

**RESOLUTION OF THE
WHITE MOUNTAIN APACHE TRIBE OF THE
FORT APACHE INDIAN RESERVATION**

- WHEREAS,** the Bureau of Indian Affairs (BIA) has available grant funds for the Indian Business Development program; and
- WHEREAS,** FATCO is developing a new enterprise in Hondah to be called the FATCO Lumber Store where retail lumber and other building supplies will be sold; and
- WHEREAS,** the cost of the initial inventory for the facility is estimated to be \$400,000; and
- WHEREAS,** the BIA will accept an application to defray 25 percent of this cost if the balance is financed by a bank loan; and
- WHEREAS,** the Tribal Council has the inherent sovereign authority and authority pursuant to the constitution of the White Mountain Apache Tribe to authorize incurrence of the loan and to delegate authority to the Tribal Council Chairman, or in his absence the Vice Chairman, and to the Tribal Treasurer to execute and sign any necessary and appropriate documents for a loan and to pledge collateral or security therefor, and to grant a limited waiver of the Tribe's sovereign immunity in the event of a dispute that may arise out of or in connection with a loan; and
- WHEREAS,** the Tribal Council concludes it to be in the best interest of the White Mountain Apache Tribe to apply for a loan from First Interstate Bank of Arizona, N.A. in the principal amount not to exceed \$300,000 for the purposes of financing, in part the initial inventory for the FATCO Lumber Store, in accordance with the conditions set forth in the "collateral note" and "Rider A" respecting dispute resolution attached hereto; and
- WHEREAS,** the Tribal Council is authorized to permit FATCO, an economic subsidiary of the White Mountain Apache Tribe, to pledge as security for the loan, a \$300,000 time certificate deposit issued or to be issued by First Interstate Bank, and to permit Ken Lott, the General Manager for FATCO to sign such pledge or security agreements and all other documentation reasonably required by First Interstate Bank of Arizona in connection with the pledge and the loan.

Resolution No. 06-93-150

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe of the Fort Apache Indian Reservation that it hereby approves a loan from First Interstate Bank of Arizona, N.A. to the White Mountain Apache Tribe in the principal amount not to exceed \$300,000 for the purpose of financing, in part, the initial inventory for the FATCO Lumber Store (the "Loan") pursuant to and substantially in accordance with the collateral note and Rider A attached hereto.

BE IT FURTHER RESOLVED by the Tribal Council that FATCO is hereby authorized to pledge as security for the Loan a \$300,000 time certificate deposit issued or to be issued by First Interstate Bank and that Ken Lott the General Manager of FATCO is hereby authorized to sign such pledge or security agreements and all other documentation reasonably required by First Interstate Bank of Arizona in connection with the pledge and the Loan.

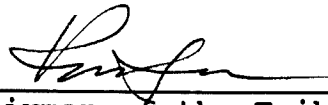
BE IT FURTHER RESOLVED by the Tribal Council that it hereby designates Tribal Chairman Ronnie Lupe of the Tribal Council and in his absence Lafe Altaha, the Vice Chairman and Tribal Treasurer, Edwin Kane, to sign on behalf of the White Mountain Apache Tribe, the note evidencing the Loan, security documents and any other documents reasonably required by First Interstate Bank of Arizona in connection with the Loan (the "Loan Documents"), and to request advances pursuant to the Loan Documents.

BE IT FURTHER RESOLVED by the Tribal Council that it hereby waives the sovereign immunity of the White Mountain Apache Tribe and FATCO to any legal action or proceeding, initiated pursuant to the procedures outlined in Rider A attached hereto (an "Action") brought against the White Mountain Apache Tribe and/or FATCO by the First Interstate Bank of Arizona and/or its successors or assigns, and arising from or in connection with the transactions contemplated by the Loan Documents.

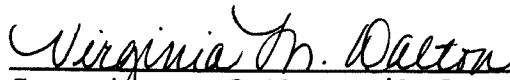
BE IT FURTHER RESOLVED by the Tribal Council that in the event of a trial of any Action, the White Mountain Apache Tribe and FATCO hereby consent and submit to the non-exclusive personal jurisdiction and venue of the Tribal Court of the White Mountain Apache Tribe and with respect to the due process review contemplated in that rider attached to the Note, jurisdiction of the Federal District Court sitting in Phoenix, Arizona and the respective Appellate Courts thereof.

Resolution No. 06-93-150

The foregoing resolution was on June 16, 1993, duly adopted by a vote of five for and zero against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article V, Section 1 (a) (h) (i) (j) (k) (l) of the Amended Constitution and Bylaws of the Tribe, ratified by the Tribe June 27, 1958, and approved by the Secretary of the Interior on May 29, 1958, pursuant to Section 16 of the Act of June 18, 1934 (48 Stat. 984).



Chairman of the Tribal Council



Secretary of the Tribal Council

RIDER A

This Rider A is attached to and made a part of that Collateral Note (Savings Accounts, TCDs, TDOAs) dated _____, 1993 given by the White Mountain Apache Tribe to the order of First Interstate Bank of Arizona, in the face amount of \$300,000.00 (the "Note") as if fully set forth therein. All defined terms not defined in this Rider A shall have the meaning ascribed to them in the Note.

Maker, each Pledgor and each Surety represent and warrant that they have taken all governmental action, and have received all consents (if any), required to duly and effectively waive their sovereign immunity in connection with any action or proceeding arising out of or relating to this Note or any indebtedness evidenced hereby (an "Action"). All Actions shall be initiated in Maker's Tribal court and shall be conducted subject to the rules of evidence and other rules and procedures thereof; provided, however, that Maker shall designate a single sitting or retired judge of the Federal Court or Superior Court of Pima County or Maricopa County, Arizona as a judge pro tem of the Tribal court to try the Action as to all matters of fact and law. Maker, each Pledgor, each Surety and Holder hereby waive all rights to trial by jury in connection with the trial of any Action. All court costs of the trial of an Action shall be borne by Maker (or pro rata with Pledgor or Surety if they are parties to the Action), including (but not limited to) all compensation of the aforesaid judge pro tem. If holder prevails in final judgement.

All final judgments, rulings and orders of the aforesaid trial court shall be subject to appeal pursuant to the rules and procedures of Maker's Tribal appellate process; provided, however, that all appellate decisions shall be rendered by appellate panel and Maker shall designate sitting or retired members of the appellate courts of the State of Arizona or the Federal Court system sufficient to constitute not less than thirty percent of the votes of each such appellate panel. Each party shall bear its costs incurred in connection with or arising out of the appeal of any Action. All compensation of the designees to any appellate panel and its related court costs shall be borne equally by the parties thereto. Maker, each Pledgor and each Surety agree that they shall accept and be bound by, thereby waiving their sovereign immunity from, a judgment, ruling or order which is final (because either the time for appeal has expired or the judgment or order is issued by the court having final appellate jurisdiction over the matter and is not subject to collateral attack).

Maker, each Pledgor and each Surety hereby waive any right any one of them may have to require Holder to exhaust any administrative remedies before commencing an Action in Maker's Tribal court and agree not to assert the claim or defense of failure to exhaust any administrative or other Tribal remedies in any Action brought in the manner provided hereinabove.

Notwithstanding the foregoing, Maker, each Pledgor and each Surety hereby irrevocably consent to the jurisdiction and exclusive venue of the United States District Court for the District of Arizona, sitting in Phoenix, Arizona, for the trial of any Action to determine whether, under the standards for review in federal court of trials and appeals conducted in state courts of the United States, any one of them has been denied procedural or substantive due process in the trial and/or appeal of any Action brought in Maker's Tribal court system. Maker, each Pledgor and each Surety agree that they shall accept and be bound by, thereby waiving their sovereign immunity from, a judgment or order which is final (because either the time for appeal has expired or the judgment or order is issued by the court having final appellate jurisdiction over the matter and is not subject to collateral attack).

Maker, each Pledgor and each Surety hereby agree that service of all writs, process and summonses in any suit, action or proceeding brought against any one of them by Lender may be served upon them by certified mail, return receipt requested, deposited with the United States Postal Service and addressed to the Tribal Chairman or the Secretary of Maker's Tribal Council at the addresses set forth next to their signature on the Note. Any such service shall be deemed to have been completed (whether actually received or not) on the fifth day after it is deposited with the United States Postal Service. Maker, each Pledgor and each Surety agree not to object to this method of service in any legal proceeding brought by Holder against any of them. Holder agrees to send by regular mail a copy (which shall not be construed as service) of all writs, process and summonses served on Maker to Maker's legal counsel at the address provided by Maker to Holder. Maker shall provide to Holder the name and address of Maker's legal counsel, as the same may change from time to time.

WHITE MOUNTAIN APACHE TRIBE
a federally-recognized Indian tribe

By _____
Ronnie Lupe
Its Tribal Chairman
"Maker"

Attest:

By _____
Virginia Dalton
Tribal Council Secretary

Dated: _____

FORT APACHE TIMBER COMPANY
a wholly-owned enterprise of
the White Mountain Apache Tribe

By _____

Its _____
"Pledgor"

FIRST INTERSTATE BANK OF ARIZONA, N.A.

By _____

Its _____
"Holder"

Loan Number 3819708

Phoenix

Arizona

For value received, the undersigned ("Maker") promises to pay to the order of FIRST INTERSTATE BANK OF ARIZONA, N.A. (the "Payee"; Payee and each subsequent transferee and/or owner of this Note, whether taking by endorsement or otherwise, are herein successively called "Holder") at Commercial Banking Division, #813 or at such other place as Holder may from time to time designate in writing, the principal sum of *Three Hundred Thousand and 00/100* DOLLARS (\$300,000.00*), or so much thereof as Holder from time to time may advance to or for the benefit or account of Maker, with interest on the principal balance from time to time outstanding, computed on a daily basis (based on a 360-day year) over the actual number of days from the date hereof until paid, at a rate equal to:

- 3.00% in excess of the rate of interest paid on the Savings Account, Time Certificate of Deposit or Time Deposit Open Account securing this Note (or the weighted average rate if more than one) adjusted periodically on the effective date of, and in conformity with, changes in that rate.
"Prime Rate" plus % per annum (the "Prime Rate" is defined as the interest rate per annum designated by Payee as its "Prime Rate" as announced thereby from time to time), adjusted periodically on the effective date of, and in conformity with, changes in that Prime Rate.

Principal, interest and all other sums payable hereunder shall be paid in lawful money of the United States of America as follows: plus % per annum.

Maker agrees to an effective rate of interest that is the rate stated above plus any additional rate of interest resulting from any other charges in the nature of interest paid or to be paid in connection with this Note. "Default Rate" is defined as five percent (5%) above the rate of interest otherwise in effect for this Note.

Notwithstanding any other provision hereof, Maker agrees that Holder shall have no obligation to make any advance hereunder: (a) on or after the date this Note matures or demand for payment in full is made, (b) if any default shall be continuing of any provision for the benefit of Holder of any agreement or undertaking of any person relating to any obligation of Borrower to Holder, including (without limitation) this Note or any credit agreement executed in connection with this Note, or (c) if any representation made to Holder by or for the benefit of Borrower shall have been false when made.

Any and all payments on this Note shall be applied to the payment of any costs, fees or other charges incurred in connection with the indebtedness evidenced hereby, the payment of accrued interest and the reduction of the principal balance in the order and manner Holder in its sole and absolute discretion shall determine from time to time. Maker shall have the right to prepay this Note, in full or in part, at any time, without penalty. All prepayments of principal shall be applied in the inverse order of maturity or, at the option of Holder, in the regular order of maturity.

To secure payment of this Note (including, but not limited to, timely payment of principal, interest, costs and fees, including Holder's attorneys' fees and costs, payable hereunder or in connection herewith), Maker and each owner of the property described below (if other than Maker, each a "Pledgor") pledge and grant a security interest to Payee in and to the following described property and all interest thereon and proceeds thereof in any form:

Time Certificate(s) of Deposit No(s). Savings Acct(s) No(s). Time Deposit Open Acct(s) No(s).
Time Certificate(s) of Deposit No(s). Savings Acct(s) No(s). Time Deposit Open Acct(s) No(s).

In the event any of the above-described property that is in the nature of a time deposit or certificate of deposit matures prior to the maturity or demand of this Note, the proceeds thereof (which shall include accrued interest at the option of Holder) shall be reinvested in one or more Payee certificates of deposit, time deposit open accounts or savings accounts, as the owner thereof shall direct or, in the absence of such direction, in a Payee savings account. Maker and each Pledgor agree that its/their pledge of the above-described property shall extend to any time certificates of deposit, time deposit open accounts or savings accounts in which the proceeds of said property may be reinvested and shall continue until Maker's obligations under this Note are satisfied in full. Under no circumstances shall the above-described property or the proceeds thereof be withdrawn from the possession and control of Payee until this Note has been paid and satisfied in full. Upon the occurrence of a default in the payment of this Note, all or any of the above-described property or the proceeds thereof may be appropriated and applied to the payment and prepayment of this Note without notice to Maker or any Pledgor.

Holder, at its discretion, from time to time, may render statements of account to Maker setting forth the outstanding principal amount of the loan and amounts of interest, costs and fees due and payable with respect thereto. Each such statement, if and as so rendered, shall be deemed correct and accepted by Maker and shall be conclusively binding upon Maker unless Maker notifies Holder of any discrepancy within thirty (30) days after the date of the statement.

Maker and each Pledgor also agree that (a) Maker will pay on demand all costs and expenses incurred by Holder in connection with the default or collection of this Note, including reasonable attorneys' fees and costs of Holder's legal counsel, whether or not a legal action is commenced; (b) the entire principal hereof shall bear interest after maturity, or after demand if this Note is payable on demand, at the Default Rate until paid; (c) if interest is not paid when due it shall thereafter bear interest at the rate in effect under this Note; (d) time is of the essence of this Note, and at the option of Holder, the unpaid balance of this Note shall become due and payable immediately without notice, with interest thereon after the date of exercise of such option at the Default Rate until paid; (i) upon default in payment of any sum when due and payable hereunder; (ii) if any default shall have occurred and be continuing under any provision for the benefit of Holder of any agreement or undertaking of any person relating to any obligation of Maker to Holder; (iii) if any representation made to Holder by or for the benefit of Maker shall have been false when made; (iv) in the event garnishment, attachment, execution, levy or assessment of tax deficiency is issued against any of the property or assets of Maker; or (v) in the event that Holder in good faith believes that the prospect is impaired of payment or performance by Maker or any surety, endorser or guarantor of this Note or any obligation payable hereunder or to be performed with respect hereto; and (e) Holder shall have the right, at any time, to offset any sums or property of Maker in Holder's possession against Maker's obligations. If the terms of this Note provide that it is payable on demand, then Holder may demand payment at any time notwithstanding the existence or absence of the foregoing enumerated conditions of default.

Failure of the Holder to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default, or in the event of the continuance of any existing default after demand for strict performance of the defaulted obligation.

Maker, each Pledgor, and all sureties, guarantors and/or endorsers hereof (or of any obligation hereunder) and accommodation parties hereon (severally each hereinafter called a "Surety") each: (a) agree that the liability under this Note of all parties hereto is joint and several; (b) severally waive any homestead or exemption laws and rights thereunder affecting the full collection of this Note; (c) severally waive any and all formalities in connection with this Note to the maximum extent allowed by law, including (but not limited to) demand, diligence, presentment for payment, protest and demand, and notice of extension, dishonor, protest, demand and nonpayment of this Note; and (d) consent that Holder may extend the time of payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced by this Note at the request of any other person liable hereon, and such consent shall not alter nor diminish the liability of any person hereon.

In addition, each Surety and Pledgor waives and agrees not to assert: (a) any right to require Holder to proceed against Maker or any other Surety or Pledgor, to proceed against or exhaust any security for the Note, to pursue any other remedy available to Holder, or to pursue any remedy in any particular order or manner; (b) the benefit of any statute of limitations affecting its liability hereunder or the enforcement hereof; (c) the benefits of any legal or equitable doctrine or principle of marshalling; (d) notice of the existence, creation or incurring of new or additional indebtedness of Maker to Holder; (e) the benefits of any statutory provision limiting the liability of a surety, including without limitation the provisions of Sections 12-1641, et seq., of the Arizona Revised Statutes; (f) any defense arising by reason of any disability or other defense of Maker or by reason of the cessation from any cause whatsoever (other than payment in full) of the liability of Maker for payment of the Note; and (g) the benefits of any statutory provision limiting the right of Holder to recover a deficiency judgment, or to otherwise proceed against any person or entity obligated for payment of the Note, after any foreclosure or trustee's sale of any security for the Note, including without limitation the benefits, if any, to a Surety or Pledgor of Arizona Revised Statutes Section 33-814. Until payment in full of the Note, no Surety shall have any right of subrogation and each hereby waives any right to enforce any remedy which Holder now has, or may hereafter have, against Maker or any other Surety or Pledgor, and waives any benefit of, and any right to participate in, any security now or hereafter held by Holder. See Rider A attached hereto

This Note shall be governed by and construed according to the laws of the State of Arizona applicable to contracts made and to be performed entirely within that State. IN WITNESS WHEREOF, this Promissory Note has been executed as of the date first written above.

WHITE MOUNTAIN APACHE TRIBE, a federally recognized Indian Tribe

P.O. Box 700, Whiteriver, Arizona 85941

The undersigned Pledgor(s), who is/are the owner(s) of the property described hereinabove, hereby grant a security interest in and pledge of that property to Payee, and subject to the terms and conditions set forth above, to secure payment of this Note. However, by signature hereon the undersigned do/does not undertake to warrant or otherwise assure payment of this Note, except to the extent of its/their interest in said property.

FORT APACHE TIMBER COMPANY, a wholly owned enterprise of the White Mountain Apache Tribe

P.O. Box 700, Whiteriver, Arizona 85941