

TERMS AND CONDITIONS

The following terms and conditions are incorporated into and form part of the Agreement. Seller's acceptance of the Log Purchase Agreement is deemed sufficient to constitute Seller's acceptance of the terms and conditions herein. In the event of any conflict between the Log Purchase Agreement and these terms and conditions, the Log Purchase Agreement will govern.

1. **Definitions.** Capitalized terms used and not defined herein have the meaning specified in the Log Purchase Agreement. In the Agreement, the following terms have the following meanings:
 - (a) **"Agreement"** means the Log Purchase Agreement and these terms and conditions;
 - (b) **"Delivered"** means the unloading of the Logs at the Point of Delivery;
 - (c) **"Encumbrance"** means any security interest, mortgage, lien, charge or any other encumbrance whatsoever;
 - (d) **"Logs"** means any logs meeting the Purchaser's Specifications, as set out in the Log Purchase Agreement;
 - (e) **"Log Price"** means the price per thousand board feet of Logs payable by the Purchaser, as set out in the Log Purchase Agreement;
 - (f) **"Log Purchase Agreement"** means the agreement between the Purchaser and Seller setting out the specifications of the log purchase; and
 - (g) **"Parties"** means the Purchaser and the Seller, and "Party" means any one of them.
2. **US Dollars.** All dollar amounts referred to in the Agreement are in United States dollars.
3. **Term.** The Agreement has the Term specified in the Log Purchase Agreement.
4. **Termination.** Either Party may terminate the Agreement without liability at any time.
5. **Acceptance.** Acceptance of the Logs by the Purchaser will be deemed to occur when the Logs are scaled and delivery is accepted by the Purchaser as contemplated in Section 7. Title to and risk for the loss of, or damage to, the Logs will pass from the Seller to the Purchaser upon the Purchaser's acceptance of the Logs.
6. **Inspection.** All Delivered Logs will be subject to inspection by the Purchaser and measurement in accordance with Section 7. Logs that do not meet the Purchaser's Specifications may be rejected by the Purchaser. Logs that are not rejected after inspection and measurement are deemed to be accepted by the Purchaser. The Purchaser's determination of conformity to the Purchaser's Specifications will be conclusive for all purposes under the Agreement.
7. **Scaling.** The volume and grade of Logs Delivered by the Seller will be determined by the Purchaser's scalers in accordance with the Northwest Log Rules Advisory Group.
8. **Log Price.** The Log Price is payable in accordance with Section 10 and is inclusive of all costs to prepare and Deliver the Logs.
9. **Costs, Liens and Charges.** The Log Price includes all taxes, assessments or other charges due to any municipal, state or federal government, all of which taxes, assessments or other charges are the responsibility of the Seller.
10. **Payment.** Purchaser will pay Seller the Log Price no later than 5 business days after the 10th and 25th calendar days of each month (and if such a date falls on a weekend, then the next business day) for the Logs accepted by the Purchaser during the preceding pay period.
11. **Set Off Rights.** The Purchaser may, without notice to the Seller, set-off and apply all payments due to the Seller against any obligations of the Seller that may affect the Purchaser's right to, or interest in, the Logs. Any such payments will be considered a discharge of the Purchaser's obligation to pay that amount of the Log Price.
12. **Seller's Representations and Warranties.** Unless otherwise agreed by the Parties in writing, the Seller represents and warrants that:
 - (a) it has title to all Logs Delivered under the Agreement, free and clear of all Encumbrances, taxes, dues and other charges;
 - (b) Logs Delivered under the Agreement will meet the Purchaser's Specifications; and
 - (c) All Logs received that are Forest Stewardship Counsel 100% or PEFC/SFI 100% certified are verified prior to the purchase by the Purchaser.
13. **Indemnity.** The Seller will pay, save, defend, protect, indemnify and hold harmless the Purchaser and its officers, managers, members, customers, agents, representatives and employees (collectively, the **"Purchaser's Affiliates"**), for, from and against all claims, liabilities, damages, losses, liens (including loggers' liens), fees or charges and expenses, including attorneys' fees and costs of suit (including, without limitation, a proceeding in bankruptcy, and any appeal) arising out of or in any way connected with the Logs sold to the Purchaser hereunder or the Seller's performance hereunder, including, without limitation, (a) any claim based on the death or bodily injury to any person, destruction

- or damage to property, or contamination of the environment and any associated remediation costs, (b) the Seller failing to satisfy the Internal Revenue Service's guidelines for an independent contractor, (c) any claim based on the negligence, omissions or willful misconduct of the Seller or any of the Seller's employees, officers, directors, agents, representatives, or subcontractors, (d) any breach by the Seller of the Agreement, and (e) any claim by a third party against the Purchaser or the Logs purchased by the Purchaser hereunder including liens or claims arising as a result of the failure of the Seller to pay any sums due to such third party. The Seller agrees to pay or reimburse all costs that may be incurred by any of the Purchaser's Affiliates in enforcing this indemnity, including all attorneys' fees incurred by the Purchaser's Affiliates and any of them.
14. **Insurance.** The Seller will, at its own expense, maintain comprehensive general liability insurance and motor vehicle liability insurance in the minimum amount of \$1,000,000 per occurrence and will, as and when requested by the Purchaser, provide the Purchaser with proof of such insurance.
 15. **Independent Legal Advice.** The Seller confirms that it has read, understands and agrees with all provisions of the Agreement and has had the opportunity to obtain independent legal advice.
 16. **Compliance.** Each Party will comply at all times and in all respects with the requirements of all federal, state, regional and municipal laws, by-laws, rules and regulations applicable to the Agreement.
 17. **No Waiver.** No failure or delay by either Party in exercising any right under the Agreement will operate as a waiver of that right, and the single or partial exercise of a right under the Agreement will not preclude any other or future exercise of that or any other right, power or privilege.
 18. **Notices.** All notices, requests and other communications required hereunder (each a "Notice") must be in writing and are effective upon: (a) the day of delivery, when delivered by personal delivery; (b) confirmation of transmission, when sent by facsimile or e-mail; or (c) on the third business day after mailing, if mailed by certified or registered mail (with prepaid postage and a return receipt requested). Notice must be sent to the respective Parties at the addresses specified in the Log Purchase Agreement.
 19. **Entire Agreement.** The Agreement is the entire and complete agreement of the Parties. There are no oral agreements between the Parties affecting the Agreement, and the Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the Parties with respect to the subject matter thereof. Where any terms or conditions are included in any invoice or other document provided by Seller to Purchaser, the terms and conditions of the Agreement will apply and the terms and conditions of such invoice or other document will be void.
 20. **Amendments.** No provision of the Agreement may be amended, modified, waived or changed unless agreed to in writing by the Parties.
 21. **No Assignment.** The Agreement is not assignable by either Party without the prior written consent of the other Party, which consent cannot be unreasonably withheld.
 22. **Further Assurances.** Each Party will, upon request by the other Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request to evidence, carry out and give full effect to the terms and intent of the Agreement.
 23. **Governing Law and Jurisdiction.** The Agreement is exclusively governed by and construed in accordance with the laws of the State of Washington. The venue for any action, suit or legal proceeding instituted by a Party will be set in Clark County, Washington, or such other venue as may be selected in the Purchaser's sole and absolute discretion.
 24. **Counterparts.** The Agreement may be executed in any number of counterparts; each counterpart is an original and all counterparts taken together constitute the same instrument. A counterpart may be delivered by e-mail attachment (Portable Document Format File), facsimile or other electronic means, which shall be as effective as hand delivery of the original executed counterpart.