



200206200123  
Skagit County Auditor  
6/20/2002 Page 1 of 14 3:25PM

**Return Address**

Trillium Corporation  
4350 Cordata Parkway  
Bellingham, WA 98226  
Attn: Kim McDougall

**Document Title(s)** (or transactions contained therein):

1. Deed of Trust
- 2.

ISLAND TITLE CO. B19489

**Reference Number(s)** of Documents assigned or released:

TRUSTEE: ISLAND TITLE

**Grantor(s)** (Last name first, then first name and initials):

1. Trillium Corporation
- 2.
3. ☐ Additional names on page \_\_\_ of document.

**Grantee(s)** (Last name first, then first name and initials):

1. Dan Sandy
  - 2.
- Additional names on page \_\_\_ of document.

**Legal description** (abbreviated: i.e. lot, block, plat or section, township, range)

Ptn. Sec. 2, 3 and 10 all in T 35N, R4EWM, Ptn. Sec. 1, 2, 3, 4, 5, 7, 8, 9, 10, 17 and 18 all in T 35N, R7EWM, Ptn. Sec. 21 and 22 all in T 35N, R 9EWM and Ptn. Sec. 6, 7, 8, 26, 27, 34 and 35 all in T36N, R4EWM.

☐ Full legal is on page 8-11 of document.

**Assessor's Property Tax Parcel/Account Number**

350402-2-004-0003

☒ Full tax parcel numbers are on page 12 of document

Recorded at the Request of  
And after recording return to:

Nicole Terpstra  
Trillium Corporation  
4350 Cordata Parkway  
Bellingham, Washington 98226

Legal Description: Real Property located in Skagit County, Washington,  
Complete legal description on attached Exhibit A.

Assessor Tax Parcel No: See attached Exhibit B.

### DEED OF TRUST

THIS DEED OF TRUST, is made this 14th day of June, 2002, between TRILLIUM CORPORATION, a Washington corporation, the GRANTOR, whose address is 4350 Cordata Parkway, Bellingham, Washington 98226, ISLAND TITLE COMPANY, TRUSTEE, whose address is 839 S. Burlington Blvd., Burlington, WA 98233, and DAN SANDY, whose address is PO Box 4094, Tumwater, WA 98501, BENEFICIARY.

Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the real property described on Exhibit A attached hereto, which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of One Million and No/100 Dollars (\$1,000,000.00) with interest, in accordance with the terms of a promissory note of even date herewith ("Note"), payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon



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which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as Beneficiary may approve and have loss payable first to Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as Beneficiary shall determine. Such application by Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorneys' fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby, including costs of title search, and Trustee's and attorneys' fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust as of the date of such payment.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.



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3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorneys' fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of death, incapacity, disability, or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.



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9. Grantor acknowledges and agrees that the indebtedness secured by this Deed of Trust is personal to Grantor, and that Grantor's personal responsibility, financial capability and control of the Property are material inducements upon which Beneficiary has relied in accepting the Note and Deed of Trust from Grantor. If Grantor should sell, assign, (including assignment(s) made for the benefit of creditors, assignment(s) to receiver(s) or assignment(s) in bankruptcy proceedings) alienate, encumber, transfer title to or possession of any part of the secured property, whether by deed of trust, mortgage or other transfer or conveyance or encumbrance agreement, or if there is a change in the voting control of Grantor (if Grantor is a corporation) or if the Property is abandoned by Grantor, the entire principal balance of the Note, plus interest at the Default Rate, shall be immediately due and payable. This section shall not apply to assignments to the heirs, Beneficiary or successors of Grantor in the event of the death or legal incompetency of Grantor provided that such assignees shall become personally liable on the Note which is secured by this Deed of Trust.

10. Grantor shall not use any portion of the property (i) for the storage, disposal or discharge of oil, solvents, fuel, chemical or any type of toxic or dangerous or hazardous waste or substance, or (ii) as a landfill or waste disposal site. Grantor agrees to indemnify and hold Beneficiary harmless from and against any and all loss, damage, claims, penalties, liability, suits, costs and expenses (including, without limitation, reasonable attorneys' fees) and also including without limitation, costs of remedial action or cleanup, suffered or incurred by Beneficiary arising out of or related to any such use of the Property subsequent to the date of this Deed of Trust.

11. In addition to any default under the covenants and agreements of this Deed of Trust, Grantor shall also be in default under this Deed of Trust if Grantor is in default of any of the provisions of the Note secured by this Deed of Trust.

12. At any time and from time to time, upon the written request of Beneficiary, Grantor will promptly and duly execute and deliver any and all such further instruments and documents as Beneficiary may deem advisable in order to obtain the full benefits of this Deed of Trust and the rights and powers herein contained.

13. Time is of the essence hereof.

14. This Deed of Trust shall inure to the benefits of and bind the heirs, legatees, devisees, administrators, executors, successors and assigns of Grantor and Beneficiary.

15. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington. Grantor and Beneficiary hereby



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irrevocably consent to the jurisdiction of the courts of the State of Washington, in the County where the subject property is located.

16. It is understood and agreed that Grantor shall be entitled to receive prior written notice of and opportunity to cure any default. In those circumstances when Grantor is entitled to prior written notice hereunder, such notice shall be given at least ten (10) days prior to the exercise of any remedy. All notices, requests, demands or other communications hereunder shall be in writing and shall be addressed to the address first above given or to such other address as either party may designate in writing. All notices shall be effective: (a) two days after deposit in the U.S. mail, postage prepaid, registered or certified mail, return receipt requested at the time evidenced for such delivery by such requested return receipt; (b) upon delivery, if delivered in person to the address set forth in this Deed of Trust; or (c) upon delivery if sent by commercial express services, such as Federal Express; except that notices of change of address shall be effective ten (10) days after the effective date of all other notices hereunder.

17. In the event of any conflict, claim or dispute between the parties hereto affecting or relating to the purpose or subject matter of this Deed of Trust, the prevailing party shall be entitled to receive from the non prevailing party all reasonable expenses, including but not limited to, attorney's fees and accounting fees actually incurred or expended including any appeals.

18. If any provision hereunder shall be determined to contravene or be invalid under the laws of the State of Washington, such contravention or invalidity shall not invalidate any other provisions of this agreement, but it shall be construed as if not containing the particular provision or provisions held to be invalid and all rights and obligations of the parties shall be construed and enforced accordingly,

TRILLIUM CORPORATION, a Washington corporation,

By: David R. Syre  
David Syre, Chief Executive Officer



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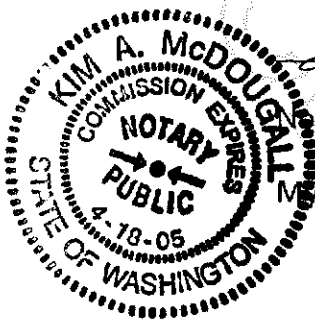
STATE OF WASHINGTON }  
 }  
COUNTY OF WHATCOM }

ss.

On this 17<sup>th</sup> day of June, 2002, before me a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared David Syre to me known to be the Chief Executive Officer of Trillium Corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first written above.

SEAL



Kim McDougall  
Notary Public in and for the State of Washington

My commission expires: 4/18/05



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EXHIBIT A  
LEGAL DESCRIPTION

PARCEL 350402: GRIPP ROAD (PARCEL #51)

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 35 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN, LYING WESTERLY OF THE WESTERLY LINE OF THE NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350403-A: GRIPP ROAD (PARCEL #51)

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 3, TOWNSHIP 35 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350403-B: GRIPP ROAD (PARCEL #51)

THE WEST HALF OF GOVERNMENT LOT 2; THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 35 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN; EXCEPT THOSE PORTIONS CONVEYED TO SKAGIT COUNTY FOR ROAD PURPOSES BY DEEDS RECORDED APRIL 14, 1915, UNDER AUDITOR'S FILE NOS. 107444 AND 107452 RECORDS OF SKAGIT COUNTY, WASHINGTON. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350410: GRIPP ROAD (PARCEL #51)

THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 35 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350701: RUSSELLS RANCH (PARCEL #54)

THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER; THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER; GOVERNMENT LOTS 3 AND 4, SECTION 1, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN; EXCEPT COUNTY ROAD; ALSO EXCEPT THAT CERTAIN 100 FOOT STRIP CONVEYED TO SKAGIT COUNTY FOR ROAD BY DEED RECORDED JULY 9, 1970, UNDER AUDITOR'S FILE NO. 741026 RECORDS OF SKAGIT COUNTY, WASHINGTON; SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350702: RUSSELLS RANCH (PARCEL #54)

THE NORTH HALF; THE NORTH HALF OF THE SOUTHWEST QUARTER; AND THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN; EXCEPT THAT CERTAIN 100 FOOT STRIP CONVEYED TO SKAGIT COUNTY BY DEED RECORDED JULY 9, 1970, UNDER AUDITOR'S FILE NO. 741026 RECORDS OF SKAGIT COUNTY, WASHINGTON; SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350703: RUSSELLS RANCH (PARCEL #54)

THE NORTH HALF; THE SOUTH HALF OF THE SOUTHWEST QUARTER; NORTHEAST QUARTER OF THE SOUTHEAST QUARTER; AND THE SOUTH HALF OF THE SOUTHEAST QUARTER, ALL IN SECTION 3, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN; EXCEPT THOSE PORTIONS CONVEYED TO SKAGIT COUNTY BY DEEDS RECORDED JULY 9, 1970 AND SEPTEMBER 20, 1971, UNDER AUDITOR'S FILE NOS. 741026 AND 758244 RECORDS OF SKAGIT COUNTY, WASHINGTON, RESPECTIVELY; SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350704: RUSSELLS RANCH (PARCEL #54)

GOVERNMENT LOTS 1, 2, 3, AND 4, AND THE SOUTH HALF OF SECTION 4, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN; SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350705: ALDER CREEK (PARCEL #42)

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON



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PARCEL 350707: ALDER CREEK (PARCEL #42)

THE SOUTH HALF OF THE NORTHEAST QUARTER; THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER; AND THE SOUTHEAST QUARTER, SECTION 7, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350708: ALDER CREEK (PARCEL #42)

THE SOUTH HALF OF THE NORTHWEST QUARTER; THE NORTH HALF OF THE SOUTHWEST QUARTER; AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER, SECTION 8, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN;

A STRIP OR PIECE OF LAND 50 FEET WIDE, BEING 25 FEET WIDE ON EITHER SIDE OF THE CENTERLINE OF THE LOGGING RAILWAY OF LYMAN TIMBER COMPANY, MORE PARTICULARLY DESCRIBED AS FOLLOWS: STARTING FROM A POINT ON A CURVE 80 FEET NORTH OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 8, TANGENT OF SAID POINT BEING NORTH 58°15'00" EAST; THENCE ON A 08°00'00" CURVE TO THE LEFT TURNING THROUGH

AN ANGLE OF 34°30'00", 431 FEET; THENCE NORTH 23°45'00" EAST, 340 FEET; THENCE ON A 07°00'00" CURVE TO THE RIGHT TURNING THROUGH AN ANGLE OF 21°45'00", 311 FEET; THENCE NORTH 45°30'00" EAST APPROXIMATELY 540 FEET TO THE INTERSECTION OF THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN;

A STRIP OF LAND 50 FEET WIDE ACROSS THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER IN SECTION 8, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN, FOR A RAILROAD AS NOW CONSTRUCTED AS CONVEYED TO SOUND VIEW PULP COMPANY BY DEED RECORDED APRIL 21, 1938, IN VOLUME 174 OF DEEDS, PAGE 412, UNDER AUDITOR'S FILE NO. 301294 RECORDS OF SKAGIT COUNTY, WASHINGTON. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350709: RUSSELLS RANCH (PARCEL #54)

THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN;

THE NORTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 9;

A STRIP OR PIECE OF LAND 50 FEET WIDE, BEING 25 FEET WIDE ON EITHER SIDE OF THE CENTERLINE OF THE LOGGING RAILWAY OF LYMAN TIMBER COMPANY AS SAME IS NOW LOCATED AND ESTABLISHED THROUGH AND UPON THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 9, TO WIT:

BEGINNING AT A POINT ON THE SECTION LINE APPROXIMATELY 193 FEET SOUTH OF THE QUARTER CORNER BETWEEN SECTIONS 8 AND 9; THENCE SOUTH 87°00'00"

EAST, 2,090 FEET; THENCE ON A 06°00'00" CURVE TO THE LEFT TURNING THROUGH AN ANGLE OF 19°00'00", FOR A DISTANCE OF 317 FEET; THENCE NORTH 68°00'00" EAST APPROXIMATELY 235 FEET TO A POINT ON THE CENTERLINE OF SECTION 9 APPROXIMATELY 175 FEET SOUTH OF THE CENTER CORNER OF SAID SECTION 9;

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 9, LYING NORTH OF THE LANDS AND RIGHT-OF-WAY OWNED BY OR IN USE BY THE GREAT NORTHERN RAILWAY COMPANY;

EXCEPT ALL ROAD AND RAILROAD RIGHTS-OF-WAY OVER AND ACROSS SAID PREMISES.

AND EXCEPT THAT PORTION CONVEYED TO WILLIS ENTERPRISES BY DEED RECORDED OCTOBER 14, 1991, UNDER AUDITOR'S FILE NO. 9110140046 AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 9; THENCE SOUTH 01°07'38" WEST ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SECTION 16, A DISTANCE OF 86.59 FEET TO THE NORTH RIGHT-OF-WAY LINE OF THE BURLINGTON NORTHERN RAILROAD; THENCE NORTH 80°40'32" EAST ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1,287.73 FEET; THENCE NORTH 00°25'49" EAST PARALLEL WITH THE WEST LINE OF SAID SOUTHEAST QUARTER, A DISTANCE OF 639.98 FEET; THENCE SOUTH 83°51'29" WEST, A DISTANCE OF 1,277.00 FEET, MORE OR LESS, TO THE WEST LINE OF SAID SOUTHEAST QUARTER; THENCE SOUTH 00°25'49" WEST ALONG SAID WEST LINE OF THE SOUTHEAST QUARTER TO THE POINT OF BEGINNING.



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PARCEL 350710: RUSSELLS RANCH (PARCEL #54)

THE NORTHWEST QUARTER; THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE NORTH HALF OF THE NORTHEAST QUARTER, LYING NORTHWESTERLY OF BAKER LAKE ROAD, AS CONVEYED TO SKAGIT COUNTY BY DEED RECORDED JULY 9, 1970, UNDER AUDITOR'S FILE NO. 741026 RECORDS OF SKAGIT COUNTY, WASHINGTON, IN SECTION 10, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN;  
SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350717: ALDER CREEK (PARCEL #42)

THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN;  
EXCEPT THAT PORTION LYING WITHIN THE GREAT NORTHERN RAILWAY COMPANY'S RIGHT-OF-WAY. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350718: ALDER CREEK (PARCEL #42)

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN;  
THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 18, LYING NORTHERLY OF PUGET SOUND AND BAKER RIVER RAILWAY COMPANY RIGHT-OF-WAY;  
AND THAT PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN, CONTAINED WITHIN A STRIP OF LAND 100 FEET IN WIDTH, BEING 50 FEET ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:  
BEGINNING AT A POINT ON THE WEST LINE OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 18, 175.00 FEET, MORE OR LESS, NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE NORTHEASTERLY CURVING LEFT AND THEN RIGHT TO A POINT ON THE EAST LINE OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 18, 670.00 FEET, MORE OR LESS, SOUTH OF THE NORTHEAST CORNER THEREOF; CONTINUING THENCE NORTHEASTERLY ACROSS THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 18, CURVING RIGHT AND THEN LEFT, TO A POINT ON THE EAST LINE THEREOF, 435.00 FEET, MORE OR LESS, SOUTH OF THE NORTHEAST CORNER OF SAID NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 18. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350921: SAUK MTN (PARCEL #55)

THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 35 NORTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 350922: SAUK MTN (PARCEL #55)

THE NORTH HALF OF THE NORTHEAST QUARTER; THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER; GOVERNMENT LOTS 1, 2, 3, 4, 5 AND 6; THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER; THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER; AND THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 35 NORTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 360406: PALMER LAKE (PARCEL #53)

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, SECTION 6, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN;  
THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 6;  
EXCEPT ABBY ROAD;  
THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION, LYING EASTERLY OF U.S. HIGHWAY 99, AS CONVEYED TO THE STATE OF WASHINGTON BY DEED RECORDED UNDER AUDITOR'S FILE NO. 253009 RECORDS OF SKAGIT COUNTY, WASHINGTON;  
EXCEPT ANY PORTION WITHIN ABBY ROAD;  
AND THE SOUTHEAST QUARTER OF SAID SECTION 6, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON



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PARCEL 360407: PALMER LAKE (PARCEL #53)

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN;  
THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 7;  
EXCEPT THE SOUTHWEST QUARTER THEREOF;  
AND THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 7, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN, IN SKAGIT COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:  
COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 7, BEING THE TRUE POINT OF BEGINNING; THENCE SOUTH 02°20'00" EAST ALONG THE EAST BOUNDARY OF SAID SECTION 7, A DISTANCE OF 87.87 FEET; THENCE NORTH 45°24'05" WEST, A DISTANCE OF 128.38 FEET TO A POINT ON THE NORTH BOUNDARY OF SAID SOUTHEAST QUARTER; THENCE SOUTH 88°28'10" EAST, A DISTANCE OF 87.87 FEET, MORE OR LESS TO THE POINT OF BEGINNING. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 360408: PALMER LAKE (PARCEL #53)

THE WEST 60 FEET OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN;  
EXCEPT THAT PORTION LYING SOUTH OF THE NORTH MARGIN OF THE COUNTY ROAD AS CONVEYED BY DEED RECORDED UNDER AUDITOR'S FILE NO. 463822;  
AND EXCEPT THE WEST 12.00 FEET OF THE SOUTH 314.00 FEET OF THE REMAINDER. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 360426: GRIPP ROAD (PARCEL #51)

THE SOUTHWEST QUARTER OF SECTION 26, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN;  
EXCEPT THAT PORTION LYING NORTHEASTERLY OF THE SAMISH RIVER AS IT EXISTED OCTOBER 20, 1977. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 360427: GRIPP ROAD (PARCEL #51)

THE SOUTHEAST QUARTER OF SECTION 27, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN;  
EXCEPT THAT PORTION LYING NORTHWESTERLY OF THE CENTERLINE OF THE SAMISH RIVER. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 360434: GRIPP ROAD (PARCEL #51)

THE NORTHEAST QUARTER; THE EAST HALF OF THE NORTHWEST QUARTER; THE EAST HALF OF THE SOUTHWEST QUARTER; THE NORTH HALF OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON

PARCEL 360435: GRIPP ROAD (PARCEL #51)

THE WEST HALF OF THE NORTHWEST QUARTER IN SECTION 35, TOWNSHIP 36 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. SITUATE IN SKAGIT COUNTY, WASHINGTON



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## EXHIBIT B

### Assessor's Property Tax Parcel Account Numbers

350402-3-004-0003  
350403-0-006-0006  
350403-1-001-0009  
350403-3-003-0003  
350403-3-004-0002  
350410-2-001-0008  
350701-0-003-0008  
350701-0-004-0007  
350701-2-001-0006  
350701-3-001-0004  
350702-0-001-0009  
350702-0-002-0008  
350702-0-003-0007  
350702-0-004-0006  
350702-1-001-0007  
350702-2-001-0005  
350702-3-001-0003  
350702-4-001-0001  
350703-0-001-0008  
350703-0-002-0007  
350703-0-003-0006  
350703-0-004-0005  
350703-1-001-0006  
350703-2-001-0004  
350703-3-003-0000  
350703-4-001-0000  
350703-4-003-0008  
350703-4-004-0007  
350704-0-001-0015  
350704-3-001-0019  
350705-3-001-0000

350707-1-002-0001  
350707-4-001-0014  
350707-4-003-0004  
350708-2-003-0015  
350708-4-004-0002  
350709-4-003-0100  
350709-4-004-0027  
350709-4-004-0100  
350710-1-002-0014  
350717-2-003-0006  
350718-1-001-0009  
350718-1-003-0007  
350718-2-001-0007  
350921-4-001-0006  
350922-1-001-0001

360406-1-002-0012  
360407-1-001-0012  
360408-0-011-0003  
360426-3-003-0104  
360427-4-002-0003  
360427-4-003-0002  
360427-4-004-0001  
360427-4-005-0000  
360434-1-001-0001  
360434-4-003-0003  
360435-2-004-0005



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## SECURED PROMISSORY NOTE

US\$1,000,000.00

Bellingham, Washington

June 14, 2002

FOR VALUE RECEIVED, the undersigned Trillium Corporation, a Washington corporation ("Maker"), promises to pay to the order of Dan Sandy, an individual ("Holder"), the principal sum of One Million and No/100 U.S. Dollars (US\$1,000,000.00) plus interest and other charges as set forth herein.

1. Interest. Interest shall accrue on the outstanding balance of this Note at the Peoples Bank prime rate plus two percent (2%) per annum, as adjusted by Peoples Bank from time to time (or if such rate is unavailable a reasonably comparable index rate as determined by Holder). Interest shall accrue during the term of this Note and shall be paid in accordance with paragraph 2 below.

2. Principal and Interest Payments. Interest accrued hereunder shall be due and payable on June 14 and December 14 of each calendar year. All unpaid principal and accrued interest shall be due and payable in full at the earlier of (a) the sale of all or substantially all of the Collateral (as defined below), or (b) June 14, 2003. In the event of a sale of less than all or substantially all of the Collateral, Maker shall pay to Holder eighty percent (80%) of the net proceeds of such sale (or such other amount as Maker and Holder may agree upon in connection with such sale).

3. Place and Manner of Payment. The payment due hereunder shall be made in lawful money of the United States at the last known address of Holder on the books and records of Maker, or at such other place as Holder may designate, and shall be applied first against interest then due and payable, and then against principal due hereunder.

4. Default. Upon the occurrence of an Event of Default, the principal sum and all accrued interest shall at the option of Holder become due and collectible, and the principal sum along with any and all accrued interest shall thereafter bear interest from such default until paid at the rate of four percent (4%) per annum plus the Peoples Bank prime rate (or if such rate is unavailable a reasonably comparable index rate as determined by Holder) or the maximum rate permitted by law, whichever is less. As used herein, "Event of Default" shall mean (i) failure by Maker to make any principal or interest payment due hereunder, or (ii) the filing by Maker of a voluntary petition for relief in bankruptcy, receivership, assignment for the benefit of creditors, or similar relief.

5. Collection Costs. If this Note is placed in the hands of an attorney for collection after any default, whether suit is brought or not, the undersigned promises to pay a reasonable sum as attorneys' fees in addition to all costs and expenses incurred thereby,



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including such sum for attorneys' fees as the court may deem reasonable if any suit is brought hereon.

6. Security. This Note is secured by a Deed of Trust dated June 14, 2002 covering real property (the "Collateral") located in the State of Washington, Skagit County ("Deed of Trust"). Maker may deliver additional notes to Holder to evidence additional advances from Holder to Maker, which notes may also be secured by the Deed of Trust.

7. Waivers. Maker hereby (a) waives presentment for payment, demand, notice of nonpayment, notice of protest, and protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default, dishonor, or enforcement of the payment of this Note; (b) agrees that its liability shall be unconditional without regard to the liability of any other party, and shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Holder; (c) consents to any such indulgences, extensions, renewals, waivers, or modifications; and (d) consents to the release of any property now or hereafter securing this Note with or without substitution.

8. Prepayment. This Note may be prepaid in whole or in part at any time or times with no prepayment premium, penalty or additional cost of any kind.

9. Other Provisions. This Note is to be construed in all respects and enforced according to the laws of the State of Washington. This Note shall be fully binding on and inure to the benefit of the successors, heirs, legal representatives, and assigns of the parties hereto.

**TRILLIUM CORPORATION,**  
a Washington corporation,

By: \_\_\_\_\_

David Syre, Chief Executive Officer



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