

RETURN ADDRESS:

Horizon Bank
CML %Documentation
Dept- BR
2211 Rimland Dr, Ste 230
Bellingham, WA 98226



200809020093

Skagit County Auditor

9/2/2008 Page

1 of

17 11:19AM

DEED OF TRUST

GUARDIAN NORTHWEST TITLE CO.

94814-1

DATE: August 19, 2008

Reference # (if applicable): CMLG3220

Additional on page ____

Grantor(s):

1. Samish Indian Nation

Grantee(s)

1. Horizon Bank
2. Westward Financial Services Corporation, Trustee

Legal Description: Ptns. Section 29, 30, 31 and 32, Township 35 North, Range 2 East, W.M., near the common corner thereto

Additional on page ____

Assessor's Tax Parcel ID#: 350231-0-016-0309 (P33271), 350232-0-001-0206 (P33440), 350232-0-001-0107 (P33439), 350231-0-016-0408 (P33272), 350230-0-012-0007 (P33037), 350231-0-016-0002 (P33269), 350232-0-007-0002 (P33445), 350231-0-016-0507 (P122579), 350232-0-024-0001 (P33483), 350229-0-010-0309 (P33027), 350229-0-010-0200 (P33026), 350229-0-010-0101 (P33025)

THIS DEED OF TRUST is dated August 19, 2008, among Samish Indian Nation ("Grantor"); Horizon Bank, whose mailing address is Skagit Commercial Center, 2211 Rimland Drive, Suite 230, Bellingham, WA 98226 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Westward Financial Services Corporation, whose mailing address is 1500 Cornwall Avenue, Bellingham, WA 98225 (referred to below as "Trustee").

**DEED OF TRUST
(Continued)**

Page 2

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, (the "Real Property") located in Skagit County, State of Washington:

See Exhibit "A", which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as XXXX, 1105, 1111, 1117, 4701 Fidalgo Bay Rd, Anacortes, WA 98221. The Real Property tax identification number is 350231-0-016-0309 (P33271), 350232-0-001-0206 (P33440), 350232-0-001-0107 (P33439), 350231-0-016-0408 (P33272), 350230-0-012-0007 (P33037), 350231-0-016-0002 (P33269), 350232-0-007-0002 (P33445), 350231-0-016-0507 (P122579), 350232-0-024-0001 (P33483), 350229-0-010-0309 (P33027), 350229-0-010-0200 (P33026), 350229-0-010-0101 (P33025).

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.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon default). The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agricultural purposes.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter



200809020093
Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 3

in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, (A) declare immediately due and payable all sums secured by this Deed of Trust or (B) increase the interest rate provided for in the Note or other document evidencing the indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance 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,



200809020093

Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 4

omission or default of Grantor or any other person. The Real Property is or will be 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, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. 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 Lender's 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.

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: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) 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.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then 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 will become a part of the indebtedness and, 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 (1) the term of any applicable insurance policy; or (2) 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. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

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.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

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



200809020093

Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 5

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 and documentation as may be requested by Lender from time to time to permit such participation.

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.

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: (1) 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; (2) 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; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) 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, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) 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, 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 take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents 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 not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the 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 to the extent permitted by applicable law.

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, refiled, or rerecorded, 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 preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the



200809020093
Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 6

contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee shall be paid by Grantor, if permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of any Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender



200809020093
Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 7

deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Accelerate Indebtedness. Lender shall have the right at its option to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and 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.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding or pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.



200809020093
Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 8

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's instructions) 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 under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Skagit County, State of 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. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. 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. 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. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

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.

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.

Governing Law. This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Whatcom County, State of Washington.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such



200809020093
Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 9

waiver is given 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 Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. 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 of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under 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 and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any 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.

Waive Jury. All parties to this Deed of Trust hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

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.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means Horizon Bank, and its successors and assigns.

Borrower. The word "Borrower" means Samish Indian Nation and includes all co-signers and co-makers signing the Note and all their successors and assigns.

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.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

Grantor. The word "Grantor" means Samish Indian Nation.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Improvements. The word "Improvements" means all existing and future improvements, 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, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lender. The word "Lender" means Horizon Bank, its successors and assigns.

Note. The word "Note" means the promissory note dated August 19, 2008, in the original principal amount of \$2,700,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.



200809020093
Skagit County Auditor

DEED OF TRUST
(Continued)

Page 10

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 real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness; provided, that the environmental indemnity agreements are not "Related Documents" and are not secured by this Deed of Trust.

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

Trustee. The word "Trustee" means Westward Financial Services Corporation, whose mailing address is 1500 Cornwall Avenue, Bellingham, WA 98225 and any substitute or successor trustees.

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

GRANTOR:

SAMISH INDIAN NATION

By: 

Thomas D. Wooten, Tribal Chairman of Samish Indian Nation

GOVERNMENT ACKNOWLEDGMENT

STATE OF Washington

COUNTY OF Skagit

)
) SS
)

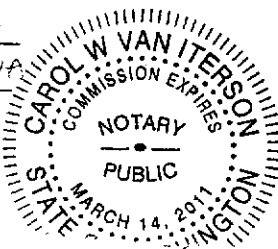
On this 29th day of August, 2008, before me, the undersigned Notary Public, personally appeared Thomas D. Wooten, Tribal Chairman of Samish Indian Nation, and personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the governmental entity that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the governmental entity, by authority of its enabling laws or by resolution of its governing body, 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 governmental entity.

By Carol W. Van Iterson

Notary Public in and for the State of WA

Residing at Arden

My commission expires 3-14-11



200809020093
Skagit County Auditor

**DEED OF TRUST
(Continued)**

Page 11

REQUEST FOR FULL RECONVEYANCE

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. You are hereby requested, upon payment of all sums owing to you, to reconvey without warranty, to the persons entitled thereto, the right, title and interest now held by you under the Deed of Trust.

Date: _____

Beneficiary: _____

By: _____

Its: _____

LASER PRO Lending, Ver. 5.40.00.003 Copr. Harland Financial Solutions, Inc. 1997, 2008. All Rights Reserved.
WA c:\CFIWIN\CFILPLIG01.FC TR-2659



200809020093

Skagit County Auditor

EXHIBIT "A"

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

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°38' East 650.5 feet from the Northwest corner of said Section 32, as established by the survey of Frank Gilkey; thence South 16°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.

EXCEPT from Parcel "N" 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.

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 ALSO 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:

(continues on next page)



200809020093
Skagit County Auditor

South 28°36' East 790 feet; thence South 2°57' West 433.6 feet; thence South 14°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 Parcel "O" 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 SECTIONS 31 AND 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.

PARCEL "P":

Those portions of Government Lot 6, Section 31, Township 35 North, Range 2 East W.M., and Government Lot 1, Section 32, Township 35 North, Range 2 East W.M., described as follows:

Beginning at a point on the North line of the Burlington Northern Railroad 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 along the Easterly line of that certain tract of land conveyed to Olympic V Associates, et al, by Deed recorded under Auditor's File No. 8011200029, records of Skagit County, Washington, to the South line of said Railroad right-of-way and the true point of beginning; thence Easterly along the South boundary of the Burlington Northern right-of-way, crossing the Section line common to Sections 31 and 32, continuing Easterly along the Burlington Northern right-of-way in Lot 1, Section 32, to the Government Meander Line; thence South along the Meander Line to the North boundary of Fidalgo Bay Road as it now exists; thence Westerly along the North boundary of Fidalgo Bay Road, crossing Weaverling Road, and continuing to a point that is a distance of 525 feet from the West boundary of Weaverling Road (being also on the East line of the Olympic V Associates tract as set forth herein above); thence North along the East line of said Olympic V Associates tract to the true point of beginning, less County Roads; ALSO EXCEPT any portion thereof lying Easterly of the Weaverling Road; TOGETHER WITH that portion of said Government Lot 6 conveyed to Richard V. Stockwell, Jr., et ux, by Deed recorded February 14, 2000, under Auditor's File No. 200002140139.

PARCEL "Q":

That portion of Government Lot 6 of Section 31, Township 35 North, Range 2 East W.M., lying Southeasterly of the Southeasterly line of the Weaverling Road and lying Northeasterly of the Northeasterly line of Fidalgo Bay Road.

(continues on next page)



200809020093
Skagit County Auditor

PARCEL "R":

That portion of Government Lot 1, Section 32, Township 35 North, Range 2 East W.M., 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, State of Washington; thence Easterly along the Government Meander Line a distance of 172.68 feet, which is the true point of beginning; thence Easterly along said Government Meander Line, 415 feet, more or less, to the Northwest corner of a tract owned by Richard Stockwell; thence Southerly along the West boundary of said Tract, (which is 125 feet West and parallel to the "Old Fence Line", as established in Skagit County Superior Court Cause No. 23670), to the North line of the Burlington Northern right-of-way; thence Westerly along said right-of-way to the intersection of the Section line common to Sections 31 and 32, and the North boundary of the Burlington Northern right-of-way; thence North to the true point of beginning; EXCEPT the County Road.

TOGETHER WITH those portions of Tideland Tract 7, Plate 14, Section 29, Township 35 North, Range 2 East W.M., and Tideland Tract 18, Plate 12, Section 32, Township 35 North, Range 2 East W.M., described as follows:

Beginning at the common corner of Sections 29, 30, 31 and 32, Township 35 North, Range 2 East W.M.; thence Easterly along the High Tide Line a distance of 172.68 feet to the true point of beginning; thence Northerly, crossing Tract 18 and continuing in Tract 7, parallel to the "Old Fence Line", if produced to the Inner Harbor Line and being also along the Easterly line of that certain tract conveyed to Olympic V Associates, et al, by Deed recorded under Auditor's File No. 8011200029; thence Easterly along the boundary of the Inner Harbor Line in Tract 7, to a point which is 125 feet West and parallel to the "Old Fence Line" (as established in Skagit County Superior Court Cause No. 23670), if extended; thence Southerly across Tracts 7 and 18, to the Government Meander Line (Government Lot 1); thence West, 415 feet, more or less, to the true point of beginning.

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.

(continues on next page)



200809020093
Skagit County Auditor

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°19' 00" West along said Inner Harbor Line, 291.946 feet; thence South 16°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.

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, Plate 11 of Anacortes Tidelands in said Section 30, Tract 18, Plate 12 of Anacortes Tidelands in said Section 32 and Tract 7, Plate 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.

(continues on next page)



200809020093
Skagit County Auditor

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.

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, Plate 12, Section 32, a distance of 172.68 feet; thence Northerly, crossing Tract 18 and continuing in Tract 7, Plate 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, Plate 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°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, Plate 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°57'37" East, 147.129 feet to the high tide line; thence North 65°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°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 Northwesternly 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.

(continues on next page)



200809020093
Skagit County Auditor

PARCEL "Y":

A portion of tideland Tract 13, Plate 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 $40^{\circ}57'37''$ 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.



200809020093

Skagit County Auditor