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Skagit County Auditor

8/10/2009 Page

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LAND TITLE COMPANY
133128-S

Document Title: Deed of Trust, Assignment of Leases and Rents,
Security Agreement and Fixture Filing

Reference Number :

Grantor(s): additional grantor names on page ____

1. Clear Valley Environmental Farm L L C
2. Clear Valley Environmental Farm II, Inc

Grantee(s): additional grantee names on page ____

1. Rainier Title & Escrow Company
2. Swan Road (Sherron Associates) L L C

Abbreviated legal description: full legal on page(s) ____

Ptn Sec 10, 11 14 & 15 in 34-4 W.M. See pg 22 for full legal description

Assessor Parcel / Tax ID Number: additional tax parcel number(s) on page ____

P109225 see pg 2 for complete Parcel #'s

I, Donna Tenborg _____, am hereby requesting an emergency non-standard recording for an additional fee provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document. Recording fee is \$63.00 for the first page, \$1.00 per page thereafter per document. In addition to the standard fee, an emergency recording fee of \$50.00 is assessed. This statement is to become part of the recorded document.

Signed Donna Tenborg Dated 8-10-09

RETURN ADDRESS:

Ryan, Swanson & Cleveland, PLLC
Attn: Paul Meier, Esq.
1201 Third Avenue, Suite 3400
Seattle, WA 98101

LAND TITLE OF SKAGIT COUNTY

133128-S

**DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING**
(for use in the State of Washington only)

GRANTORS: CLEAR VALLEY ENVIRONMENTAL FARM, LLC; CLEAR VALLEY ENVIRONMENTAL FARM II, INC.

GRANTEE: SWAN ROAD (SHERRON ASSOCIATES) LLC

ADDITIONAL ON PAGE 1: RAINIER TITLE & ESCROW COMPANY

ABBREVIATED LEGAL DESCRIPTION: PTN SEC. 10, 11, 14 & 15 IN 34-4-E W.M.
(SEE PAGE 21 FOR FULL LEGAL DESCRIPTION)

ASSESSOR'S TAX PARCEL NOS.: P109225; P109241; P24443; P24483; P24490; P24491; P24494; P24497; P24498; P24512; P24530; P24531; P24532; P24533; P24535; P24692; P24695; P24696; P24697; P24731; P24743; P24801; P24805; P24806; P24890; P24891; P24892; P24804

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this "Deed of Trust") is made and effective as of August 7, 2009, from CLEAR VALLEY ENVIRONMENTAL FARM, LLC, a Washington limited liability company, and CLEAR VALLEY ENVIRONMENTAL FARM II, INC. (individually and collectively, "Borrower"), whose mailing address is 14007 North McLaughlin Extension Road, Mount Vernon, Washington, 98273, to RAINIER TITLE & ESCROW COMPANY ("Trustee"), as trustee, whose mailing address is 11040 Main Street, Suite 220, Bellevue, Washington, 98004, for the benefit of SWAN ROAD (SHERRON ASSOCIATES) LLC, a Washington limited liability company, and its successors and assigns ("Lender"), as beneficiary and secured party, whose mailing address is c/o Sherron Associates, Inc., 12301 NE 10th Place, Suite 303, Bellevue, Washington, 98005.

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RECITALS

A. Borrower owns that certain real property legally described on Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. The Property is encumbered by a Deed of Trust and Assignment of Rents recorded under Skagit County Auditor's No. 200604270155 (the "Initial DOT") in favor of Owens Mortgage Investment Fund, a California limited partnership, securing a loan having, as of the date hereof, the aggregate amount outstanding of Two Million Four Hundred Six Thousand Two Hundred Sixty-Three and 18/100 Dollars (USD\$2,406,263.18) (the "Initial Loan"). The Property is further encumbered by a Deed of Trust and Assignment of Rents recorded under Skagit County Auditor's No. ~~200907310107~~ (the "Subsequent DOT") in favor of Owens Financial Group, Inc., a California corporation, securing a subsequent exit fee loan having, as of the date hereof, the aggregate amount outstanding of Twenty-Four Thousand Thirteen Dollars (USD\$24,013.00) (the "Subsequent Loan"). The Initial Loan and Subsequent Loan are collectively referred to herein as the "Senior Loan." The Initial DOT and the Subsequent DOT are collectively referred to herein as the "Senior DOT."

C. Borrower has requested an advance from Lender in an amount of up to One Million Five Hundred Thousand Dollars (USD\$1,500,000.00) (the "Loan") to use as operating capital for the development of the Property into a wetlands mitigation bank.

D. The Loan is evidenced by that certain Promissory Note of even date herewith in the face amount of the Loan (the "Note"), executed by Borrower in favor of Lender.

E. As a condition to Lender's agreement to make the Loan, Borrower is required to enter into this Deed of Trust to secure Borrower's performance and obligations under the Loan and Promissory Note.

AGREEMENT

NOW, THEREFORE, intending to be legally bound, Borrower, in consideration of the matters described in the foregoing Recitals, which Recitals are incorporated herein and made a part hereof, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, hereby covenants and agrees for the benefit of Lender and its successors, indorsees, transferees, participants and assigns as follows, which agreements shall, to the extent permitted by law, be deemed to run with the land:

1. Grant of Security. Borrower does hereby irrevocably GRANT, TRANSFER, CONVEY and ASSIGN to TRUSTEE, IN TRUST, WITH POWER OF SALE, and to its successors and assigns forever, that portion of the Property described below which is properly classified as real property under Washington law, and to Lender, and to its successors and assigns forever, all of the Property described below which is properly classified as personal property under Washington law. Any reference herein to the "Property" shall be deemed to

include the following: (1) that certain real property situated in the State of Washington, as more particularly described in Exhibit A attached hereto, (2) all the estate, title, interest, and rights of Borrower in and to such real property and all buildings and improvements of every kind and description now or hereafter placed upon such real property or any part thereof, (3) all heretofore or hereafter vacated alleys and streets abutting such real property, (4) all fixtures and equipment of Borrower, regardless of their character as personal property, now or hereafter on or used in connection with such real property, including, but not limited to, all lighting, heating, cooling, ventilating, air conditioning, plumbing, sprinkling, communicating and electrical systems, and all machinery, appliances, fixtures, and equipment of every type, nature, and description now or hereafter on or used in connection with such real property, all of which furniture, fixtures, and equipment of Borrower shall be deemed to be a part of the real property and covered by the lien hereof, and (5) all of the rents, profits, and leases thereof and the tenements, hereditaments, easements, privileges and appurtenances thereto.

TO HAVE AND TO HOLD the Property, with all of the tenements, hereditaments, easements, appurtenances and other rights and privileges thereunto belonging or in any manner now or hereafter appertaining thereto, for the use and benefit of Lender upon the conditions hereinafter set forth.

Pursuant to Revised Article 9 of the Uniform Commercial Code (RCW Chapter 62A.9A), Borrower, as the debtor, grants Lender, as the secured party, a security interest in that portion of the Property which is properly classified as personal property under Washington law to secure the Secured Obligations (as defined below). This Deed of Trust also constitutes a financing statement filed as a fixture filing pursuant to Revised Article 9 of the Uniform Commercial Code (RCW 62A.9A-402(6)).

2. Secured Obligations. This Deed of Trust secures the following (collectively, the "Secured Obligations"):

(a). the full and prompt payment of the principal of and interest on the Loan (including any and all future extensions, renewals, modifications, replacements, and substitutions thereof) when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, and the full and prompt payment of all sums which may now be or may hereafter become due and owing under the Note, this Deed of Trust, and any and all other documents evidencing or securing the Loan and/or the Note (collectively, the "Loan Documents"); and

(b). The due and punctual performance and observance of all of Borrower's present and future obligations to Lender, arising hereunder or the Note and under any other Loan Document.

For the avoidance of doubt, the parties acknowledge and agree that this Deed of Trust shall be released by Lender in the event that Lender converts the Loan pursuant to and into the rights set forth in that certain Agreement Relating to Distributions of Clear Valley



Environmental Farm and the Skagit Environmental Bank entered into between Borrower and Lender and certain other parties thereto of even date herewith (the "Distribution Agreement").

3. Representations, Warranties, and Agreements. Borrower represents and warrants to Lender and agrees that:

(a). At the time of the execution and delivery of this Deed of Trust, Borrower is well and truly seized of the Property in fee simple, free of all easements, liens and encumbrances whatever, except as those referenced in that title insurance policy issued by Land Title Company of Skagit County in favor of Lender dated as of even date herewith and hereby accepted and approved by Lender (the "Title Policy"), and Borrower will forever warrant and defend the same against any and all other claims whatever, and the lien created hereby is and will be kept as a lien upon the Property and every part thereof, subject only to the encumbrances permitted herein.

(b). Upon request, Borrower shall provide Lender with certificates of occupancy (if applicable) and such other documents, information, and statements pertaining to the Property and its operations as Lender may reasonably request.

(c). This Deed of Trust is not granted to secure an obligation incurred primarily for personal, family or household purposes, and that this Deed of Trust secures a "commercial loan" as defined in RCW Chapter 61.24.

(d). As of the date hereof, the outstanding balance of the Initial Loan and the Subsequent Loan are the respective amounts set forth in Recital B above, Borrower is current on all payments of the Senior Loan (including, without limitation, no past-due principal, interest, fees, or costs), and no event of default exists as of the date hereof and no event or condition exists which, with notice or the passage of time or both, would constitute an event of default under the Senior Loan and/or any instruments, contracts, documents, or other agreements evidencing or securing the Senior Loan.

4. Taxes, Assessments, and Insurance Premiums. Borrower shall perform the following:

(a). Pay all taxes, assessments, and other charges and encumbrances levied on the Property before any penalty for nonpayment attaches thereto.

(b). Pay when due all taxes, assessments, and other charges and encumbrances that may be levied upon or on account of this Deed of Trust or the indebtedness secured hereby or upon the interest or estate in the Property created or represented by this Deed of Trust at the time of Borrower's actual or constructive notice thereof, whether levied against Lender or otherwise. In the event payment by Borrower of any tax referred to in the foregoing sentence would result in the payment of interest in excess



of the rate permitted by law, then Borrower shall have no obligation to pay the portion of such tax which would result in the payment of such excess.

(c). Keep the Property continuously insured against loss by fire, windstorm, and other hazards, casualties, and contingencies, in such amounts and for such periods as may be reasonably required from time to time by Lender. To the extent permitted by, and subject to the requirements of, the Senior DOT, all insurance shall be carried in companies approved by Lender and the policies and renewals thereof shall be held by, and pledged to, Lender (unless Lender shall direct or permit otherwise) as additional security hereunder, and shall have attached thereto a mortgagee clause acceptable to Lender, making all loss or losses under such policies payable to Lender, its successors and assigns, as its or their interest may appear. Lender shall be named as an additional insured under all insurance policies maintained by Borrower pursuant to this Section 4(c) or otherwise with respect to the Property. All insurance certificates shall expressly provide that not less than thirty (30) days prior written notice be given Lender in the event of a cancellation or change to the coverage evidenced by such certificates. In the event of loss or damage to the Property, Borrower shall give immediate notice in writing to Lender, who may make proof of loss if not made promptly by Borrower, and each insurance company concerned is hereby authorized and directed to make payment for such loss, to the extent of the indebtedness hereby secured, directly to Lender instead of to Borrower and Lender jointly, and the insurance proceeds or any part thereof may be applied by Lender toward reimbursement of all costs and expenses of Lender in collecting such proceeds, and the balance, at Lender's option, to the indebtedness due or to become due under the Loan, to fulfill any other covenant herein or any other obligation of Borrower to Lender, to the restoration or repair of the property damaged, or released to Borrower. In the event Lender releases such proceeds to Borrower, Borrower shall be obligated to use such proceeds to restore or repair the Property unless Lender otherwise specifies in writing. Application by Lender of any insurance proceeds toward payment of any principal and interest due or to become due under the Loan shall not excuse Borrower from its obligations to ensure that regularly scheduled payments are made due thereunder, nor shall such application extend or reduce the amount of such payments.

(d). In the event of foreclosure of this Deed of Trust or other transfer of title to the Property in extinguishment of the indebtedness secured hereby, to the extent permitted by, and subject to the requirements of, the Senior DOT, all right, title, and interest of Borrower in and to any insurance policies then in force shall pass to the purchaser or grantee. Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact, in Borrower's name, to file all proofs of claim, to negotiate, accept, and endorse all settlements, to assign and transfer all insurance policies and proceeds to a purchaser upon foreclosure of this Deed of Trust and to otherwise deal in all respects with all insurance carriers with respect to any and all insurance carried or required hereby to be carried by Borrower with respect to the Property of any portion thereof.

If Borrower fails to timely pay or perform any obligation set forth above in this Section 4, Lender, in its sole discretion, may (but in no event shall be obligated to), at



Borrower's expense, pay and perform such obligation, and all sums advanced by Lender for such purposes shall be deemed to have been advanced pursuant to Section 9 of this Deed of Trust.

5. Repairs, Modifications, and Waste. Borrower will abstain from and will not suffer the commission of waste on the Property and will keep the buildings, improvements, fixtures, equipment, and appliances now or hereafter thereon in at least their existing condition and repair. Failure by Borrower to pay taxes and/or assessments assessed against the Property, or any installment thereof, or any insurance premium upon policies covering the Property or any part thereof, shall, without limitation, constitute waste, and shall entitle Lender to all remedies provided for by law. Borrower further agrees to and does hereby consent to the appointment of a receiver, should Lender elect to seek such relief. Borrower shall make no alterations, additions, or improvements of any type whatever to the Property, regardless of whether such alterations, additions, or improvements would increase the value of the Property, nor permit anyone to do so, without Lender's prior written consent, which consent shall not be unreasonably withheld; provided, however, that without such consent Borrower may (i) carry out a reasonable and customary agricultural business on the Property, and (ii) develop the Property as set forth in the Application as it may be amended from time to time, carry out the Business on the Property, and create a Wetland Mitigation Bank (as such capitalized terms are defined in the Distribution Agreement) on the Property. Borrower will comply promptly with all laws, ordinances, regulations, and orders of all public authorities having jurisdiction over the Property relating to the use, occupancy, and maintenance thereof, and shall upon request promptly submit to Lender reasonable evidence of such compliance. Nothing herein shall be deemed to prohibit Borrower from contesting the enforceability or applicability of any law, ordinance, regulation, or order; provided, however, that Lender, in its sole discretion, may require that Borrower comply with any such law, ordinance, regulation, or order during the pendency of any such contest and all appeals therefrom. Lender may at any time and from time to time upon notice and during regular business hours, unless Lender, in its sole discretion, deems that entry is required on a more immediate basis, enter or cause entry to be made upon the Property. If the Property, in the sole judgment of Lender, requires inspection, repair, care, or attention of any kind or nature not theretofore given by Borrower, Lender shall provide Borrower with prior written notice of the required inspection, repair, care, or attention and a reasonable designated period of time in which Borrower shall have an opportunity to cure the problem. If at the end of this period, Lender, in its sole discretion, deems the required inspection, repair, care, or attention needs immediate attention, Lender may (but in no event shall be obligated to), at Borrower's expense, inspect, repair, and/or maintain the same as Lender deems necessary or advisable, and all sums advanced by Lender for such purposes shall be deemed to have been advanced pursuant to Section 9 of this Deed of Trust. Borrower will not permit the Property or any portion thereof to be used for any unlawful purpose. No underground storage tanks shall be installed on the Property.

6. Due on Sale. Borrower shall not convey any of its interest in the Property or any portion thereof without the prior written consent of Lender. If Borrower should convey its interest in the Property or any portion thereof, Lender shall have the right, at its sole



option, thereafter to declare all sums secured hereby and then unpaid to be immediately due and payable, together with any prepayment charge, and thereupon to exercise all of its rights and remedies for an Event of Default (as defined below) under this Deed of Trust. For purposes hereof, a "conveyance" of Borrower's interest in the Property shall include, without limitation (a) any voluntary or involuntary disposition (by operation of law or otherwise) of legal or beneficial title to the Property by whatever means, (b) any voluntary or involuntary disposition (by operation of law or otherwise) of legal or beneficial title to controlling interests in Borrower, and (c) any change in general partners or members or any arrangement by which Borrower (and/or owners of at least 51% of the voting equity of Clear Valley Environmental Farm II, Inc., or of the managing member of Clear Valley Environmental Farm, LLC, as of the date hereof) divests itself of the degree of control it currently exercises or may exercise over the decisions affecting the ownership and operation of the Property. Notwithstanding the foregoing, any disposition or change referred to in subsections (b) and (c) above shall be permitted provided that (i) any transferee is another member or shareholder of the entity the interest in which is being transferred or an affiliate of the transferor; or (ii) the transferees are persons who are direct or indirect descendants, spouses, or siblings of the transferor, or (iii) the transferees are customary estate planning vehicles which are, and shall always be, (A) solely for the benefit of direct or indirect descendants, spouses or siblings of the transferee and (B) under the exclusive control of the transferee so long as the transferee is living.

Any other provision of this Section 6 to the contrary notwithstanding, Borrower shall have the right to (a) lease any or all of the Property for the carrying on of agriculture (including but not limited to the growing of grass, corn and other silage, and the grazing and other husbandry of livestock, under the terms of leases subordinate to this Deed of Trust), (b) subject the title to a certain portion of the Property not exceeding two hundred fifty (250) acres (the "Conservation Portion") more particularly described in Exhibit B hereto to covenants, easements or other restrictions limiting the use of the Property to conservation, agriculture, open space or exploitation of natural resources in a manner consistent with the terms of that certain Settlement Agreement entered into as of March 12, 2009, as amended, by and between Borrower and Skagitonians to Preserve Farmlands, a Washington not for profit corporation, (c) convey title to the Conservation Portion to the Skagit Land Trust, a Washington not for profit corporation, or some other conservation organization for not less than the appraised value of the Conservation Property, (d) sell that certain "Red Barn" and associated house on the Property for a price of not less than Two Hundred Twenty Thousand Dollars (USD\$220,000.00), and/or (e) place a so-called conservation easement on that portion of the Property to be converted to a wetland mitigation bank, at the time that that portion of the Property is certified by the applicable federal and Washington State authorities as a wetland mitigation bank, limiting the use of that portion of the Property to the development and maintenance of a wetland mitigation bank.

Subject to the restrictions set forth in this Section, if ownership of the Property or any part thereof becomes vested in a person or persons other than Borrower, Lender may, without notice to Borrower deal with such successor or successors in interest with reference to this



Deed of Trust and the Loan, without in any way releasing, discharging, or otherwise affecting Borrower's liability hereunder or thereunder. No sale of the Property, and no forbearance or extension by Lender, shall in any way whatever operate to release, discharge, or otherwise affect the lien of this Deed of Trust or the liability of Borrower hereunder.

7. No Other Financing. Borrower has not and will not, without the prior written consent of Lender, mortgage or pledge the Property or any part thereof as security for any other loans or indebtedness of Borrower. Lender hereby consents to those mortgages and pledges referred to in the Title Policy. If any such mortgage or pledge is entered into without the prior written consent of Lender, the entire indebtedness secured hereby may, at the option of Lender, be declared immediately due and payable without notice. Further, Borrower also shall pay any and all other obligations, liabilities, or debts which may become liens, security interests, or encumbrances upon or charges against the Property for any repairs or improvements that are now or may hereafter be made thereon, and shall not, without Lender's prior written consent, permit any lien, security interest, encumbrance, or charge of any kind to accrue and remain outstanding against the Property or any part thereof, or any improvements thereon, irrespective of whether such lien, security interest, encumbrance, or charge is junior to the lien of this Deed of Trust. Notwithstanding the foregoing, if any personal property by way of additions, replacements, or substitutions is hereafter purchased and installed, affixed, or placed by Borrower on the Property under a security agreement the lien or title of which is superior to the lien created by this Deed of Trust, all the right, title, and interest of Borrower in and to any deposits or payments made thereon by Borrower, shall nevertheless be and are hereby assigned to Lender and are covered by the lien of this Deed of Trust.

8. Default. Any one of the following acts or occurrences shall constitute an event of default ("Event of Default") under this Deed of Trust and shall entitle Lender to exercise any one or any combination of the remedies available to Lender under Section 9 below:

(a). Failure of Borrower to pay any amount due under the Note or any other Loan Documents or any renewal or extension thereof or under this Deed of Trust beyond any period of grace, or notice and cure provided with respect thereto; or

(b). Failure of any material representation or warranty made by Borrower herein or any other Loan Document to be true and accurate in every material respect; or

(c). Failure to timely pay insurance, the commission of waste, or the occurrence of acts or omissions which materially impair Lender's security under this Deed of Trust and, if the failure is curable, after the expiration of thirty (30) days following written notice thereof to Borrower and failure of Borrower to cure the failure within such time period; or

(d). Failure of Borrower to comply with any of the other terms of this Deed of Trust or of any other Loan Document and, if the failure is curable, after the expiration of thirty (30) days (unless a different cure period is set forth herein or in the applicable Loan



Document) following written notice thereof to Borrower and failure of Borrower to cure the failure within such time period; or

(e). Any material provision of this Deed of Trust or any other Loan Document shall at any time for any reason cease to be valid and binding on Borrower, or shall be declared to be null and void, or the validity or enforceability thereof against Borrower shall be contested by Borrower or any governmental agency or authority, or Borrower shall deny that it has any or further liability or obligation under this Deed of Trust; or

(f). Borrower shall fail to pay any part of the principal of, or the interest on, or any other payment of money due under, any of its indebtedness to Lender beyond any period of grace or notice and cure provided with respect thereto; or if Borrower fails to perform or observe any other agreement, term, or condition contained in any document evidencing or securing such indebtedness, any agreement, term or condition contained in any document evidencing or securing indebtedness or to any other person, firm, corporation, or entity, or in any agreement or instrument under which any such indebtedness was issued or created, beyond any such period of grace or notice and cure, which failure materially affects its financial condition or its ability to repay the Loan or to comply with its obligations hereunder; or

(g). Borrower shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors or shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any law relating to bankruptcy, insolvency, or reorganization or relief or protection of debtors or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for it or for any substantial part of its property; or any proceeding shall be instituted against Borrower seeking to adjudicate it a bankrupt or insolvent or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any law relating to bankruptcy, insolvency, or reorganization or relief or protection of debtors or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for Borrower or for any substantial part of its property, and, if such proceeding is being contested by Borrower in good faith, such proceeding shall remain undismissed or unstayed for a period of sixty (60) days; or

(h). A final judgment or order for the payment of money shall be rendered against Borrower; or

(i). Borrower fails to cure a material monetary default under any other loan or obligation to any other party after any required notice or opportunity to cure, including but not limited to any default under the Senior Loan.

9. Remedies. Upon the occurrence of an Event of Default, Lender shall immediately have the option without further notice, except as may be required by law, in addition to and not in lieu of or substitution for, all other rights and remedies provided herein or at law or in equity, to do all or any of the following:

(a). Lender may, at its option and without notice to or demand upon Borrower, independently, concurrently, or successively exercise any one or more of the following rights and remedies: (i) declare all of the Secured Obligations immediately due and payable, (ii) bring a court action to enforce its rights and remedies, (iii) judicially foreclose this Deed of Trust as a mortgage, (iv) nonjudicially foreclose this Deed of Trust under the power of sale, (v) exercise its rights with respect to the leases and the rents of the Property pursuant to this Deed of Trust, and/or (vi) exercise any other rights and remedies provided in this Deed of Trust, the Note and under any other Loan Document, or available at law or equity. Without limiting the generality of the foregoing, to the extent permitted by RCW 61.24.100 or otherwise permitted by law, Lender may seek and obtain a deficiency judgment following the completion of a trustee's sale of all or part of the Property.

(b). Advance such sums as Lender, in its sole discretion, after the expiration of five (5) business days following written notice thereof to Borrower, deems necessary to cure the default. In making any such advance, Lender shall be entitled to rely upon the genuineness and accuracy of any demand, document, claim, statement, or invoice presented to Lender, and Lender shall be under no duty whatever to independently investigate or confirm the genuineness or accuracy of, or any other fact pertaining to, the demand, document, claim, statement, or invoice so presented. Repayment of all monies so advanced by Lender shall be secured hereby and shall constitute a further lien upon the Property, payable upon demand with interest from the date of each advance to the date of payment at the default rate set forth in the Note (the "Default Rate"). Lender shall in no event be obligated to make any advance to or for the benefit of Borrower and no advance by Lender shall cure Borrower's default nor preclude Lender from foreclosing this Deed of Trust or from exercising any other right or remedy available to Lender on account of such default.

(c). For any sale under the power of sale granted by this Deed of Trust, Trustee shall record and give all notices required by law, after which the Property may be sold upon such terms and conditions as may be specified by Lender and permitted by applicable law. Trustee may postpone any sale by public announcement at the time and place designated for the sale. If the Property includes separate lots or parcels, Lender may designate their order of sale or elect to sell them as a whole. Any personal property may be sold separately or as a whole at the same time and place as a sale of any real property or at different times and places. Borrower and the holder of any subordinate lien on any portion of the Property waive any right to require the marshaling of assets or to otherwise direct the order in which any of the Property is sold. Trustee shall be acting as the agent of Lender if directed to sell any personal property. Upon any sale, Trustee shall execute and deliver to the purchaser a deed or bill of sale conveying the Property sold, without any covenant or warranty, express or



implied. The recitals in the Trustee's deed indicating that the sale was conducted in compliance with all the requirements of law shall be presumptive evidence of compliance.

(d). With respect to any personal property, Lender shall have all of the rights and remedies of a secured party under the Uniform Commercial Code and all other rights and remedies provided in this Deed of Trust, the Note, and any other Loan Document and under the power of sale granted by this Deed of Trust. In exercising its remedies, Lender may proceed against the real property and personal property separately or together and in any order whatsoever. The personal property may be sold at any one or more public or private sales as permitted by applicable law. Lender shall give Borrower five (5) days' prior written notice of the time and place of any public or private sale of the personal property, which notice Borrower agrees is commercially reasonable.

(e). Borrower shall pay on demand all of Lender's and Trustee's costs and expenses incurred in administering and enforcing this Deed of Trust, collecting any amounts payable under this Deed of Trust, and realizing on the Property and any other collateral securing any portion of the Secured Obligations, including legal and other professional fees, foreclosure costs and title charges, together with interest from the date of payment at the Default Rate.

(f). Except as otherwise required by law, the proceeds of any sale under this Deed of Trust shall be applied against the Secured Obligations (first to costs of Lender, then to any accrued and unpaid interest and then to any unpaid principal), and then in such order of priority as Lender shall determine in its sole discretion.

(g). If the Property is sold at a judicial foreclosure sale, the purchaser may make such repairs or alterations to the Property as the purchaser deems appropriate in its sole discretion for the proper operation, care, preservation, and protection of the Property. The costs of the repairs or alterations, together with interest from the date of payment at the Default Rate, shall be added to and become a part of the amount required to be paid upon any redemption.

(h). Except as otherwise specifically provided in this Deed of Trust, any prepayment premium required under the Loan shall be payable by Borrower upon any voluntary or involuntary payment of principal before the original due date under the Loan. Without limiting the generality of the foregoing, Borrower expressly agrees that any principal payment made after an Event of Default shall constitute a prepayment requiring payment of the prepayment premium notwithstanding an acceleration of the Loan by Lender. The debt owing to Lender at the time of any judicial or nonjudicial foreclosure sale of the Property shall include the prepayment premium calculated on the principal balance owing on the date of sale.

(i). Every right and remedy provided in this Deed of Trust, the Note, and any other Loan Document, or by law or equity, shall be distinct and cumulative to all other



rights or remedies, and may be exercised concurrently, independently, or successively in any order whatsoever, without regard to the adequacy of Lender's security. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of the right or remedy, and no waiver by Lender of any particular default shall constitute a waiver of any other default in the future. The exercise of any right or remedy shall not constitute a cure or waiver of any Event of Default or otherwise prejudice Lender of any of its other rights or remedies.

(j). To the extent the Deed of Trust Act of the State of Washington (RCW Chapter 61.24, as now existing or hereafter amended) or other statute requires that the "fair market value" or "fair value" of the Property be determined as of the foreclosure date in order to enforce a deficiency against Borrower or any other party liable for repayment of the obligations secured by this Deed of Trust, the term "fair market value" or "fair value" shall include those matters required by law and shall also include the additional factors set forth below:

(1). The Property shall be valued "AS IS" and "WITH ALL FAULTS" and there shall be no assumption of restoration or refurbishment of improvements, if any, after the date of the foreclosure; and

(2). An offset to the fair market value or fair value of the Property, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs relating to the sale of the Property, including but not limited to brokerage commissions, title policy expenses, tax prorations, escrow fees, and other common charges which are incurred by a seller of property.

Borrower shall pay the costs of any appraisals and other expenses incurred in connection with any such determination of fair market value and/or fair value.

10. Condemnation. In the event the Property or any part thereof is taken under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the indebtedness secured hereby, shall be paid to Lender and applied toward reimbursement of all of Lender's costs and expenses incurred in connection with collecting such award or payment, and all or any portion of the balance, at Lender's option, to the indebtedness due or to become due under the Loan, to satisfy any other Secured Obligation or to repair or restore the Property. Lender is hereby empowered in the name of Borrower to receive, and give acquittance for, any such award or payment, whether it is joint or several; provided, however, that Lender shall not be held responsible for failure to collect any such award or payment, regardless of the cause of such failure. Application by Lender of any condemnation proceeds toward payment of any principal and interest due or to become due under the Loan shall not excuse Borrower from making any regularly scheduled payments due thereunder, nor shall such application extend or reduce the amount of such payments.



11. Assignment of Rents, Income, and Profits. As additional security for the due and punctual performance and observance of the Secured Obligations, Borrower assigns, transfers, and sets over unto Lender, all the rents, issues, profits, and income under all leases or occupancy agreements or arrangements, however evidenced or denominated, upon or affecting the Property (including any extensions, amendments, or renewals thereof), whether such rents, issues, profits, and income are due or are to become due, including all such leases in existence or coming into existence during the period this Deed of Trust is in effect. This Deed of Trust shall run with the land and be good and valid as against Borrower and those claiming by, under, or through Borrower, from the date of recording of this Deed of Trust. This Deed of Trust shall continue to be operative during the foreclosure or any other proceedings taken to enforce this Deed of Trust. In the event of a foreclosure sale which results in a deficiency, this Deed of Trust shall stand as security during the redemption period for the payment of such deficiency. This Deed of Trust is given as collateral security only and does not and shall not be construed as obligating Lender to perform any of the covenants or undertakings required to be performed by Borrower in any leases.

Prior to any Event of Default, Borrower shall collect and receive all rents for the benefit of Lender and Borrower. Borrower shall apply the rents first to the payment of taxes, assessments, and other charges on the Property, second to the costs of insurance, maintenance, and repairs required under this Deed of Trust, third to the costs of discharging the obligations of Borrower under any leases, and fourth to the Secured Obligations then due and payable, with the balance, if any, for the account of Borrower. Upon Lender's delivery of written notice to Borrower of an Event of Default stating that Lender is exercising its rights to the rents, and without the necessity of Lender or a receiver taking control of the Property, Borrower shall pay to Lender all rents then held or subsequently collected by Borrower, and direct each tenant to pay all future rents to Lender. Borrower appoints Lender as Borrower's attorney-in-fact to make such direction to tenants upon Borrower's failure to do so. Borrower agrees that all payments made to Lender by any tenant shall be in full discharge of the tenant's obligations to Borrower.

After any Event of Default, Borrower appoints Lender as Borrower's attorney-in-fact to take full control of the Property and perform all acts necessary and appropriate for the operation and maintenance of the Property, including (i) the execution, enforcement, cancellation, or modification of any lease, (ii) the collection of rents, (iii) the removal and eviction of tenants, (iv) the making of alterations and repairs to the Property, and (v) the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as Lender deems appropriate in its sole discretion to protect the security of this Deed of Trust. After an Event of Default, Borrower agrees that Lender shall be entitled to the appointment of a receiver, regardless of the adequacy of Lender's security. Borrower waives any right to notice of any application for a receiver, it being intended that Lender may seek the appointment of a receiver ex parte. The receiver shall serve without bond and may be Lender or an employee or agent of Lender. The receiver shall have, in addition to all the rights and powers customarily given to and exercised by receivers, all the rights and powers granted to Lender in this Section. Lender or the receiver shall receive a



reasonable fee for managing the Property. Entry upon and taking possession by a receiver other than Lender shall not constitute possession by Lender, and Lender shall not be a "mortgagee in possession" before its actual entry upon and taking possession of the Property. Lender shall not be liable to Borrower, anyone claiming under or through Borrower, or anyone having an interest in the Property by reason of anything done or left undone by Lender under this Section.

All rents collected after the delivery of written notice to Borrower of an Event of Default shall be applied first to the costs of managing the Property and collecting the rents; including attorneys' fees, receiver's fees and costs, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments, and other charges on the Property, and the costs of discharging the obligations of Borrower under the leases. All remaining rents shall be applied to the other Secured Obligations in such order of priority as Lender may determine in its sole discretion. To the extent the costs of managing the Property, collecting the rents and discharging the obligations of Borrower under the leases exceed the rents collected, the excess costs shall be payable by Borrower upon demand, together with interest from the date of payment at the Default Rate.

Lender shall at no time have any obligation whatever to attempt to collect rent from any tenant or occupier of the Property notwithstanding that such tenants and occupiers may not be paying rent to either Borrower or Lender. Further, Lender shall at no time have any obligation whatever to enforce any other obligations owed by tenants or occupiers of the Property to Borrower.

Borrower shall at no time collect advance rent under any lease upon, affecting or pertaining to the Property or any part thereof in excess of one month (other than as a security deposit) and Lender shall not be bound in any respect by any rent prepayment made or received in violation of the terms hereof.

Borrower expressly covenants and agrees that if the lessee or any of the lessees under any lease or leases heretofore or hereafter entered into by Borrower with respect to the Property, shall fail to perform and fulfill any term, covenant, condition, or provision in any said lease or leases, or any of them, on its or their part to be performed or fulfilled, at the times and in the manner in said lease or leases provided, or if Borrower shall suffer or permit to occur any breach or default under the provisions of any such lease or leases of the Property and such failure, breach, or default shall continue for thirty (30) days without Borrower commencing and pursuing in good faith and with due diligence its available remedies under the lease or leases, if commercially reasonable under the circumstances, then, and in any such event, such failure to act by Borrower shall constitute an Event of Default hereunder and at the option of Lender, and without notice to Borrower, all unpaid indebtedness secured by this Deed of Trust shall become immediately due and payable.

12. Attorneys' Fees and Expenses. Borrower shall reimburse Lender for all costs, including reasonable attorneys' fees, incurred by Lender in enforcing any of its rights or



remedies on account of a default and/or an Event of Default under this Deed of Trust. Borrower shall reimburse Lender for all costs, including reasonable attorneys' fees, incurred by Lender in case Lender becomes a party, either as plaintiff or defendant, to any legal proceedings in relation to the Property or the lien granted hereby. Payment of such sums shall be secured hereby and shall be payable upon demand with interest from the date of each advance to the date of payment at the Default Rate. In addition to the terms of this Section 12 but not by way of limitation, in any legal proceeding relating to this Deed of Trust or the transactions that are the subject matter hereof, the prevailing party in such action shall be awarded, in addition to damages, injunctive, or other relief, its costs and expenses, including, without limitation, service of process, filing fees, court and court reporter costs, investigation costs, expert witness fees, and the cost of any bonds, and its attorneys fees.

13. Additional Documents and Security Agreement. Borrower shall execute, acknowledge, and deliver any and all such further conveyances, documents, mortgages, and assurances as Lender may reasonably require for accomplishing the purposes hereof, including financing statements required by Lender to protect its interest under the provisions of the Washington Uniform Commercial Code, as amended, forthwith upon the written request of Lender. Upon any failure of Borrower to do so after written request, Lender may execute, record, file, rerecord, and refile any and all such documents for and in the name of Borrower, and Borrower hereby irrevocably appoints Lender as agent and attorney-in-fact of Borrower for the foregoing purposes. This instrument is intended by the parties to be, and shall be construed as, a security agreement, as that term is defined and used in Revised Article 9 of the Washington Uniform Commercial Code, as amended, and shall grant to Lender a security interest in that portion of the Property with respect to which a security interest can be granted under Revised Article 9 of the Washington Uniform Commercial Code, as amended, which security interest shall also include a security interest in all tangible and intangible personal property, including without limitation, to the extent of Borrower's present or future interest and subject to the limitations set forth in Section 14 below, all licenses, permits, and general intangibles now or hereafter located upon the Property, or related to or used or usable in connection with any present or future operation upon such property, and a security interest in the proceeds of all insurance policies now or hereafter covering all or any part of such collateral.

14. Other Contracts. Borrower hereby assigns to Lender, as further security for the indebtedness secured hereby, Borrower's interest in all agreements, contracts (including contracts for the lease or sale of the Property or any portion thereof), licenses, and permits affecting the Property. Such assignment shall not be construed as a consent by Lender to any agreement, contract, license, or permit so assigned, or to impose upon Lender any obligations with respect thereto. Borrower shall not cancel or amend any of the agreements, contracts, licenses, and permits hereby assigned (nor permit any of the same to terminate if they are necessary or desirable for the operation of the Property) without first obtaining, on each occasion, the written approval of Lender. This Section shall not be applicable to any agreement, contract, license, or permit that terminates if it is assigned without the consent of any party thereto (other than Borrower) or issuer thereof, unless such consent has been



obtained or this Deed of Trust is ratified by such party or issuer; nor shall this Section be construed as a present assignment of any contract, license or permit that Borrower is required by law to hold in order to operate the Property for the purposes intended.

15. Notices. Any notice, report, or other communication required or permitted to be given hereunder shall be in writing and shall be deemed given on the date of delivery if delivered by courier or by fax; or three (3) days after mailing, if mailed first-class mail, postage prepaid, return receipt requested; or one (1) day after delivery by the sender to an overnight delivery service charges prepaid, return receipt requested, to the following addresses or fax numbers, as applicable:

(i). If to Borrower: Clear Valley Environmental Farm, LLC,
Clear Valley Environmental Farm II, Inc

U.S. Postal Service Mailing Address:
PO Box 2281
Sebastopol, CA 95473

Overnight and Personal Delivery
Address:
2259 Marra Road
Occidental, CA 95465
Fax: (415) 366-1606

With a copy to

Jeffrey C. Poetsch
1028 Wilmington Way
Redwood City, CA 94062
Fax: 650-369-2599

(ii). If to Lender: Swan Road (Sherron Associates) LLC
c/o Sherron Associates, Inc.
12301 NE 10th Placc, Suite 303
Bellevue, Washington 98005
Fax: (425) 454-8443

16. Successors and Assigns. All of the covenants and conditions hereof shall run with the land and shall be binding upon the successors and assigns of Borrower, and shall inure to the benefit of the successors and assigns of Lender.

17. No Waiver. No waiver by Lender of any right or remedy granted hereunder shall affect or extend to any other right or remedy of Lender hereunder, nor affect the subsequent exercise of the same right or remedy by Lender for any further or subsequent



default by Borrower hereunder, and all such rights and remedies of Lender hereunder are cumulative. Time is of the essence.

18. Controlling Law and Severance. This Deed of Trust shall be construed in each and every respect in accordance with the laws of the State of Washington. In the event any provision herein should be held unenforceable by a court of competent jurisdiction, such court is hereby authorized to amend such provision so that it will be enforceable to the fullest extent permitted by law, and all remaining provisions shall continue in full force without being affected, impaired, or invalidated thereby in any way.

19. Lender's Rights. Without affecting the liability of any person for payment or performance of the Secured Obligations, and without affecting the priority of the lien of this Deed of Trust, Lender may (i) extend the time for payment of the Secured Obligations, (ii) release anyone liable on the Secured Obligations, (iii) accept a renewal note or notes for the Secured Obligations, (iv) modify the terms and time of payment of the Secured Obligations, (v) release the lien of this Deed of Trust on any part of the Property, (vi) take or release other collateral for the Secured Obligations, (vii) consent to the making of any map or plan of the Property, the granting of any easement over the Property or the creation of any restriction on the Property, or (viii) join in any subordination or other agreement affecting the lien of this Deed of Trust.

20. Joint and Several Liability. Each entity executing this Deed of Trust as "Borrower" below shall be jointly and severally liable for any and all obligations of Borrower hereunder.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[SIGNATURE PAGE FOLLOWS]



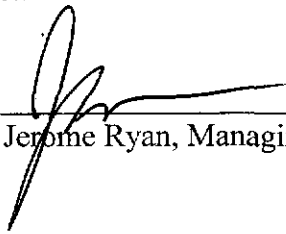
200908100155
Skagit County Auditor

IN WITNESS WHEREOF, this Deed of Trust has been executed as of the date first written above.

BORROWER:

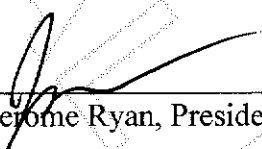
CLEAR VALLEY ENVIRONMENTAL FARM, LLC,
a Washington limited liability company

By: Sustainable Environments, LLC, its Managing Member

By  _____
Jerome Ryan, Managing Member

By _____
Kevin F. Noon, Managing Member

CLEAR VALLEY ENVIRONMENTAL FARM II, INC.,
a Washington corporation

By  _____
Jerome Ryan, President



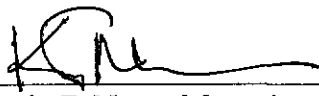
200908100155
Skagit County Auditor

IN WITNESS WHEREOF, this Deed of Trust has been executed as of the date first written above.

BORROWER: CLEAR VALLEY ENVIRONMENTAL FARM, LLC,
a Washington limited liability company

By: Sustainable Environments, LLC, its Managing Member

By _____
Jerome Ryan, Managing Member

By  _____
Kevin F. Noon, Managing Member

CLEAR VALLEY ENVIRONMENTAL FARM II, INC.,
a Washington corporation

By _____
Jerome Ryan, President



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Skagit County Auditor

State of California)
County of **Sonoma**)

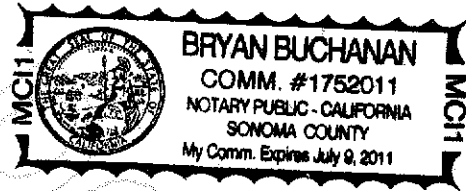
On **July 27, 2009** before me, Bryan Buchanan, Notary Public, personally appeared **Jerome Ryan**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Bryan Buchanan* (Seal)

Document Acknowledged: Deed of Trust



200908100155

Skagit County Auditor

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State of California)
County of **Sonoma**)

On **July 27, 2009** before me, Bryan Buchanan, Notary Public, personally appeared **Jerome Ryan**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) (s) are subscribed to the within instrument and acknowledged to me that (he) ~~she/they~~ executed the same in (his) ~~her/their~~ authorized capacity(ies), and that by (his) ~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Bryan Buchanan (Seal)



Document Acknowledged: Deed of Trust



200908100155

Skagit County Auditor

EXHIBIT A
Legal Description



200908100155

Skagit County Auditor

Schedule "A-1":

DESCRIPTION:

PARCEL "A"

The Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 10, Township 34 North, Range 4 East, W.M.

TOGETHER WITH that portion of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 10, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Northwest corner of said Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$;
thence South $0^{\circ}12'29''$ West, along the West line thereof, a distance of 660.87 feet, more or less, to the Northwest corner of that certain parcel as conveyed by Deed recorded April 10, 2006, under Auditor's File No. 200604100126;
thence South $89^{\circ}11'17''$ East along the North line thereof, 363.49 feet to the Northeast corner thereof;
thence North $62^{\circ}42'54''$ East 117.72 feet;
thence South $63^{\circ}15'58''$ East 111.40 feet;
thence South $15^{\circ}42'36''$ East 159.39 feet;
thence South $32^{\circ}41'51''$ East 129.01 feet;
thence South $52^{\circ}05'24''$ East 149.71 feet;
thence South $88^{\circ}04'38''$ East 128.61 feet;
thence North $79^{\circ}36'46''$ East 295.79 feet;
thence South $66^{\circ}03'52''$ East 138.90 feet, more or less, to the East line of said Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$;
thence North $0^{\circ}00'33''$ West, along said East line, 1,001.03 feet to the Northeast corner thereof;
thence North $89^{\circ}02'28''$ West, along the North line of said Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$, 1,342.60 feet to the point of beginning.

Also shown as Parcel 1 on Survey recorded under Auditor's File No. 200706190095, records of Skagit County, Washington.

TOGETHER WITH a 60 foot wide non-exclusive easement for ingress, egress and utilities over, under and across the exact location to be determined at a future time and under mutual consent as to location on the following described parcel:

That portion of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ and the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 10, together with that portion of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 15, all in Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Northwest corner of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 10;
thence South $0^{\circ}12'29''$ West, along the West line thereof, a distance of 660.87 feet, more or less, to the Northwest corner of that certain parcel as conveyed by Deed recorded April 10, 2006, under Auditor's File No. 200604100126;
thence South $89^{\circ}11'17''$ East, along the North line thereof, 363.49 feet to the Northeast corner thereof;
thence North $62^{\circ}42'54''$ East 117.72 feet;
thence South $63^{\circ}15'58''$ East 111.40 feet;
thence South $15^{\circ}42'36''$ East 159.39 feet;
thence South $32^{\circ}41'51''$ East 129.01 feet;



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Schedule "A-1":

DESCRIPTION CONTINUED:

PARCEL "A" Continued:

thence South 52°05'24" East 149.71 feet;
thence South 88°04'38" East 128.61 feet;
thence North 79°36'46" East 295.79 feet;
thence South 66°03'52" East 138.90 feet;
thence South 66°03'52" East 103.00 feet to the true point of beginning;
thence North 66°03'52" West 103.00 feet;
thence North 66°03'52" West 138.90 feet;
thence South 79°36'46" West 295.79 feet;
thence North 88°04'38" West 128.61 feet;
thence North 52°05'24" West 149.71 feet;
thence North 32°41'51" West 129.01 feet;
thence North 15°42'36" West 159.39 feet;
thence North 63°15'58" West 111.40 feet;
thence South 62°42'54" West 117.72 feet to the aforementioned Northeast corner of parcel described under Auditor's File No. 200604100126;
thence South 0°38'29" West, along the East line of said parcel and said parcel extended, a distance of 769.92 feet to the Southeast corner of Tract "A" of Skagit County Short Plat No. 60-77, approved August 30, 1977 and recorded August 30, 1977, under Auditor's File No. 863767, in Volume 2 of Short Plats, page 112, records of Skagit County, Washington;
thence North 89°20'05" West, along the South line thereof, 330.03 feet to the Southwest corner thereof, said point being on the East margin of McLaughlin Extension Road;
thence South 1°26'36" West, along said margin, 1,202.86 feet to an intersection with the North margin of McLaughlin Road;
thence South 89°00'37" East, along said North margin, 967.04 feet to a point which lies South 16°45'44" West from the true point of beginning;
thence North 16°45'44" East 1,656.33 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

The West ½ of the Southeast ¼ of Section 10, Township 34 North, Range 4 East, W.M.

EXCEPT that portion described as follows:

Beginning at the Northwest corner of the Southeast ¼ of the Southwest ¼ of said Section 10;
thence South 0°12'29" West, along the West line thereof, a distance of 660.87 feet, more or less, to the Northwest corner of that certain Parcel as conveyed by deed recorded April 10, 2006, under Auditor's File No. 200604100126;
thence South 89°11'17" East, along the North line thereof, 363.49 feet to the Northeast corner thereof;
thence North 62°42'54" East 117.72 feet;
thence South 63°15'58" East 111.40 feet;



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DESCRIPTION CONTINUED:

PARCEL "B" Continued:

thence South 15°42'36" East 159.39 feet;
thence **South** 32°41' 51" East 129.01 feet;
thence South 52°05'24" East 149.71 feet;
thence South 88°04'38" East 128.61 feet;
thence North 79°36'46" East 295.79 feet;
thence South 66°03'52" East 138.90 feet, more or less, to the West line of said West ½ of the Southeast ¼ of said Section 10 and the true point of beginning;
thence South 66°03'52" East 103.00 feet;
thence South 78°26'16" East 220.72 feet;
thence South 57°43'31" East 112.69 feet;
thence South 76°50'23" East 84.64 feet;
thence South 76°59'11" East 180.46 feet;
thence South 54°48'59" East 93.58 feet;
thence South 25°47'39" East 91.15 feet to the South line of said West ½ of the Southeast ¼ ;
thence North 87°55'43" West, along said South line 780.52 feet to the Southwest corner thereof;
thence North 0°00'33" West, along the West line thereof, 313.89 feet, more or less, to the true point of beginning.

Also known as Parcel 2 on Survey under Auditor's File No. 200706190095, records of Skagit County, Washington.

TOGETHER WITH a 60.00 foot non-exclusive easement for ingress, egress and utilities being 30.00 feet on both sides of the following described centerline, being in a portion of Section 10 and Section 15, Township 34 North, Range 4 East, W.M.

Beginning at the Southwest corner of Tract "A" of Skagit County Short Plat No. 60-77, approved August 30, 1977, and recorded August 30, 1977, under Auditor's File No. 863767, in Volume 2 of Short Plats, page 112, records of Skagit County, Washington;

thence South 1°26'36" West, along the East margin of McLaughlin Road Extension, as shown on said Short Plat, 43.62 feet to the true point of beginning of this centerline description;
thence the following courses along said centerline, South 86°12'32" East 174.78 feet;
thence North 85°42'17" East 172.87 feet;
thence North 58°22'51" East 393.11 feet;
thence South 88°43'21" East 1387.99 feet, more or less, to a point of intersection with the Southeasterly line of the above described Parcel and the terminus of said centerline description.

The sidelines of said Easement shall be extended or trimmed so as to form a continuous line across the Grantor's Ownership.

Situate in the County of Skagit, State of Washington.



200908100155
Skagit County Auditor

Schedule "A-1":

DESCRIPTION CONTINUED:

PARCEL "C":

That portion of the abandoned Puget Sound and Cascade Railway right-of-way in the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 11, Township 34 North, Range 4 East, W.M., more particularly described as follows:

A strip of land 50 feet wide, being 25 feet each side of the centerline described as follows:

Beginning at a point on the South boundary line of Section 11, 296.8 feet, more or less, West from the South $\frac{1}{4}$ section corner thereof;
thence Northeasterly to the East line of said Southeast $\frac{1}{4}$, 366 feet, more or less, North of said section corner.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

That portion of the Northwest $\frac{1}{4}$ of Section 14, Township 34 North, Range 4 East W.M., described as follows:

Beginning at the intersection of the North line of Section 14 with the Westerly line of the right of way of the Seattle Lake Shore and Eastern Railway Company, as said right of way was conveyed by deeds recorded in Volume 10 of Deeds, pages 651 to 654, records of Skagit County, Washington;
thence Southwesterly along said right of way; 1494.24 feet to the true point of beginning;
thence North $60^{\circ}30'$ West, 1683 feet, more or less, to a point 396 feet South of the Northwest corner of said Section 14;
thence South along the West line of the Section to a point 660 feet North of the Southwest corner of the Northwest $\frac{1}{4}$ of said Section;
thence East 871.2 feet, more or less, to the Westerly line of the said railway company right-of-way;
thence Northeasterly along said right of way to the true point of beginning, EXCEPT the 50 foot wide right of way of the Puget Sound and Cascade Railway Company, as said right of way was reserved in deed recorded under Auditor's File No. 138390, in Volume 115 of Deeds, page 619, records of Skagit County, Washington;

AND ALSO EXCEPT that portion lying within the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14.

Situate in the County of Skagit, State of Washington.

PARCEL "E":

Deleted.

PARCEL "F":

Deleted.



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Skagit County Auditor

Schedule "A-1":

DESCRIPTION CONTINUED:

PARCEL "G":

The Southwest ¼ of the Northeast ¼ and the Southeast ¼ of the Northwest ¼ of Section 15, Township 34 North, Range 4 East, W.M.

TOGETHER WITH that portion of the Northwest ¼ of the Northeast ¼ of said Section 15, described as follows:

Beginning at the Northwest corner of the Southeast ¼ of the Southwest ¼ of said Section 10;
thence South 0°12'29" West along the West line thereof, a distance of 660.87 feet, more or less, to the Northwest corner of that certain parcel as conveyed by Deed recorded April 10, 2006, under Auditor's File No. 200604100126;
thence South 89°11'17" East, along the North line thereof, 363.49 feet to the Northeast corner thereof;
thence North 62°42'54" East 117.72 feet;
thence South 63°15'58" East 111.40 feet;
thence South 15°42'36" East 159.39 feet;
thence South 32°41'51" East 129.01 feet;
thence South 52°05'24" East 149.71 feet;
thence South 88°04'38" East 128.61 feet;
thence North 79°36'46" East 295.79 feet;
thence South 66°03'52" East, 138.90 feet;
thence South 66°03'52" East 103.00 feet;
thence South 78°26'16" East 220.72 feet;
thence South 57°43'31" East 112.69 feet;
thence South 76°50'23" East 84.64 feet;
thence South 76°59'11" East 180.46 feet;
thence South 54°48'59" East, 93.58 feet;
thence South 25°47'39" East 91.15 feet to the North line of said Section 15 and the true point of beginning;
thence South 25°47'39" East 87.34 feet;
thence South 30°23'11" East 111.90 feet;
thence South 8°07'49" East 157.41 feet;
thence South 18°17'32" East 348.90 feet;
thence South 25°34'21" East 205.38 feet;
thence South 12°48'25" East 218.85 feet;
thence South 5°34'33" West 162.09 feet;
thence South 29°59'41" West 117.22 feet to the North margin of McLaughlin Road;
thence South 88°19'54" East, along said margin, 237.30 feet to the East line of the Northwest ¼ of the Northeast ¼ of said Section 15;
thence North 1°12'39" East, along said East line, 1,311.02 feet to the North line of said Section 15;
thence North 87°55'43" West, along said North line, 543.52 feet to the true point of beginning.

EXCEPT the following described portions thereof:

Exception 1: Any portion lying within the right of way of McLaughlin Road.

Exception 2: Any portion lying within the right of way of State Road No. 538, also known as College Way.



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PARCEL "G" Continued:

Exception 3: The West 208.7 feet of the South 626.1 feet of that portion of the Southeast ¼ of the Northwest ¼ of said Section 15, lying North of State Road No. 1-G (SR 538).

Exception 4: Beginning at the Northwest corner of the Southeast ¼ of the Northwest ¼ of said Section 15; thence South along the West line thereof 20 feet to the Southerly line of McLaughlin Road and the true point of beginning; thence continuing South along said West line 666.63 feet, more or less, to the Northwest corner of that certain parcel described in Real Estate Contract in favor of Kenneth Moore and Phyllis Marie Moore and recorded under Auditor's File No. 8305270054; thence East along the North line of said Moore parcel and said line extended 980.15 feet; thence North, parallel to the West line of said Southeast ¼ of the Northwest ¼ 666.63 feet, more or less, to the South line of McLaughlin Road; thence West along the South line to the true point of beginning.

Exception 5: Beginning at the Northwest corner of the Southeast ¼ of the Southwest ¼ of Section 10, Township 34 North, Range 4 East, W.M.; thence South 0°12'29" West, along the West line thereof, a distance of 660.87 feet, more or less, to the Northwest corner of that certain parcel as conveyed by Deed recorded April 10, 2006, under Auditor's File No. 200604100126; thence South 89°11'17" East, along the North line thereof, 363.49 feet to the Northeast corner thereof; thence North 62°42'54" East 117.72 feet; thence South 63°15'58" East 111.40 feet; thence South 15°42'36" East 159.39 feet; thence South 32°41'51" East 129.01 feet; thence South 52°05'24" East 149.71 feet; thence South 88°04'38" East 128.61 feet; thence North 79°36'46" East 295.79 feet; thence South 66°03'52" East 138.90 feet, more or less, to the West line of the West ½ of the Southeast ¼ of said Section 10; thence South 66°03'52" East 103.00 feet; thence South 78°26'16" East 220.72 feet; thence South 57°43'31" East 112.69 feet; thence South 76°50'23" East 84.64 feet; thence South 76°59'11" East 180.46 feet; thence South 54°48'59" East 93.58 feet; thence South 25°47'39" East 91.15 feet to the South line of the West ½ of the Southeast ¼ of said Section 10; thence South 25°47'39" East 87.34 feet; thence South 30°23'11" East 111.90 feet; thence South 8°07'49" East 157.41 feet; thence South 18°17'32" East 348.90 feet; thence South 25°34'21" East 205.38 feet; thence South 12°48'25" East 218.85 feet; thence South 5°34'33" West 162.09 feet; thence South 29°59'41" West 139.94 feet to the South line of the Northwest ¼ of the Northeast ¼ and the true point of beginning; thence continue South 29°59'41" West 185.06 feet;



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Schedule "A-1":

DESCRIPTION CONTINUED:

PARCEL "G" Continued:

thence South 71°25'46" West 334.89 feet;
thence North 86°50'15" West 213.62 feet;
thence North 85°42'09" West 472.91 feet to the West line of the said Southwest ¼ of the Northeast ¼ of Section 15;
thence North 88°33'24" West 370.33 feet, to the East line of Exception 4 described above;
thence North 1°26'36" East, along said East line, 248.56 feet to the North line of the Southeast ¼ of the Northwest ¼ of said Section 15;
thence South 89°00'37" East, along said North line, 369.85 feet to the Northeast corner of said Southeast ¼ of the Northwest ¼;
thence South 88°19'54" East, along the North line of the Northwest ¼ of the Northeast ¼ of said Section 15, a distance of 1,089.47 feet to the true point of beginning.

Exception 6: That portion, if any, that lies within the previous right of way of College Way between the center of Section 15 and the existing right of way of College Way to the West of said center of Section.

Also shown as Parcel 5 on Survey recorded under Auditor's File No. 200706190095, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "H":

Those portions of Sections 10 and 11, Township 34 North, Range 4 East, W.M., described as follows:

Parcel 1:

That portion of the South ½ of the Northeast ¼ of said Section 10, lying Southerly of Nookachamps Creek.

Parcel 2:

The East ½ of the Southeast ¼ of said Section 10;

Parcel 3:

The West ½ of the Southwest ¼ of said Section 11;

EXCEPT County road right-of-way;

ALSO EXCEPT that portion lying Southerly of the South line of Nookachamps Creek.

Parcel 4:

The Southwest ¼ of the Northwest ¼ of said Section 11;

EXCEPT County road right-of-ways.



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DESCRIPTION CONTINUED:

PARCEL "H" Continued:

Parcel 5:

Beginning at a point on the North and South centerline of said Section 11, Township 34 North, Range 4 East, W.M., a distance of 60.00 feet North of where the North line of the right-of-way of the Seattle and International Railway crosses said line;
thence North 45° West to the Southerly bank of Nookachamps Creek;
thence Westerly, along the Southerly bank of said creek to the West line of said Section;
thence South to the Southwest corner of said Section 11;
thence East to the Southeast corner of said Southwest ¼ of said Section 11;
thence North to the point of beginning.

EXCEPT that portion, if any, within State Highway right-of-way;

ALSO EXCEPT that portion, if any, within former Railroad right-of-way now owned by Skagit County;

AND ALSO EXCEPT any portion lying Southeasterly of the Northwesterly line of the right-of-way for State Route 9;

Parcel 6:

That portion of the Northwesterly ½ of that certain 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company, by Deed recorded June 2, 1890, in Volume 10 of Deeds, page 574, records of Skagit County, Washington, which lies within the East ½ of the Southwest ¼ of said Section 11.

Parcel 7:

That portion of the Northwesterly ½ of that certain 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company, by Deed recorded June 2, 1890, in Volume 10 of Deeds, page 574, records of Skagit County, Washington, which lies within the Southeast ¼ of said Section 11 and lies Southwesterly of the Southeasterly extension of the Northeasterly line of that certain tract conveyed to Robert G. Lundvall, et ux, by deed recorded September 3, 1982, under Auditor's File No. 8209030067;

EXCEPT that portion described as follows:

That portion of Section 11, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Southwest corner of said Section 11;
thence South 88°32'07" East, along the South line of said Section 11 a distance of 1168.41 feet;
thence North 1°06'44" East 1024.71 feet to a point hereinafter referred to as Point "A" and the true point of beginning;
thence North 65°38'15" West 89.27 feet;
thence North 60°12'24" West 578.82 feet;
thence North 58°52'21" West 337.35 feet;
thence North 43°09'09" West 68.08 feet;
thence North 0°43'05" West 371.65 feet;
thence North 3°01'13" East 349.79 feet;
thence North 28°03'28" East 282.53 feet;

Schedule "A-1":

DESCRIPTION CONTINUED:

PARCEL "H", Parcel 7, Continued:

thence North 39°46'02" East 128.04 feet;
thence North 73°15'44" East 458.76 feet;
thence North 49°28'04" East 210.47 feet;
thence along a curve to the left having a radius of 148.75 feet through a central angle of 87°56'43" an arc distance of 228.33 feet;
thence North 38°28'39" West 106.10 feet;
thence North 29°08'06" West 48.98 feet;
thence North 5°45'31" West 28.47 feet;
thence North 27°57'37" East 255.36 feet;
thence North 38°57'10" East 102.81 feet;
thence North 76°29'57" East 62.91 feet;
thence North 60°00'00" East 58.53 feet;
thence South 44°26'23" East 49.42 feet, more or less, to the Westerly margin of Babcock Road;
thence Southerly along the Westerly margin 1113.75 feet, more or less, to the East line of the West ½ of the Southwest ¼ of said Section 11;
thence South 1°06'44" West, along said East line, 2128.92 feet to the center of Nookachamps Creek;
thence Westerly along the centerline of Nookachamps Creek 157.43 feet to a point which lies South 1°06'44" West from the aforementioned Point "A";
thence North 1°06'44" East 627.06 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "T":

That portion of Section 11, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Southwest corner of said Section 11;
thence South 88°32'07" East, along the South line of said Section 11, a distance of 1168.41 feet;
thence North 1°06'44" East 1024.71 feet to a point hereinafter referred to as Point "A" and the true point of beginning;
thence North 65°38'15" West 89.27 feet;
thence North 60°12'24" West 578.82 feet;
thence North 58°52'21" West 337.35 feet;
thence North 43°09'09" West 68.08 feet;
thence North 0°43'05" West 371.65 feet;
thence North 3°01'13" East 349.79 feet;
thence North 28°03'28" East 282.53 feet;
thence North 39°46'02" East 128.04 feet;
thence North 73°15'44" East 458.76 feet;
thence North 49°28'04" East 210.47 feet;
thence along a curve to the left having a radius of 148.75 feet through a central angle of 87°56'43" an arc distance of 228.33 feet;
thence North 38°28'39" West 106.10 feet;
thence North 29°08'06" West 48.98 feet;
thence North 5°45'31" West 28.47 feet;



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Schedule "A-1":

DESCRIPTION CONTINUED:

PARCEL "T" Continued:

thence North 27°57'37" East 255.36 feet;
thence North 38°57'10" East 102.81 feet;
thence North 76°29'57" East 62.91 feet;
thence North 60°00'00" East 58.53 feet;
thence South 44°26'23" East 49.42 feet, more or less to the Westerly margin of Babcock Road;
thence Southerly along the Westerly margin 1113.75 feet, more or less, to the East line of the West ½ of the Southwest ¼ of said Section 11;
thence South 1°06'44" West, along said East line, 2128.92 feet to the center of Nookachamps Creek;
thence Westerly along the centerline of Nookachamps Creek 157.43 feet to a point which lies South 1°06'44" West from the aforementioned Point "A";
thence North 1°06'44" East 627.06 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "J":

That portion of the following described tract lying within the Southwest ¼ of the Northwest ¼ of Section 14, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the intersection of the North line of Section 14 with the Westerly line of the right of way of the Seattle Lake Shore and Eastern Railway Company, as said right of way was conveyed by deeds recorded in Volume 10 of Deeds, pages 651 to 654, records of Skagit County, Washington;
thence Southwesterly along said right of way, 1,494.24 feet to the true point of beginning;
thence North 60°30' West, 1,683 feet, more or less, to a point 396 feet South of the Northwest corner of said Section 14;
thence South along the West line of the Section to a point 660 feet North of the Southwest corner of the Northwest ¼ of said Section;
thence East 871.2 feet, more or less, to the Westerly line of the said railway company right of way;
thence Northeasterly along said right of way to the true point of beginning.

EXCEPT the 50 foot wide right of way of the Puget Sound and Cascade Railway Company, as said right of way was reserved in deed recorded under Auditor's File No. 138390, in Volume 115 of Deeds, page 619, records of Skagit County, Washington,

AND ALSO EXCEPT that portion, if any, lying within the as built and existing extension of the Gunderson County Road.

Situate in the County of Skagit, State of Washington.

PARCEL "K":

Deleted.

PARCEL "L":

Deleted.



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Schedule "A-1":

DESCRIPTION CONTINUED:

PARCEL "M":

Beginning at the North ¼ corner of Section 14, Township 34 North, Range 4 East, W.M.;
thence West along the North line of said Section 14, a distance of 275.88 feet to an intersection with the
Westerly right of way line of the Northern Pacific Railway Company;
thence Southwesterly, along said right of way line 1,086.24 feet;
thence North 56°41'17" West 157.80 feet, along a line which would intersect the North line of said Section
14 at a point 329.30 feet East of the Northwest corner of said Section 14 and the true point of beginning;
thence North 46°15'53" East 126.54 feet;
thence South 53°55'39" East 185.22 feet to the center of that certain 100 foot wide right of way to Seattle
Lake Shore and Eastern Railway Company right of way as conveyed by Deed dated April 4, 1890 and
recorded July 13, 1890 in Volume 10 of Deed, page 651, records of Skagit County, Washington;
thence Northeasterly along said centerline 901.81 feet, more or less, to the North line of said Section 14;
thence Westerly, along said line, 2,113.04 feet, more or less, to a point which lies 329.30 feet Easterly from
the Northwest corner of said Section 14;
thence South 56°41'17" East 1,482.47 feet, more or less, to the true point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "N":

The following described portions of Sections 14 and 15 of Township 34 North, Range 4 East, W.M.,
described as follows:

- 1.) That portion of the Northeast ¼ of the Southwest ¼ and the Northwest ¼ of the Southeast ¼ of said
Section 15, Township 34 North, Range 4 East, W.M., lying Northerly of State Highway No. 538.
- 2.) The Northeast ¼ of the Southeast ¼ of said Section 15, Township 34 North, Range 4 East, W.M.,
EXCEPT that portion thereof lying within the boundaries of the as built and existing State Highway (SR 538)
running through said subdivision, also known as Clear Lake Road and College Way.
- 3.) The East ½ of the Northeast ¼ of said Section 15, Township 34 North, Range 4 East, W.M.
- 4.) That portion of the Northwest ¼ of the Southwest ¼ of said Section 14, lying Westerly of the West line of
the 100 foot wide right of way conveyed to the Seattle Lake Shore and Eastern Railway Company by deed
recorded under Auditor's File No. 3823, in Volume 20 of Deeds, page 504, records of Skagit County,
Washington, EXCEPT mineral rights as reserved by deed recorded under Auditor's File 28646, in Volume
34 of Deeds, page 392, records of Skagit County, Washington.

AND ALSO EXCEPT that certain 20 foot wide strip of land conveyed to the Northern Pacific Railway
Company by deed recorded under Auditor's File No. 102078, in Volume 96 of Deeds, page 509, records of
Skagit County,

AND ALSO EXCEPT that portion of the North 30 feet of the East 105 feet of that portion of said Northwest
¼ of the Southwest ¼ lying West of the West line of the Northern Pacific Railway, said portion being the
non-vacated portion of Coltrine No. 211 County Road, said road being previously conveyed to Skagit County
by deeds recorded under Auditor's File Nos. 75461 and 75462, in Volume 78 of Deeds, page 223, records of
Skagit County, and portions of said road being vacated by Order of Vacation entered in Volume 12 of
Commissioners Journal, page 479, records of Skagit County,



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DESCRIPTION CONTINUED:

PARCEL "N" Continued:

AND ALSO EXCEPT any portion of the as built and existing road commonly known as Gunderson Road and formerly known as Coltrine Road, extending on to said property.

5.) The Westerly $\frac{1}{2}$ of that portion of that certain 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed dated July 17, 1891, and recorded July 25, 1891, under Auditor's File No. 3823, in Volume 20 of Deeds, page 504, records of Skagit County, lying within the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 14, Township 34 North, Range 4 East, W.M..

6.) That certain 20 foot wide strip of land conveyed to the Northern Pacific Railway Company by Deed dated April 15, 1914, and recorded April 21, 1914, under Auditor's File No. 102078, in Volume 96 of Deeds, page 509, records of Skagit County, being a portion of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 14, Township 34 North, Range 4 East, W.M..

7.) That portion of the South 660 feet of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14, Township 34 North, Range 4 East, W.M., lying Westerly of the West line of the 200 foot wide right of way and depot grounds of the Seattle Lake Shore and Eastern Railway Company, as said right of way and depot grounds were conveyed to said railway company by deeds recorded in Volume 10 of Deeds, pages 651 to 654, records of Skagit County,

EXCEPT that portion of the South 30 feet of the East 105 feet of that portion of said Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$, lying West of the West line of the right of way of the Northern Pacific Railway, as said right of way existed on June 6, 1927, said portion being the non-vacated portion of Coltrine No. 211 County Road, said road being previously conveyed to Skagit County by deed recorded under Auditor's File Nos. 75461 and 75462 in Volume 78 of Deeds, page 223, and portions of said road being vacated by Order of Vacation entered in Volume 12 of Commissioners Records, page 479, records of Skagit County,

AND ALSO EXCEPT that portion, if any, lying within the boundaries of the as built and existing County Road commonly known as Gunderson Road and formerly known as Coltrine Road, extending into said property.

8.) The Westerly $\frac{1}{2}$ of that certain 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed dated April 4, 1890 and recorded July 13, 1890 in Volume 10 of Deeds, page 651, records of Skagit County, being a portion of the Northwest $\frac{1}{4}$ of said Section 14, Township 34 North, Range 4 East, W.M.

9.) The Easterly $\frac{1}{2}$ of that portion of that certain 100 foot strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed dated April 4, 1890, and recorded July 13, 1890, in Volume 10 of Deeds, page 651, records of Skagit County, which lies Southerly of a line drawn perpendicular through the centerline of said 100 foot wide strip of land and through the point of divergence of the Easterly right of way-line of said 100 foot wide strip of land and the Westerly right of way line of the road right of way commonly known as State Highway No. 9, being a portion of the Northwest $\frac{1}{4}$ of said Section 14, Township 34 North, Range 4 East, W.M.



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DESCRIPTION CONTINUED:

PARCEL "N" Continued:

10.) Those two fifty-foot by fifteen hundred-foot strips of land conveyed to the Seattle Lake Shore and Eastern Railway Company by deed dated April 4, 1890 and recorded July 13, 1890 and July 25, 1890, in Volume 10 of Deeds, pages 653 and 759, records of Skagit County, being a portion of said Section 14.

EXCEPT that portion of the Northwest $\frac{1}{4}$ of Section 14, Township 34 North, Range 4 East, W.M., described as follows:

All that portion of that certain 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed dated July 17, 1891, and recorded July 25, 1891, under Auditor's File No. 3823, in Volume 20 of Deeds, page 504, records of Skagit County, lying Northerly of the following described line:

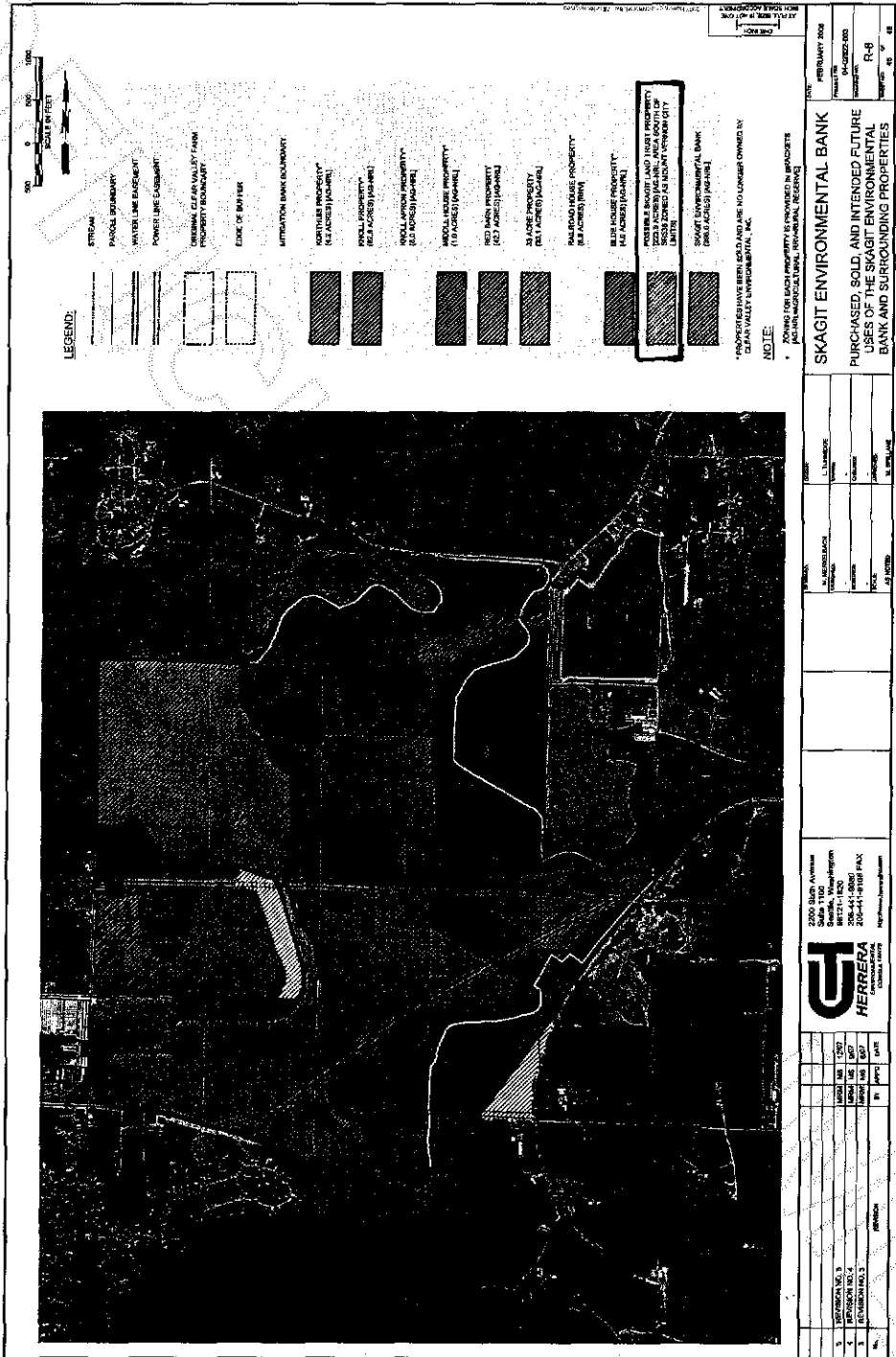
Beginning at the North $\frac{1}{4}$ corner of said Section 14;
thence West, along the North line of said Section 14, a distance of 275.88 feet to an intersection with the Westerly right of way line of the Northern Pacific Railway Company;
thence Southwesterly along said right of way line, 1,494.24 feet to the true point of beginning of this line description;
thence South $60^{\circ}07'16''$ East on a projection of a line that would intersect the West line of the Section at a point 396 feet South of the Northwest corner thereof, a distance of 100.66 feet to the Easterly line of said railway right of way and the terminus of said line description.



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EXHIBIT B



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