

RETURN ADDRESS:

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



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Skagit County Auditor

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GUARDIAN NORTHWEST TITLE CO.

94814-2

ASSIGNMENT OF RENTS

Reference # (if applicable): CMLG3220

Additional on page

Grantor(s):

1. Samish Indian Nation

Grantee(s)

1. Horizon Bank

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 ASSIGNMENT OF RENTS dated August 19, 2008, is made and executed between Samish Indian Nation, a federally recognized Indian tribe (referred to below as "Grantor") and Horizon Bank, whose mailing address is 2211 Rimland Drive, Suite 230, Bellingham, WA 98226 (referred to below as "Lender").

ASSIGNMENT OF RENTS (Continued)

ASSIGNMENT. For valuable consideration, Grantor hereby assigns, grants a continuing security interest in, and conveys to Lender all of Grantor's right, title, and interest in and to the Rents from the following described Property located in Skagit County, State of Washington:

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

The Property or its address is commonly known as XXXX, 1105, 1111, 1117, 4701 Fidalgo Bay Rd, Anacortes, WA 98221. The 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).

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. THIS ASSIGNMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment or any Related Documents, Grantor shall pay to Lender all amounts owed under the Note secured by this Assignment as they become due, and shall strictly perform all of Grantor's obligations under this Assignment. Unless and until Lender exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents, and Lender shall not interfere with Grantor's quiet enjoyment of the Property, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that:

Ownership. Grantor is entitled to receive the Rents free and clear of all rights, loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Assign. Grantor has the full right, power and authority to enter into this Assignment and to assign and convey the Rents to Lender.

No Prior Assignment. Grantor has not previously assigned or conveyed the Rents to any other person by any instrument now in force.

No Further Transfer. Grantor will not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Rents except as provided in this Assignment.

LENDER'S RIGHT TO RECEIVE AND COLLECT RENTS. Lender shall have the right, at any time following the occurrence of and during the continuation of an event of default under this Assignment, to collect and receive the Rents. For this purpose, Lender is hereby given and granted the following rights, powers and authority:

Notice to Tenants. Lender may send notices to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to Lender or Lender's agent.

Enter the Property. Lender may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

Maintain the Property. Lender may enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water utilities, and the premiums on fire and other insurance effected by Lender on the Property.

Compliance with Laws. Lender may do any and all things to execute and comply with the laws of the State of Washington and also all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property.

Lease the Property. Lender may rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate.



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ASSIGNMENT OF RENTS (Continued)

Employ Agents. Lender may engage such agent or agents as Lender may deem appropriate, either in Lender's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents.

Other Acts. Lender may do all such other things and acts with respect to the Property as Lender may deem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above.

No Requirement to Act. Lender shall not be required to do any of the foregoing acts or things, and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing.

APPLICATION OF RENTS. All costs and expenses incurred by Lender in connection with the Property following the occurrence and during the continuation of an Event of Default and Lender's demand to directly collect Rents, shall be for Grantor's account and Lender may pay such costs and expenses from the Rents. Lender shall determine the application of any and all Rents received by it pursuant to the terms of the Loan Documents; however, any such Rents received by Lender which are not applied to such costs and expenses shall be applied to the Indebtedness. All expenditures made by Lender under this Assignment and not reimbursed from the Rents shall become a part of the Indebtedness secured by this Assignment, and shall be payable on demand, with interest at the Note rate from date of expenditure until paid.

FULL PERFORMANCE. If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Assignment, the Note, and the Related Documents, Lender shall execute and deliver to Grantor a suitable satisfaction of this Assignment and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Property. Any termination fee required by law shall be paid by Grantor, if permitted by applicable law.

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 Assignment 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 Assignment 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 Rents or 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 Assignment 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.

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

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 Assignment 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.

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

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Assignment 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 Assignment 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 the Rents or 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



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ASSIGNMENT OF RENTS (Continued)

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.

Property Damage or Loss. The Property is lost, stolen, substantially damaged, sold, or borrowed against.

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.

Cure Provisions. 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 Assignment 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 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. Upon the occurrence of any Event of Default and at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to pay.

Collect Rents. Lender shall have the right, after the occurrence and during the continuance of an event of default by Grantor, with prior notice to Grantor, to 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 shall have all the rights provided for in the Lender's Right to Receive and Collect Rents Section, above. 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, after the occurrence and during the continuance of an event of default by Grantor, 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.

Other Remedies. Lender shall have all other rights and remedies provided in this Assignment or the Note or by law.

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 Assignment, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Assignment, 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.



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ASSIGNMENT OF RENTS (Continued)

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Assignment:

Amendments. This Assignment, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Assignment. No alteration of or amendment to this Assignment 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.

Caption Headings. Caption headings in this Assignment are for convenience purposes only and are not to be used to interpret or define the provisions of this Assignment.

ADDITIONAL PROVISION. The Agreement Regarding Limited Waiver of Sovereign Immunity is agreed to be incorporated herein by this reference in its entirety and shall be applicable to this Assignment. In the event of any conflict between the terms of this Assignment and said Agreement Regarding Limited Waiver of Sovereign Immunity, the Agreement Regarding Limited Waiver of Sovereign Immunity shall control.

Governing Law. Subject to the Agreement Regarding Limited Waiver of Sovereign Immunity, this Assignment 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 Assignment 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.

Merger. There shall be no merger of the interest or estate created by this assignment 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.

Interpretation. (1) In all cases where there is more than one Borrower or Grantor, then all words used in this Assignment in the singular shall be deemed to have been used in the plural where the context and construction so require. (2) If more than one person signs this Assignment as "Grantor," the obligations of each Grantor are joint and several. This means that if Lender brings a lawsuit, Lender may sue any one or more of the Grantors. If Borrower and Grantor are not the same person, Lender need not sue Borrower first, and that Borrower need not be joined in any lawsuit. (3) The names given to paragraphs or sections in this Assignment are for convenience purposes only. They are not to be used to interpret or define the provisions of this Assignment.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Assignment unless such 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 Assignment 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 Assignment. 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 Assignment, 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.

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 Assignment 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 Assignment. Any party may change its address for notices under this Assignment 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.

Powers of Attorney. The various agencies and powers of attorney conveyed on Lender under this Assignment are granted for purposes of security and may not be revoked by Grantor until such time as the same are renounced by Lender.

Severability. If a court of competent jurisdiction finds any provision of this Assignment 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 Assignment. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Assignment shall not affect the legality, validity or enforceability of any other provision of this Assignment.

Successors and Assigns. Subject to any limitations stated in this Assignment on transfer of Grantor's interest, this Assignment 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 Assignment and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Assignment or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Assignment.



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ASSIGNMENT OF RENTS (Continued)

Waive Jury. All parties to this Assignment 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 Assignment.

Waiver of Right of Redemption. NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT, GRANTOR HEREBY WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR JUDGMENT OF FORECLOSURE ON GRANTOR'S BEHALF AND ON BEHALF OF EACH AND EVERY PERSON, EXCEPT JUDGMENT CREDITORS OF GRANTOR, ACQUIRING ANY INTEREST IN OR TITLE TO THE PROPERTY SUBSEQUENT TO THE DATE OF THIS ASSIGNMENT.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Assignment. 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 Assignment shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement Regarding Limited Waiver of Sovereign Immunity. The words "Agreement Regarding Limited Waiver of Sovereign Immunity" mean the Agreement Regarding Limited Waiver of Sovereign Immunity between Lender and Grantor dated as of August 19, 2008.

Assignment. The word "Assignment" means this ASSIGNMENT OF RENTS, as this ASSIGNMENT OF RENTS may be amended or modified from time to time, together with all exhibits and schedules attached to this ASSIGNMENT OF RENTS from time to time.

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

Default. The word "Default" means the Default set forth in this Assignment in the section titled "Default".

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

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.

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 Lender to enforce Grantor's obligations under this Assignment, together with interest on such amounts as provided in this Assignment.

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.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Assignment" section of this Assignment.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental 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.

Rents. The word "Rents" means all of Grantor's present and future rights, title and interest in, to and under any and all present and future leases, including, without limitation, all rents, revenue, income, issues, royalties, bonuses, accounts receivable, cash or security deposits, advance rentals, profits and proceeds from the Property, and other payments and benefits derived or to be derived from such leases of every kind and nature, whether due now or later, including without limitation Grantor's right to enforce such leases and to receive and collect payment and proceeds thereunder.



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**ASSIGNMENT OF RENTS
(Continued)**

THE UNDERSIGNED ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT, AND NOT PERSONALLY BUT AS AN AUTHORIZED SIGNER, HAS CAUSED THIS ASSIGNMENT TO BE SIGNED AND EXECUTED ON BEHALF OF GRANTOR ON AUGUST 19, 2008.

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, 20 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 ASSIGNMENT OF RENTS and acknowledged the Assignment 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 Assignment and in fact executed the Assignment on behalf of the governmental entity.

By: 

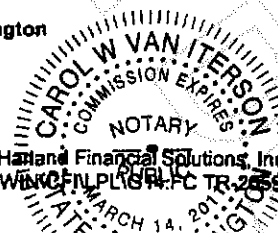
Notary Public in and for the State of Washington

Residing at Anacortes

My commission expires 3-14-11

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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:

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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.

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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.

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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.

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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 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.

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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.



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