



**HONSADOR LUMBER LLC**  
**CONTINUING AGREEMENT OF GUARANTY AND INDEMNITY**

The undersigned, hereinafter referred to as "Guarantors", have asked **HONSADOR LUMBER LLC**, a Delaware Limited Liability Company, hereinafter referred to as "Honsador", to extend credit for the purchase of building materials and/or perform under or execute and/or procure a bond or bonds on behalf of \_\_\_\_\_ hereinafter referred to as "Principal."

The Guarantors deem it to be to their own financial benefit that Honsador extend such credit to the Principal and execute or perform under any such bond for the Principal.

NOW, THEREFORE, in consideration of the foregoing, the Guarantors, for themselves, their heirs, personal representatives, successors and assigns, jointly and severally, hereby covenant and agree with and for the benefit of Honsador and its successors and assigns as follows:

1. Guaranty of All Accounts. The Guarantors unconditionally and irrevocably guarantee that the Principal will pay all sums and accounts now or hereafter owing by the Principal to Honsador before the same become delinquent and that if for any reason any such accounts or debts from the Principal to Honsador shall not be paid when due, then the Guarantors shall, on demand, pay such accounts or debts in full, together with all late charges, costs, expenses and attorneys' fees incurred in seeking collection from the Principal and the Guarantors or otherwise enforcing any rights of Honsador against the Principal and the Guarantors. This is an unconditional and absolute continuing guaranty of payment and not merely a guaranty of collection. Any debts of the Principal now or hereafter owing to the Guarantors are hereby subordinated to the debts of the Principal to Honsador.

2. Waiver of Defenses. The Guarantors unconditionally waive (a) diligence, presentment and protest and any notice of default in the payment of any amount at any time payable by the Principal to Honsador, (b) any requirement that Honsador first make demand upon or seek to enforce remedies against the Principal or any collateral before demanding payment under or seeking to enforce this guaranty, and (c) all other statutory or common law suretyship defenses now or hereafter otherwise available. The obligations of the Guarantors to Honsador shall not be released or impaired by (a) any extension of the time for payment of any amounts payable by the Principal or the Guarantors to Honsador, (b) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of the Principal or the Guarantors, (c) the death or dissolution of the Principal or any of the Guarantors, (d) any receivership, insolvency, bankruptcy, reorganization or other similar proceedings affecting the Principal or the Guarantors or any of their assets, (e) any release of any security or collateral which Honsador may now or hereafter hold to secure payment of the Principal's debts, (f) the addition of a new guarantor or the release of any of the Guarantors, or (g) the operation of law or any other cause, whether similar or dissimilar to the foregoing. If the Principal is a corporation or partnership, it is not necessary for Honsador to inquire into the power of the Principal or any of its officers, directors, partners or agents believed by Honsador to be acting on behalf of the Principal; and any credit extended by Honsador in reliance upon their conduct shall be guaranteed under this agreement.

3. Indemnity for Bond Losses. The Guarantors will at all times indemnify Honsador and hold and save it harmless from and against any and all liability, losses, costs, damages, interest, attorneys' fees, and expenses of every kind or nature which Honsador may sustain or incur as a result of its performance, execution or procurement of any such bond or bonds for the Principal, and any renewal, continuation, extension or successor thereof, and all other bonds heretofore or hereafter executed or procured for or at the request of the Principal, and which Honsador may sustain or incur in: taking any steps it may deem necessary in investigating, defending or prosecuting any action, suits or other proceedings which may be brought under or in connection with any such bond; recovering or attempting to recover salvage; obtaining or attempting to obtain release from liability; or enforcing any of the covenants of this agreement. The Guarantors shall, promptly on demand, reimburse and make good to Honsador, all money which Honsador or its representatives shall pay or become liable to pay by reason of the execution of any such bond and any renewal, continuation, extension or successor thereof. Honsador may issue, alter, change, amend, limit or extend any such bond with or without notice to any Guarantor; and in any such case the Guarantors shall be liable to Honsador as fully and to the same extent on account of any such issued, altered, changed, amended, limited or extended bond, whenever and as often as made, as though such bond were described at length in this agreement.

4. Right to Establish Reserves. If for any reason Honsador shall be required or shall deem it appropriate to set up a reserve in any amount to cover any contingent claims, losses, costs, interest, attorneys' fees, and expenses in connection with any such bond after default of the Principal, abandonment of contract, filing of liens, unpaid and past due bills, dispute with the owner or other obligee, or for any reason whatsoever, and regardless of any proceedings contemplated or taken by the Principal or the pendency of any action or appeal, then the Guarantors shall immediately upon demand deposit with Honsador in current funds an amount sufficient to cover such reserve. Such funds shall be held by Honsador as collateral, in addition to the indemnity afforded by this agreement; and Honsador shall have the right to use such funds or any part thereof, at any time, in payment or compromise of any judgment, claim, liability, loss, damage, attorneys fees, or other expenses, whether arising on the account for which such reserve is originally established or on any other account whatsoever owing by the Principal or the Guarantors to Honsador. Honsador shall have no obligation to pay interest or any other compensation to the Guarantors on account of any funds deposited by the Guarantors with Honsador; and Honsador shall be entitled to commingle and use such funds with any of Honsador's other funds.

5. Other Collateral. Any money or other property of any kind which may now or hereafter be held by or pledged to Honsador as collateral security on any one or more of such bonds or on any other account may, at Honsador's option, be retained as collateral security on all other accounts of the Principal with Honsador and on any and all bonds coming within the scope of this agreement, whether theretofore or thereafter executed, and to secure the Guarantors' full and complete performance of this agreement in all respects. If Honsador shall deem it advisable for the purpose of meeting any actual or prospective claim or demand under any such bond or to pay any expenses incurred or to be incurred in connection therewith, or if Honsador shall form the opinion that such property is likely to decline in market value so that the security to Honsador will be inadequate, then Honsador shall have full power and authority, without notice to the Guarantors, to sell, assign, and deliver such property or any part thereof at public or private sale at Honsador's option. Honsador shall have the right to be the purchaser itself at any such sale, and to use the proceeds, or any part thereof as may be necessary, in order to protect itself or any other surety executing any such bond against loss, costs, damages, interest, attorneys' fees and expenses as aforesaid. After deducting all legal and other costs and expenses of such sale and all such loss, costs, damages, interest, attorneys' fees and expenses as aforesaid, Honsador shall return the remainder of such collateral or the proceeds of sale, if any, to the person or persons legally authorized to receive the same. Honsador shall not be responsible for any loss resulting to such property from any cause other than the gross negligence of its officers and employees.

6. Honsador's Right to Perform Contracts. If it becomes necessary or advisable in the judgment of Honsador to control, administer, operate or manage any matters connected with the performance of any contract covered by any such bond in order to minimize any possible loss to Honsador, the Guarantors expressly acknowledge and agree that such action on the part of Honsador shall be entirely within its rights and remedies as surety.

7. Notices. Any demand on the Guarantors shall be sufficient if personally delivered or sent by certified or registered mail to any Guarantor at the address last known to Honsador, whether or not actually received. Honsador is not obligated to give to the Guarantors notice, which is hereby expressly waived, of any information coming to the notice or knowledge of Honsador concerning or affecting its rights or liabilities under any such bond or the rights and liabilities of any of the Guarantors.

8. Protection of Cosureties. This instrument shall protect, in the name of Honsador, any and all surety or reinsuring companies that may assume reinsurance or cosuretyship on any such bond and, in like manner, shall indemnify such other reinsurer or cosurety, it being agreed that this agreement shall inure to the benefit of any such reinsurer or cosurety, so as to give it a right of action hereunder.

9. Costs of Enforcement. If Honsador enforces performance of this agreement by lawsuit, the costs, charges and expenses, including attorneys' fees, which it may thereby incur shall be included in such lawsuit and paid by the Guarantors.

10. Applicable Law and Interpretation. The laws of the State of Hawaii shall apply to the interpretation and enforcement of this agreement. This agreement shall be construed against the Guarantors in favor of Honsador as broadly as the liability of Honsador as surety may be construed in favor of the obligees under any such bond. If any provision of this agreement shall be void or unenforceable, this agreement shall not be made void thereby but shall be interpreted and enforced as though such provision were omitted. All rights and remedies of Honsador under this agreement shall be deemed to be cumulative. The exercise of any particular right or remedy or a waiver of any other right or remedy at any time shall not be considered to be an election of remedy or a waiver of any other right or remedy, nor shall the acceptance of security or consideration be taken as a waiver of any right or remedy which Honsador might have by statute or otherwise.

11. Amendments: Continuing Effect. This agreement cannot be amended or modified orally but only by a written instrument duly executed by Honsador. This agreement shall continue in effect to cover future extensions of credit and future execution of bonds and shall not be deemed terminated by payment of the Principal's account in full at any time nor by the release or termination of any bonds executed by Honsador.

12. Counterparts. This agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. In making proof of this agreement, it shall not be necessary to produce or account for more than one such counterpart. Agreement shall be fully binding upon each undersigned Guarantor, notwithstanding any failure of or defect in execution by any other person intended to be a Guarantor.

IN WITNESS WHEREOF, the Guarantors have executed this agreement this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
Address: \_\_\_\_\_  
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\_\_\_\_\_  
Address: \_\_\_\_\_  
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\_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

STATE OF )  
 ) SS:  
COUNTY OF )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me appeared \_\_\_\_\_ and \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that they are \_\_\_\_\_ and \_\_\_\_\_ respectively, of \_\_\_\_\_ a \_\_\_\_\_ company; that the seal affixed to the foregoing instrument is the corporate seal of such company and that such instrument was signed and sealed on behalf of such company by authority of its Board of Directors; and said \_\_\_\_\_ and \_\_\_\_\_ acknowledged such instrument to be the free act and deed of such company.

\_\_\_\_\_  
Notary Public, State of  
My commission expires:

STATE OF )  
 ) SS:  
COUNTY OF )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_ to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

\_\_\_\_\_  
Notary Public, State of:  
My commission expires:

STATE OF )  
 ) SS:  
COUNTY OF )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_ to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

\_\_\_\_\_  
Notary Public, State of:  
My commission expires: