



200312300148

Skagit County Auditor

12/30/2003 Page

1 of 10 3:53PM

**Return To:**

Rural Housing Service  
United States Department of Agriculture

2021 E. College Way, #216  
Mount Vernon, WA 98273

**Assessor's Parcel or Account Number:**

Parcels "S", "T" and "U" of 65658 (commonly known as the clubhouse)  
and A72992 (Commonly known as the flats)

**Grantor/Trustor/Borrower:**

SAMISH INDIAN NATION

**Grantee/Beneficiary:**

United States of America, acting through the United States Department  
of Agriculture, Rural Housing Service

**Abbreviated Legal Description:**

Portion Government Lot 1 of Section 32, Township 35, Range 2 and  
Plate No. 12 of Anacortes Tidelands  
[Include lot, block and plat or section, township and range.]

FIRST AMERICAN TITLE CO.

**Full legal description on:**

Attachment-Exhibit A

05658E-3

[Space Above This Line For Recording Data]

Form RD 3550-14 WA  
(Rev. 5/02)

Form Approved  
OMB No. 0575-0172

**DEED OF TRUST FOR WASHINGTON**

United States Department of Agriculture  
Rural Housing Service

THIS DEED OF TRUST ("Security Instrument") is made on December 19, 2003  
(Date)

The trustor is Samish Indian Nation

("Borrower"). The trustee is The United States of America, acting through the  
State Director USDA Rural Development for the State of Washington  
of 1835 Black Lake Blvd., Suite B Olympia, WA 98512-5717, of  
WASHINGTON, as trustee ("Trustee"). The beneficiary is the United States of America acting through the Rural  
Housing Service or successor agency, United States Department of Agriculture ("Lender"), whose address is Rural  
Housing Service, c/o Centralized Servicing Center, United States Department of Agriculture, P.O. Box 66889,  
St. Louis, Missouri 63166.

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection  
of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The  
time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions,  
searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

Borrower is indebted to Lender under the following promissory notes and/or assumption agreements (herein collectively called "Note") which have been executed or assumed by Borrower and which provide for monthly payments, with the full debt, if not paid earlier, due and payable on the maturity date:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
Dec. 19, 2003	\$3,000,000.00	Dec. 19, 2043

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the property covered by this Security Instrument; (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note, and (d) the recapture of any payment assistance and subsidy which may be granted to the Borrower by the Lender pursuant to 42 U.S.C. §§ 1472(g) or 1490a. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property, which is not used principally for agricultural or farming purposes, located in:

Skagit County, Washington: which real property is not used primarily for Agricultural purposes. See attached for legal description.

which has the address of  
Washington 98221 [Zip Code]  
[Street] Anacortes [City]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures which now or hereafter are a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

**1. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

**2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; and (d) yearly flood insurance premiums, if any. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law or federal regulation that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held by a federal agency (including Lender) or in an institution whose deposits are insured by a federal agency, instrumentality, or entity. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.



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Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If Lender shall acquire or sell the Property after acceleration under paragraph 22, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law or Lender's regulations provide otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied in the following order of priority: (1) to advances for the preservation or protection of the Property or enforcement of this lien; (2) to accrued interest due under the Note; (3) to principal due under the Note; (4) to amounts required for the escrow items under paragraph 2; (5) to late charges and other fees and charges.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Lender has agreed in writing to such lien or Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

Borrower shall pay to Lender such fees and other charges as may now or hereafter be required by regulations of Lender, and pay or reimburse the Lender or Trustee for all of Trustee's and Lender's fees, costs, and expenses in connection with any full or partial release or subordination of this instrument or any other transaction affecting the property.

**5. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurer providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, at Lender's option Lender may obtain coverage to protect Lender's rights in the Property pursuant to paragraph 7.

All insurance policies and renewals shall be in a form acceptable to Lender and shall include a standard mortgagee clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within thirty (30) days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The thirty (30) day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If after acceleration the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall maintain the improvements in good repair and make repairs required by Lender. Borrower shall comply with all laws, ordinances, and regulations affecting the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender is not required to do so.



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Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

**8. Refinancing.** If at any time it shall appear to Lender that Borrower may be able to obtain a loan from a responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes, Borrower will, upon the Lender's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby in full.

**9. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**10. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured hereby immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

**11. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower and any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**12. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**13. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**14. Governing Law; Severability.** This Security Instrument shall be governed by federal law. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable. This instrument shall be subject to the present regulations of Lender, and to its future regulations not inconsistent with the express provisions hereof. All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

**15. Borrower's Copy.** Borrower acknowledges receipt of one conformed copy of the Note and of this Security Instrument.

**16. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is leased for a term greater than three (3) years, leased with an option to purchase, sold, or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument.

**17. Nondiscrimination.** If Borrower intends to sell or rent the Property or any part of it and has obtained Lender's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower, will refuse to negotiate for the sale or rental of the Property or will otherwise make unavailable or deny the Property to anyone because of race, color, religion, sex, national origin, disability, age, or familial status, and (b) Borrower recognizes as illegal and hereby disclaims and



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will not comply with or attempt to enforce any restrictive covenants on dwelling relating to race, color, religion, sex, national origin, disability, age or familial status.

**18. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made.

**19. Uniform Federal Non-Judicial Foreclosure.** If a uniform federal non-judicial foreclosure law applicable to foreclosure of this security instrument is enacted, Lender shall have the option to foreclose this instrument in accordance with such federal procedure.

**20. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the Property. The preceding sentence shall not apply to the presence, use, or storage on the Property of small quantities of hazardous substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any federal, state, or local environmental law or regulation.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any hazardous substance or environmental law or regulation of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with applicable environmental law and regulations.

As used in this paragraph "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph, "environmental law" means federal laws and regulations and laws and regulations of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

**21. Cross Collateralization.** Default hereunder shall constitute default under any other real estate security instrument held by Lender and executed or assumed by Borrower, and default under any other such security instrument shall constitute default hereunder.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**22. SHOULD DEFAULT** occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, Lender, at its option, with or without notice, may: (a) declare the entire amount unpaid under the Note and any indebtedness to Lender hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, and (d) authorize and request Trustee to foreclose this instrument and sell the property as provided by law.

**23.** At the request of Lender, Trustee may foreclose this instrument by advertisement and sale of the property as provided by law, for cash or secured credit at the option of Lender; and at such sale Lender and its agents may bid and purchase as a stranger, Trustee at Trustee's option may conduct such sale without being personally present, through Trustee's delegate authorized by Trustee for such purpose orally or in writing and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through Trustee's delegate duly authorized in accordance herewith.

**24.** The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) the debt evidenced by the Note and all indebtedness to Lender secured hereby, and (c) any surplus, less the clerk's file fee, deposited with the clerk of the superior court of the county where the sale took place. In case Lender is the successful bidder at foreclosure or other sale of all or any part of the property, Lender may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to Lender, in the order prescribed above.

**25.** Borrower agrees that Lender will not be bound by any present or future state laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount there or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which Lender may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such state law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

**26.** Borrower hereby assigns to and confers upon Lender the power to collect the rents, issues, profits, and income of the property, reserving to Borrower the right to collect and retain same prior to any default hereunder. Lender may apply said rents and other income on the loan on any indebtedness secured hereby in any order it may determine and without regard to the adequacy of security for same.



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27. Upon full and final payment of all indebtedness hereby secured and the performance and discharge of each and every condition, agreement and obligation, contingent or otherwise, contained herein or secured hereby, Lender shall request Trustee to execute and deliver to Borrower at Borrower's above post office address a deed of reconveyance of the property within 60 days after written demand by Borrower, and Borrower hereby waives the benefits of all laws requiring earlier execution or delivery of such deed of reconveyance.

28. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box]

Condominium Rider     Planned Unit Development Rider     Other(s) [specify]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in pages 1 through 6 of this Security Instrument and in any rider executed by Borrower and recorded with this Security Instrument  
SAMISH INDIAN NATION

\_\_\_\_\_  
Borrower (Seal)  
BY: *Kenneth C. Hansen*  
Borrower (Seal)

STATE OF WASHINGTON  
COUNTY OF Skagit } ss:

ACKNOWLEDGMENT

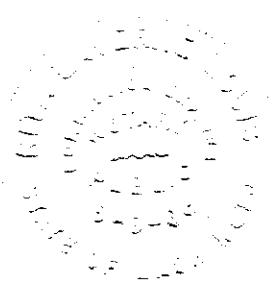
On this day personally appeared before me the within named Kenneth C. Hansen  
\_\_\_\_\_, to me known to be the individual(s) described  
in and who executed the within and foregoing instrument and acknowledged To me that signed the  
same as HIS free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 19 day of December, 2003

*Rita Lewis*  
Notary Public in and for the State of Washington,

(NOTARIAL SEAL)

Residing at Asa Cortes  
My appointment expires on:



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Exhibit A

**PARCEL "N":**

That portion of Government Lot 1, Section 32, Township 35 North, Range 2 East, W.M., Skagit County, Washington, and of those "Meander Strips" (as referred to and depicted in Stockwell V. Gibbons, 58 Wn. (2d) 391), lying above the government meander line and below the line of ordinary high tide and lying Easterly of an "Old Line Fence" and the line thereof produced both Northerly and Southerly to intersect the government meander line or the line of ordinary high tide whichever is the further seaward, said line fence lying approximately 55 feet Easterly of a line described as follows:

Beginning at a point on the high water line on the North shore of Captain Nowton's or Weaverling's Spit distant South 76 degrees 38' East 650.5 feet from the Northwest corner of said Section 32, as established by the survey of Frank Gilkey; thence South 16 degrees 05' West 482 feet to the high water mark on the South shore of said Spit.

EXCEPT from the above described property the Seattle and Northern (now Great Northern) Railway right of way, AND EXCEPT that portion, if any, lying within the boundaries of the County road.

**PARCEL "O":**

All of Tract 18 and that portion of Tracts 16 and 17, "Plate No. 12, Tide and Shore Lands of Sections 31 and 32, Township 35 North, Range 2 East W.M., Anacortes Harbor", according to the recorded plat thereof, lying Northeasterly of the right of way of said Seattle and Northern (now Great Northern) Railway; EXCEPT any portions of said tracts lying above the line of ordinary high tide; AND EXCEPT from the above described tracts, railroad right of way and County road; AND EXCEPT the following described portion of the above described tide land tracts:

Beginning at a point on the North line of said Tract 18, "Plate No. 12, Tide and Shore Lands of Sections 31 and 32, Township 35 North, Range 2 East W.M., Anacortes Harbor", 650.8 feet South and 2,057.1 feet East of the section corner common to Sections 29, 30, 31 and 32, Township 35 North, Range 2 East W.M.; thence East along said North line of Tract 18, 600 feet, more or less, to the East line of said Tract 18; thence Southerly along the Easterly line of said Tracts 18, 17 and 16, as follows: South 28 degrees 36' East 790 feet; thence South 2 degrees 57' West 433.6 feet; thence South 14 degrees 22' West 10 feet, more or less, to the North line of the Great Northern Railway Company right of way; thence Northwesterly along said North line of the Great Northern Railway right of way 1,040 feet, more or less, to a point due South of the point of beginning; thence North to the point of beginning.

EXCEPT from Parcels "A" and "B" above, those portions thereof conveyed to the State of Washington for highway purposes, by deeds recorded November 5, 1956 and January 3, 1958 under Auditor's File Nos. 543741 and 560282, respectively. AND EXCEPT that portion of Tract 18, "Plate No. 12, Tide and Shore Lands of Section 32, Township 35 North, Range 2 East W.M., Anacortes Harbor", according to the recorded plat thereof, lying Northeasterly of the North line of the right of way of the Seattle and Northern (now Burlington Northern) Railway, and Westerly of an "old fence line" as established by decree dated August 27, 1962 in Skagit County Superior Court Cause No. 23670, produced Northerly through Tract 18.



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Exhibit "A" continued

**PARCEL "S":**

That portion of Government Lot 1, Section 32, Township 35 North, Range 2 East W.M., described as follows:

The East 125.00 feet of that portion of Government Lot 1, Section 32, Township 35 North, Range 2 East W.M., lying South of the Government Meander Line, and North of the North right-of-way line of the Great Northern Railway and West of that old fence property line established by that certain judgment entered September 6, 1956, in Skagit County Superior Court Cause No. 23670.

TOGETHER WITH vacated portion of Weaverling Road #107, which portion of said road was vacated on June 14, 1948, under Commissioner's File No. 7828. EXCEPT that portion lying within the existing Weaverling Road.

**PARCEL "T":**

That portion of Tideland Tract 7, Plate 14, of Section 29, Township 35 North, Range 2 East W.M., more particularly described as follows:

Commencing at the Southwest corner of said Section 29; thence due East 603.321 feet to the true point of beginning; thence continuing due East 271.679 feet to the Inner Harbor Line of Fidalgo Bay; thence North 47 degrees 19' 00" West along said Inner Harbor Line, 291.946 feet; thence South 16 degrees 05' 00"

West parallel with said old fence property line (as established in Skagit County Superior Court Cause No. 23670), 205.986 feet to the true point of beginning; EXCEPT any portion thereof lying within the boundaries of that portion of said Tract 7, Plate 14, conveyed by Deed recorded under Auditor's File No. 8007220032, from Richard Stockwell, et ux, to Richard Stockwell as Trustee.

**PARCEL "U":**

The East 125 feet of that portion of Tract 18, Plate 12, Tide and Shore Lands of Section 32, Township 35 North, Range 2 East W.M., Anacortes Harbor, according to the recorded plat thereof, lying Northeasterly of the North line of the right-of-way of the Seattle and Northern (now Burlington Northern) Railway, and Westerly of the "Old Fence Line" as established by decree dated August 27, 1962, in Skagit County Superior Court Cause No. 23670, produced Northerly through Tract 18.



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Exhibit A - continued

**PARCEL "V":**

Those portion of Government Lot 5 in Section 30, Township 35 North, Range 2 East, W.M., Government Lot 6 in Section 31 North, Township 35 North, Range 2 East, W.M., Government Lot 1 in Section 32, Township 35 North, Range 2 East, W.M., Tract 13, Plat 11 of Anacortes Tidelands in said Section 30, Tract 18, Plat 12 of Anacortes Tidelands in said Section 32 and Tract 7, Plat 14 of Anacortes Tidelands in Section 29, Township 35 North, Range 2 East, W.M., which are described as follows:

Beginning at the section corner common to Section 29, 30, 31 and 32, Township 35 North, Range 2 East, W.M., situated in Skagit County, Washington; thence Easterly in Government Lot 1, Section 32 along the high tide line a distance of 172.68 feet; thence South to the intersection of the section line between Section 31 and 32 and the North line of the Burlington-Northern Railroad right of way; thence West in Government Lot 6, Section 31, along the North line of the Burlington-Northern right of way to a point on the right of way which is 75 feet West of the right of way change (from 100 feet to 75 feet) at Station 325 + 85; thence South to a point on the North boundary of Fidalgo Bay Road (which is 525 feet distance from the West boundary of the Weaverling Road); thence Northwesterly along the North boundary of Fidalgo Bay Road to the centerline of the Private Driveway as shown on a survey recorded under Auditor's File No. 847463, in Volume 2 of Surveys, Page 18; thence following the centerline of the driveway, bearing North 40 degrees 57' 37" East a distance of 324.922 feet to the South boundary of the Burlington-Northern right of way; thence continuing on said bearing 75 feet to the North boundary of the Burlington-Northern right of way; thence continuing North 40 degrees 57' 37" East 5.548 feet to the section line between Section 30 and 31; thence in Government Lot 5, Section 30, North 40 degrees 57' 37" East a distance of 147.129 feet to the high tide line; thence Easterly, following the high tide line to the section corner common to Section 29, 30, 31 and 32, the point of beginning, a distance of 249 feet more or less.

EXCEPT the Burlington Northern Railway right of way as conveyed by deed recorded in Volume 9 of Deeds, Page 278, and by Deed recorded under Auditor's File No. 495092, records of Skagit County, Washington.

ALSO EXCEPT any portion thereof lying within the existing as-built road right of way known as the Fidalgo Bay Road and FURTHER EXCEPT any portion thereof conveyed to the City of Anacortes for road purposes by Deed recorded April 16, 1925 as Auditor's File No. 182805.

ALSO EXCEPT that Southeasterly portion thereof lying Southwesterly of the former railroad right-of-way that was conveyed to Richard V. Stockwell, Jr., ex ux, by deed recorded February 14, 2000 as Auditor's File No. 200002140139.



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Exhibit A - continued

**PARCEL "W":**

Beginning at the section corner common to Section 29, 30, 31 and 32, Township 35 North, Range 2 East, W.M., situated in Skagit County, Washington; thence proceeding East along the high tide line of Tract 18, Plat 12, Section 32, a distance of 172.68 feet; thence Northerly, crossing Tract 18 and continuing in Tract 7, Plat 14, Section 29 on a line parallel to the "Old Line Fence" if produced (as found in Skagit County Superior Court Cause No. 23670), to the Inner Harbor Line; thence West along the Inner Harbor Line to a point which intersects with a line which is 520 feet North of and parallel to the Section line between Section 30 and 31 (the city limits line); thence West crossing the section line between Section 29 and 30 and continuing into Tract 13, Plat 11, Section 30 to a point which is 150 feet East of the Northeast corner of the tideland portion of Lot "D" of that survey recorded under Auditor's File No. 847463, in Volume 2 of Surveys, Page 18; thence Southerly to a point on the high tide line that is the most Easterly corner of the upland portion of said above described survey (said point being South 65 degrees 05' 48" East a distance of 137.108 feet from an angle point in Tract E of said survey); thence Easterly along the high tide line a distance of 249 feet more or less to the section corner, the point of beginning.

**PARCEL "X":**

Those portion of Government Lot 5 in Section 30, Township 35 North, Range 2 East, W.M., Government Lot 6 in Section 31, Township 35 North, Range 2 East, W.M., and Tract 13, Plat 11 of Anacortes Tidelands in said Section 30, which are described as follows:

Beginning at the section corner common to Sections 29, 30, 31 and 32, Township 35 North, Range 2 East, W.M., situated in Skagit County, Washington; thence Westerly in Government Lot 5, Section 30, on the section line between Sections 30 and 31, a distance of 301.149 feet to a point which is the true point of beginning; thence North 40 degrees 57' 37" East, 147.129 feet to the high tide line; thence North 65 degrees 05' 48" West a distance of 259.00 (more or less) to a point which is the Northeast corner of the upland tract of Lot "D", of a Survey recorded under Auditor's File No. 847463, in Volume 2 of Surveys, Page 18; thence Southwest along the East line of said Lot "D", crossing the City Limits line into Government Lot 6, Section 31, to the East boundary of Fidalgo Bay Road; thence following Southeasterly along the curve of the East boundary of Fidalgo Bay Road, a distance of 291.808 feet to the centerline of the private driveway as shown on the above described survey; thence North 40 degrees 57' 37" East a distance of 324.922 feet to the South boundary of the Burlington-Northern right of way; thence continuing on said bearing 75 feet to the North boundary of the Burlington Northern right of way; thence continuing 5,548 feet to the true point of beginning. EXCEPT the Burlington Northern right of way, as conveyed by Deed recorded in Volume 9 of Deeds, Page 278, and by Deed recorded under Auditor's File No. 495092, records of Skagit County, Washington.

ALSO EXCEPT the Northwesterly 12 feet of that portion thereof lying Southwesterly of the Burlington Northern right-of-way.

ALSO EXCEPT any portion thereof lying within the existing as-built road right-of-way know as the Fidalgo Bay Road and FURTHER EXCEPT any portion thereof conveyed to the City of Anacortes for road purposes by Deed recorded April 16, 1925 as Auditor's File No. 182805.

**PARCEL "Y":**

A portion of tideland Tract 13, Plat 11, Section 30, Township 35 North, Range 2 East, W.M., described as follows:

Beginning at the section corner common to Section 29, 30, 31 and 32, Township 35 North, Range 2 East, W.M., situated in Skagit County, Washington; thence Westerly in Government Lot 5, Section 30, on the section line between Section 30 and 31, a distance of 301.149 feet; thence North 40 degrees 57' 37" East 147.129 feet to the high tide line, and the true point of beginning; thence continuing Northeasterly to a point on the North line of the South 520 feet of said Section 30 which lies 150 feet from the Northeast corner of the tidelands, portion of Lot "D" as shown on Survey recorded in Volume 2 of Survey, Page 18; thence Westerly to the Northeast corner of said Lot "D"; thence Southerly along the Eastern tideland boundary of Lot "D", a distance of 363.088 feet to the high tide line; thence Easterly along the high tide line a distance of 259.378 feet to the true point of beginning.



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