



200109060081

, Skagit County Auditor

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AFTER RECORDING MAIL TO:

The Nathanson Group, PLLC
1411 Fourth Avenue, Suite 905
Seattle WA 98101

Filed for Record at Request of:
James L. Spencer

Short Form DEED OF TRUST

THIS DEED OF TRUST, made this 27th day of August, 2001, between Shared Healthcare Systems, Inc., a Delaware corporation (formerly known as Sun Healthcare Systems, Inc.) as GRANTOR, whose address is 1601 R Avenue, Anacortes, WA 98221, and Island Title Company, as TRUSTEE, whose address is, 3110 Commercial Avenue, Suite 101, Anacortes, WA 98221, and Sun Healthcare Group, Inc., as BENEFICIARY, whose address is 101 Sun Avenue NE, Albuquerque NM 87109.

Grantor hereby irrevocably grants, bargains, sells, and conveys to Trustee in trust, with power of sale, the following described property in Skagit County, Washington:

Lot 2, Short Plat No. ANA-98-003, approved February 8, 1999, recorded February 17, 1999 in Volume 14 of Short Plats, pages 4 and 5, under Auditor's File No. 9902170072, and being a portion of Government Lots 1 and 2, Section 19, Township 35 North, Range 2 East, W.M. and of Lots 15, 16 and 17, "Plate No. 10, TIDE AND SHORELANDS OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 2 EAST, W.M. ANACORTES HARBOR", according to the official map thereof on file with the State Land Commissioner at Olympia, Washington. Situate in the County of Skagit, State of Washington.

Assessor's Property Tax Parcel/Account Number: 350219-0-040-0008

TOGETHER WITH all the tenements hereditaments and appurtenances, now or hereafter thereunto belonging or in anywise appertaining, and the rents, issues, and profits thereof and all other property or rights of any kind or nature whatsoever further set forth in the Master Form Deed of Trust hereinafter referred to, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

SUBJECT AND SUBORDINATE TO the Construction Deed of Trust dated August 26, 1999 by Sun Healthcare Systems, Inc. as the grantors to Frontier Bank as the beneficiary and Land Title Company of Skagit County as the trustee, recorded September 17, 1999 under Auditor's File No. 199909170027 (the "Frontier Bank Deed of Trust"). Notwithstanding anything to the contrary in the Master Form Deed of Trust hereinafter referred to, the Frontier Bank Deed of Trust is a permitted prior encumbrance, and all of Beneficiary's rights pursuant to this Deed of Trust are subject and subordinate to the Frontier Bank Deed of Trust and the rights of Frontier Bank thereunder.

THIS DEED IS FOR THE PURPOSE OF SECURING PERFORMANCE of Grantor's obligations under the Revolving Credit Agreement dated as of August 27, 2001 between Beneficiary as the Lender and Grantor as the Borrower (the "Loan Agreement") and the other Loan Documents (as defined in the Loan Agreement) and payment of the sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantor; all renewals, modifications or extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of Grantor's successors or assigns, together with interest thereon at such rate as shall be agreed upon.

By executing and delivering this Deed of Trust and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 35 inclusive of the Master Form Deed of Trust hereinafter referred to, except such paragraphs as are specifically excluded or modified herein, are hereby incorporated herein by reference and made an integral part hereof for all purposes the same as if set forth herein at length, and the Grantor hereby makes said covenants and agrees to fully perform all of said provisions. The Master Form Deed of Trust above referred to was recorded on the twenty-fifth (25th) day of July, 1968, in the Official Records of the offices of the County Auditors of the following counties in Washington in the book, and at the page designated after the name of each county, to-wit:

COUNTY	BOOK OR VOL.	PAGE NO.	AUDITOR'S	COUNTY	BOOK OR VOL.	PAGE NO.	AUDITOR'S
Adams	2 of Record. Instr.	513-16	122987	Lewis	7 of Official Rec.	39-842	725562
Asotin	Microfilmed under Auditor's No.		101896	Lincoln	107 of Mortgages	776-779	316596
Benton	241 of Official Rec.	695A-C	592931	Mason	Reel 48	Frame 835-838	236038
Chelan	688 of Official Rec.	1682-1685	681844	Okanogan	121 of Mortgages	517-519A	560658
Clallam	315 of Official Rec.	195-198	383176	Pacific	213 of Official Rec.	649-652	55707
Clark	Aud. Microfilm No.	702859-702862	G-519253	Pend Oreille	27 of Mtgs.	8-11	126854
Columbia	49 of Deeds	198-201	F 3115	Pierce	1254 of Mtgs.	707-710	2250799
Cowlitz	747 of Official Rec.	234-237	675475	San Juan	28 of Mtgs.	459-462	69282
Douglas	125 of Mortgages	120-123	151893	Skagit	19 of Official Rec.	80-83	716277
Ferry	28 of Deeds	413-416	153150	Skamania	47 of Mtgs.	41-44	70197
Franklin	11 of Official Rec.	138-141	309636	Snohomish	233 of Official Rec.	540-543	2043549
Garfield	Microfilmed under Auditor's No.		13044	Spokane	14 of Official Rec.	1048-1051	376267C
Grant	44 of Rec. Doc.	373-376	538241	Stevens	109 of Mtgs.	394-397	390635
Grays Harbor	21 of General	31-34	207544	Thurston	454 of Official Rec.	731-734	785350
Island	181 of Official Rec.	710-713	211628	Waukiakum	17 of Mortgages	89-92	24732
Jefferson	4 of Official Rec.	316-319	196853	Walla Walla	308 of Mtgs.	711-714	495721
King	5690 of Mtgs.	436-439	6382309	Whatcom	82 of Official Rec.	855-858	1047522
Kitsap	929 of Official Rec.	480-483	934770	Whitman	1 of Misc.	291-294	382282
Kittitas	111 of Mortgages	361-364	348693	Yakima	712 of Official Rec.	147-150	2170553
Klickitat	101 of Mortgages	107-110	131095				

A copy of such Master Form Deed of Trust is hereby furnished to the person executing this Deed of Trust and by executing this Deed of Trust the Grantor acknowledges receipt of such Master Form Deed of Trust.

Paragraphs 4,5,6,8 (a) and 13 of such Master form Deed of Trust are hereby deleted in their entirety and are of no force and effect for purposes of this Deed of Trust.

The property which is the subject of this Deed of Trust is not used principally or primarily for agriculture or farming purposes.

The undersigned Grantor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at the address hereinbefore set forth.

WITNESS the hand(s) and seal(s) of the Grantor on the day and year first above written.

GRANTOR:

SHARED HEALTHCARE SYSTEMS, INC.

By: Leo Watterson
Name: Leo Watterson
Its: CFO

STATE OF Washington)
COUNTY OF Skagit)-ss

I certify that I know or have satisfactory evidence that Leo Watterson
(is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: September 4, 2001

Christine L. Smith
Notary Public in and for the state of Washington
My appointment expires: 01/11/03



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Skagit County Auditor

REQUEST FOR FULL RECONVEYANCE

To be used only when all obligations have been paid under the note and this Deed of Trust.

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated:.....

By

By

By

By

Mail reconveyance to

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee before cancellation will be made.



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