE: To purchase 40 acres of land.
7. LOAN TERMS:

(a) Interest Rate

Single Pay Note

A floating rate adjusted daily of 1% per annum over what Bank designates as its prime rate. Interest will be calculated on a 360 day year.

Permanent Period

A floating rate adjusted daily of 1.00% per annum over what Bank designates as its prime rate (currently 8.75% + 1.00% = 9.75%); or

Fixed rate for one year, based on the 1 year TCMA + 2.75% at date of closing of the permanent loan and adjusted annually thereafter at the then prevalent 1 year TCMA + 2.75% until maturity (currently 5.81% + 2.75% = 8.56%); or

Fixed rate for three years, based on the 3 year TCMA + 3.00% at date of closing of the permanent loan and adjusted every three years thereafter at the then prevalent 3 year TCMA + 3.00% until maturity (currently 6.19% + 3.00% = 9.19%);

Interest will be calculated on a 360 day year.

(b) Term

After the initial ninety days interest only period, the loan will be converted to a term loan based on a 120 month amortization and will mature 60 (sixty) months from closing. Required payments will be approximately \$1,176.93 per month.

(c) Credit Administration

Borrower will provide to Bank, on an annual basis, CPA audited financial statements for the Squaxin Island Tribe and Island Enterprises within 120 days of fiscal year end.

8. FEES: A loan fee of \$900.00 (1%) is due on closing of the loan. In addition, Borrower will pay all of Bank's out-of-pocket costs in connection with the loan, including, if applicable, title insurance, appraisals, environmental assessments, filing and recording fees, and legal fees, including, if applicable, fees for work performed by Bank's in-house counsel if such counsel is used instead of outside counsel.

9. ADDITIONAL TERMS: Loan documents will be in the standard form customarily required by the Bank and will include additional terms and conditions not discussed above; including, but not limited to, provisions satisfactory to the Bank in the area of dispute resolution and enforcement, including a possible waiver of Tribal immunity and Bureau of Indian Affairs approval as necessary. The Bank may also require certain financial and other information prior to closing this loan, which will be discussed with you in detail upon your acceptance of this commitment. At the date of closing the loan, the financial condition and credit of Borrower and all other features of this transaction will be as represented to Bank without material adverse change. In the event of bankruptcy or insolvency or adverse material change in credit worthiness of Borrower, this commitment will terminate upon notice by Bank. This commitment is non-assignable by Borrower and Borrower will not disclose the terms of this commitment except to their legal and financial advisors. This commitment supersedes any prior commitments, offers, or agreements, written or oral concerning this financing, and can only be modified in writing.
10. ACCEPTANCE: This commitment is not binding unless the enclosed copy of this letter is signed by Borrower and received by us by 5:00 p.m. on October 5, 1995, at which time the commitment will expire without notice if not so accepted. If, after acceptance, the loan has not closed by October 15, 1995, this commitment will expire without notice and all fees paid by Borrower will be retained by Bank as compensation for expenses incurred. Closing will be deemed to take place when the Borrower is eligible for and receives the first disbursement, even if security documents are filed or recorded earlier.
11. EXPENSES: Borrower agrees that whether or not Bank makes the loan (unless failure to make the loan is a consequence of default by Bank), Borrower is liable for the payment of all expenses, fees, and charges incurred by Bank with respect to this commitment and the loan.

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

Squaxin Island Tribe
August 15, 1995
Page 4

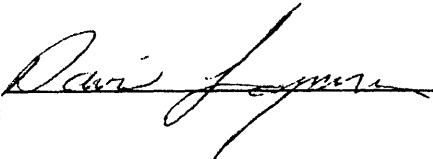
. If this commitment is acceptable to you, please sign and return the enclosed copy as provided above. We look forward to working with you!

KEY BANK OF WASHINGTON

By: _____
Its: Vice President

Acknowledged and accepted this ____ day of _____, 19__.

SQUAXIN ISLAND TRIBE "BORROWER"

By:  _____
Its:

Borrower's Tax Identification Number _____

BOARDING DATA

The information contained on this Boarding Data Sheet is for Lender's use only.

Borrower: SQUAXIN ISLAND TRIBE
SOUTHEAST 70 SQUAXIN LANE
SHELTON, WA 98584

Lender: KEY BANK OF WASHINGTON
OLYMPIA/SW WASHINGTON COMMERCIAL BANKING
CENTER
105 8TH AVENUE SE
P.O. BOX 1849 WA-31-33-0185
OLYMPIA, WA 98507

County: MASON
TIN: 910922254

Officers:

DAVID LOPENAN, CHAIRMAN

Address:

, WA

Account/Customer Number: 262397

Bus. Phone: (360) 427-9006

SIC Number: 9199

Loan Description: This is a Variable Rate (1.000% over Lender's announced prime rate, making an initial rate of 9.750%), Nondisclosable Single Pay Loan to a Corporation for \$90,000.00 due on January 2, 1996.

Fees and Charges:

Amount paid to Borrower directly: \$90,000.00
\$90,000.00 Lender's Check # CASHIER CHECK

Note Principal: \$90,000.00

Prepaid Finance Charges: \$900.00

In Cash: \$900.00
Loan Fees: \$900.00

Amount Financed: \$89,100.00

Other Charges Paid In Cash: \$170.02
 \$63.00 Recording and Filing
 \$10.00 Flood Search
 \$97.02 Title Insurance

Payment Information:

No. of Payments	Amount	Due
2	\$731.25 - \$755.62	Monthly beginning 11-02-1995
1	\$90,755.63	01-02-1996

APR: 14.061
Interest Rate: 9.750 @ 365/360 at 1.000 pt. over Lender's announced prime rate adjusted each day that the index changes
Current Index: 8.750
Not Rounded
Rate In Default: Note Rate + 5.000%
Total of Payments: \$92,242.50
Loan Type: Single Payment
Automatic Payments: Account Number WAIVED
Type(s) of Insurance Purchased: No Insurance Purchased.

Classification Data: Non Disclosable Corporation

Loan Number: 9001 **Loan Date:** 10-02-1995 **Department / Branch:** 7816
Call Code: **Disbursement Date:** 10-02-1995 **Officer:** CAL03
Purpose Code: 810 **Maturity Date:** 01-02-1996 **Last Edit:** LKS
Collateral Code: 810 **Portfolio:** BUSINESS
Loan Name: 096ISLLS
Std. Loan: REAL ESTATE SECURED OR SUPPORTED
Purpose: TO PURCHASE ACREAGE

Collateral Information:

Collateral Comments: REAL PROPERTY OWNER CODE -

Description	Owner Code	Insurance Amount	Coverage Basis	Deductible
Real Estate at NO SITE ADDRESS FOR PROPERTY, SHELTON, WA 98584	1		1	

Loan Comments:

Officer Comments: RISK CODE - 4

CRA CODES: LOB CODE - EMP/SALES - B/D GOV/AST - GOV/PRG - SBA GTV -
CL3 CODES: OBLIGAT TYPE - 100 GL CODE - 102 APPR OFFICER - LEW02 OBLIGOR TYPE - FASB COST - \$465.30 PREPAY
 PNLTY - N WAIVE EARN IND-0 MARGIN CODE-1 OWNER CODE-NN BILL LMT
 CODE-2 INTERIM FIN STMT DATE-9-30-94 PROP LOC-98584
Financial Statement Date: 09-30-1994 **Last Tax Return Year:** 19
Source of Repayment:
Primary:
Secondary:

Flood Insurance:

Real Estate Flood Section: Not in Hazard Area

Map No.: _____ **Community:** _____
Map Date: _____

615580

M C T I Mason County Title Insurance Company

After Recording Mail To:

SQUAXIN ISLAND TRIBE
SE 70 Squaxin Lane
Shelton, WA 98584

REEL 688 FR 510

RECORDED FILED
REEL 688 FRAME 510-511
AUDITOR MASON COUNTY
ALLAN T. BROTCHE

95 OCT 13 PM 4:29

REQUEST OF:

M. C. T. I

MCTI FILE NO. 70130

STATUTORY WARRANTY DEED

THE GRANTOR ROYCE C. LEWIS and JOAN I. LEWIS, husband and wife

for and in consideration of Ten Dollars (\$10.00) and other valuable consideration and as part of an I.R.C. 1031 Tax-Deferred Exchange

in hand paid, conveys and warrants to SQUAXIN ISLAND TRIBE,

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

AFFIDAVIT
No. 34140
WA. REAL ESTATE
EXCISE TAX
DATE 1,759.50
OCT 13 1995

SEE "EXHIBIT A" ATTACHED HERETO, INCORPORATED HEREIN AND MADE A PART HEREOF

DOREENE RAE
Treas. Mason County

DATED: October 2, 1995

Royce C. Lewis
ROYCE C. LEWIS

Joan I. Lewis
JOAN I. LEWIS

STATE OF TEXAS

COUNTY OF MONTGOMERY

On this day before me the undersigned Notary Public, personally appeared Royce C. Lewis and Joan I. Lewis (proven to me on the basis of satisfactory evidence or personally known to me) to be the individual(s) described in and who executed the within and foregoing instrument and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this

5th day of October, 1995

Walter Marshall
Notary Public in and for the State of TEXAS
My Commission Expires 3-02-99
residing at _____
My appointment expires _____

EXHIBIT A

NO. 70130

All that portion of the following described parcel lying westerly of the westerly right-of-way for Primary Highway No. 101:

That part of the Northeast quarter (NE 1/4) of the Northeast quarter (NE 1/4) of Section nineteen (19), Township nineteen (19) North, Range three (3) West, W.M., lying southerly of right-of-way of Northern Pacific Railway Company; AND the South half (S 1/2) of said Northeast quarter (NE 1/4), lying southerly of the right-of-way of Northern Pacific Railway Company; EXCEPTING right-of-way of Northern Pacific Railway Company.

Parcel Nos. 31919 10 00010 and 31919 11 00080.

SUBJECT TO THE FOLLOWING:

1. Classified as "forest land" for tax purposes under the provisions of Chapter 187, Laws of 1974. Subject to further taxation and interest thereupon as provided by Chapters 84.33 and 84.34, R.C.W., upon withdrawal from such classification or change in use. The County Assessor must be consulted immediately if classification is to be continued. New owners must sign Notice of Continuance section in the 1% State Excise Tax Affidavit. If continuance not desired, all compensating or additional tax shall be due and payable at the time of closing of sale. For determination of tax due, consult County Assessor prior to sale.

2. TRANSMISSION LINE EASEMENTS. (OLYMPIA-SHELTON LINE)
In Favor Of: U.S.A. (Bonneville Power Adm)

Recorded: May 24, 1947.

Recorded: May 6, 1956.

Recorded: May 17, 1970.

Auditor's File No. 119392, 163186 and 250319

Granting a permanent easement 390 feet in width to enter and erect towers, lines and all appurtenances thereto, operate, maintain and patrol said lines and structures, together with the right to clear and remove brush, timber, structures and other fire hazards within said right-of-way however, growing of crops other than trees is permitted right to control by any means "danger trees" outside of right-of-way which may fall within said right-of-way. Reference to instrument for a more detailed statement of rights and controls within and around said right-of-way.

3. The State of Washington reserves the rights (including all existing, future or potential easements of access, light, view and air) to, from, over, and between Primary State Highway No. 101, and the within described land.

4. Subject to Release of Damages, as granted to the State of Washington by instrument recorded January 28, 1963, Auditor's File No. 196965, releasing all claims by reason of the operation and maintenance of Primary State Highway No. 9 (now Highway 101).

PROMISSORY NOTE

DATE: October 2, 1995
BORROWER: Squaxin Island Tribe
LENDER: Key Bank of Washington
LOAN NUMBER: 262397-9001
LOAN AMOUNT: \$90,000.00
MATURITY DATE: February 2, 2001
INITIAL INTEREST RATE: 9.75%

INDEX FOR PERMANENT PHASE: THE WEEKLY AVERAGE YIELD ON UNITED STATES
TREASURY SECURITIES ADJUSTED TO A CONSTANT
MATURITY OF ONE YEAR, AS MADE AVAILABLE BY
THE FEDERAL RESERVE BOARD.

FOR VALUE RECEIVED, Borrower jointly and severally if more than one) promises and agrees to the following:

1. PAYMENT. Borrower shall pay to the order of Lender, its successors, and assigns, at Lender's principal office or at such other place Lender may designate from time to time, in lawful money of the United States, the Loan Amount set forth above, plus interest on the unpaid principal balance at the Interest Rate (defined below), which amounts are payable in consecutive monthly installments as provided below. The entire unpaid principal balance, with any accrued and unpaid interest, shall be due and payable in full on the Maturity Date.

2. INTEREST RATE AND ADJUSTMENTS.

2.1 Interim Phase: The Initial Interest Rate shall be as set forth above, and thereafter this Note shall bear interest from the date of disbursement until the Conversion Date (defined below) at a variable rate equal to the designated prime rate of Key Bank of Washington or its successor (the "Prime Rate") plus 1 %, which rate shall automatically adjust as and when the Prime Rate changes. Interest shall be calculated on the basis of a 365-day year and actual days elapsed, and shall be rounded up to the nearest 1/8th of one percent. Borrower acknowledges that the Prime Rate is an announced rate and may not represent the lowest or best rate of interest charged by such institution. If at any time the Prime Rate is no longer available, Lender may substitute the announced prime rate of another financial institution deemed by Lender to be comparable.

2.2 Permanent Phase: From and after the Conversion Date, the outstanding principal balance of this Note shall bear interest at a variable rate equal to the Index identified, above plus 2.75 % (the "spread"), which rate shall adjust based on changes in the Index, as provided below. Interest shall be calculated on the basis of a 360-day year, and shall be rounded up to the nearest 1/8th of one percent. The particular Index value used in any calculation of a change in the Interest Rate shall be the last such value published or announced and received by Lender 45 days prior to the Change Date (defined below). If at any time the Index is no longer available or if the method of calculating of the Index is materially changed, Lender may substitute another comparable published index and/or adjust the "spread" as Lender deems necessary to maintain a comparable Interest Rate. The Interest Rate shall be adjusted on the Conversion Date, and every year thereafter ("Change Date(s)").

2.3 Miscellaneous: Interest, fees and charges collected under this Note shall not exceed the maximum amount provided in any applicable law, and if any applicable maximum is exceeded, the excess collected will be refunded to Borrower or credited as a prepayment to principal (without prepayment penalty or premium), at Lender's option.

3. INSTALLMENTS AND ADJUSTMENTS.

3.1 Payment During Interim Phase: Monthly installment payments of interest only shall be due commencing on the first day of the month following the disbursement under this Note and continuing on the first day of each subsequent month until the Conversion Date.

3.2 Conversion Date: The "Conversion Date" means ninety days after note date.

3.3 Payments During Permanent Phase: From and after the Conversion Date, and on each Change Date thereafter, Lender will adjust the amount of the monthly payment to permit full amortization of the unpaid principal balance at the Interest Rate then in effect in equal monthly installments over the remaining amortization period. "Amortization period" means a period of 120 months beginning on the Conversion Date. The adjusted payment amount shall be paid beginning on the first day of the month following the Conversion Date or Change Date, as applicable, and continuing thereafter until subsequently adjusted.

3.3 No Waiver: Lender's acceptance of any full or partial payment shall not be deemed a waiver of any default nor consent to any sale or transfer of any property securing this Note regardless of Lender's knowledge thereof.

3.4 Application of Payments: Payments received shall be applied in such order as Lender may elect in its sole discretion, to reduce principal, pay accrued interest, pay reimbursable costs and expenses or any other advances made by Lender under the Loan Documents, and interest thereon.

4. DEFAULT: Upon failure to pay any installment or other amount due under this Note or any other Loan Document within 15 days of the date due or the occurrence of any other default under the Loan Documents, the entire unpaid principal balance and accrued interest shall become immediately due and payable at Lender's option and without notice to Borrower, and Lender shall be entitled to pursue any and all rights and remedies available to it under the Loan Documents or under law. Lender may elect to waive all or part of any right, payment or obligation owing to it and such waiver or any failure to exercise its rights and remedies shall not be deemed a waiver or release as to any default, and waiver as to any particular breach shall not be deemed waiver or consent to any subsequent default.

5. LATE CHARGE AND DEFAULT INTEREST. If any payment of interest or principal or any amounts otherwise due under the Loan Documents is not paid in full when due, and remains unpaid for a period of 15 days after the date due, Lender shall without notice be entitled to charge and Borrower shall pay on demand, a late charge equal to 5% of the delinquent amount (the "Late Charge"). In addition, and regardless of whether Lender elects to accelerate this Note, the entire principal balance and all accrued interest shall bear interest from the date of default (without regard to any applicable cure or notice period) at the Interest Rate that would otherwise be in effect, plus 5% per annum (the "Default Rate"), which rate shall continue to be adjusted as provided above. Default interest shall be due on demand. Borrower recognizes that the occurrence of default will cause Lender additional expense in servicing the Loan and economic loss because of failure to receive money when due and that damages caused thereby would be difficult and impracticable to ascertain. Borrower agrees that the Late Charge and the Default Rate are reasonably calculated to cover such damage and expenses to Lender, and shall be in addition to all other rights and remedies available to Lender. Nothing in this section shall be construed as an agreement or obligation of Lender to accept at any time less than the full amount then due hereunder, or as a waiver or limitation of Lender's right to enforce strict performance with this Note and the other Loan Documents.

6. PREPAYMENT. Borrower shall have the right to prepay all or any part of the principal and accrued interest without premium or penalty upon 30 days prior written notice, but partial prepayments shall not affect the amount or due date of subsequent installments.

7. SECURITY TRANSFERS AND DUE ON SALE. This Note is secured by one or more deeds of trust, assignments of rents and security agreements covering certain real and personal property described therein. The security instruments securing this Note provide for acceleration of the loan evidenced by this Note in the event of transfers or further encumbrances of the secured property and/or transfers of interest in Borrower without Lender's prior written consent. The Note and all other documents evidencing or securing the Note are referred to herein as the "Loan Documents."

8. COLLECTION EXPENSES. Borrower shall reimburse Lender on demand for all legal fees and other expenses incurred in collecting or enforcing this Note and the other Loan Documents (including without limitation those incurred with or without suit, in any appeal, bankruptcy, insolvency or receivership proceeding; and in any post-judgment collection proceedings) and in protecting or realizing on any collateral for the Note, plus interest from the date of demand at the Default Rate.

9. WAIVERS. Borrower and all guarantors, sureties and endorsers hereof waive presentment and demand for payment, protest, and notice of demand, protest, dishonor and nonpayment; and further agree that Lender shall be entitled to renew, extend, or modify this Note and/or release any other party or any security for this Note, all without notice to them or impairment of their liability to Lender.


10. ASSIGNMENT OF NOTE BY LENDER. The term "Lender" includes any subsequent holder of or participant in this Note and Lender shall be entitled to make available to any proposed assignee or participant, all credit and financial data pertaining to Borrower and the secured property that may be in Lender's possession. Borrower agrees to provide any additional information that any proposed assignee or participant may reasonably request.

11. MISCELLANEOUS. This Note shall (a) be construed, enforced and otherwise governed by the laws of the State of Washington; (b) not be modified or terminated orally, but only by a termination or modification in writing and signed by Lender; (c) subject to the assumption provisions contained in the instruments securing this Note, be binding on and inure to the benefit of Borrower and Lender and their successors and assigns. Time is of the essence of this Note and the performance of each of the agreements and provisions contained herein. On notice from Lender of the loss, theft, destruction or mutilation of this Note, and upon reasonable indemnity from Lender, Borrower will make and deliver a replacement note. Each person executing this Note on behalf of Borrower hereby represents and warrants that he/she/it is authorized to do so on behalf of Borrower. Each person and entity signing or otherwise liable for this Note agrees that each is jointly and severally liable hereunder as a principal and not as a surety; however, a spouse who signs only to bind his/her marital community and property (as indicated in the legend below his/her name) shall not be liable with regard to such spouse's separate property, provided all property described in the relevant financial statement given to Lender is in fact community property, and that such spouse claims no separate property interest therein (any subsequent transfer of community property to such spouse shall be void as to Lender so long as amounts remain owing under this Note).

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

BORROWER: Squaxin Island Tribe

By:


Name: David Lopeman
Title: Chairman

BORROWER ADDRESS:

SE 70 Squaxin Lane
Shelton, Washington 98584

Tax Identification Number or
Social Security Number:

RECORDATION REQUESTED BY:

KEY BANK OF WASHINGTON
105 8TH AVENUE SE
P.O. BOX 1849 WA-31-33-0185
OLYMPIA, WA 98507

WHEN RECORDED MAIL TO:

KEY BANK OF WASHINGTON
TACOMA COMMERCIAL LOAN SERVICES
P.O. BOX 11500 WA-31-01-0105
TACOMA, WA 98411-5500

SEND TAX NOTICES TO:

SQUAXIN ISLAND TRIBE
SOUTHEAST 70 SQUAXIN LANE
SHELTON, WA 98584

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



DEED OF TRUST

THIS DEED OF TRUST IS DATED OCTOBER 2, 1995, among SQUAXIN ISLAND TRIBE, whose mailing address is SOUTHEAST 70 SQUAXIN LANE, SHELTON, WA 98584 (referred to below as "Grantor"); KEY BANK OF WASHINGTON, whose mailing address is 105 8TH AVENUE SE, P.O. BOX 1849 WA-31-33-0185, OLYMPIA, WA 98507 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and MASON COUNTY TITLE COMPANY, whose mailing address is PO BOX 278 SHELTON, WA 98584 (referred to below as "Trustee").

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

SEE ATTACHMENT "A."

"ALL OF GRANTOR'S RIGHTS, TITLE, AND INTEREST, NOW OR HEREAFTER ACQUIRED IN THE FOLLOWING DESCRIBED REAL PROPERTY, AND THE REAL ESTATE CONTRACT WHEREIN GRANTOR IS PURCHASING SAID PROPERTY: SEE ATTACHED LEGAL DESCRIPTION, DATE: JUNE 6, 1995, CONTRACT SELLERS: ROYCE C. LEWIS AND JOAN I. LEWIS, HUSBAND AND WIFE, CONTRACT PURCHASERS: SQUAXIN ISLAND TRIBE

The Real Property or its address is commonly known as NO SITE ADDRESS FOR PROPERTY, SHELTON, WA 98584.

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

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

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

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

Grantor. The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without limitation SQUAXIN ISLAND TRIBE.

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

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

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. In addition to the Note, the word "Indebtedness" includes all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor, or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated and whether Grantor may be liable individually or jointly with others, whether obligated as guarantor or otherwise, and whether recovery upon such indebtedness may be or hereafter may become barred by any statute of limitations, and whether such indebtedness may be or hereafter may become otherwise unenforceable.

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

Note. The word "Note" means the Note dated October 2, 1995, in the original principal amount of \$90,000.00 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

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

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

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

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

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

colinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance to the extent such insurance is required by Lender and is or becomes available, for the term of the loan and for the full unpaid principal balance of the loan, or the maximum limit of coverage that is available, whichever is less.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$500.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

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

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

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

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

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

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

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

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

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

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

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

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

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

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

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

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

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

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

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

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refilled, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GRANTOR:
SQUAXIN ISLAND TRIBE

BY: 
DAVID LOPEMAN CHAIRMAN

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 19____, before me, the undersigned Notary Public, personally appeared DAVID LOPEMAN, CHAIRMAN of SQUAXIN ISLAND TRIBE, and personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the corporation that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the corporation.

By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____