

Return Address:

Sharon B. Lovejoy
15283 Gibraltar Road
Anacortes, WA 98221



200606160146

Skagit County Auditor

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QUITCLAIM DEED

GRANTOR, SHARON B. LOVEJOY a married person acting with respect to her separate estate, for and in consideration of a transfer of property to a trust established by Grantor, conveys and quitclaims to MERILEE B. LOVEJOY and BRADFORD E. LOVEJOY, co-Trustees of the SHARON B. LOVEJOY HOUSE TRUST, the following-described real property situated in Skagit County, Washington, together with all after-acquired title of Grantor therein:

An undivided 22.385% interest in Lots 17 to 26, inclusive, EXCEPT the East 18 feet thereof, TOGETHER WITH those portions of vacated Erie Avenue and Second Street which have reverted to the above described premises by law, all in Block 188, "MAP OF FIDALGO CITY, SKAGIT COUNTY, WASHINGTON," as per plat recorded in Volume 2 of Plats, pages 113 and 114, records of Skagit County, Washington;

ALSO TOGETHER WITH that portion of Erie Avenue as conveyed by Deed recorded August 8, 1996 under Skagit County Auditor's File No. 9608080011;

AND ALSO TOGETHER WITH tidelands of the Second Class lying in front of, adjacent to and abutting upon said premises lying between the projections Southerly of the East and West lines of said property.

Assessor's Property Tax Parcel/Account Number: P73292; 4101-188-026-0102

Dated: June 16, 2006

3011
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUN 16 2006

Amount Paid \$
Skagit Co. Treasurer
By *lp* Deputy

Sharon B. Lovejoy
Sharon B. Lovejoy

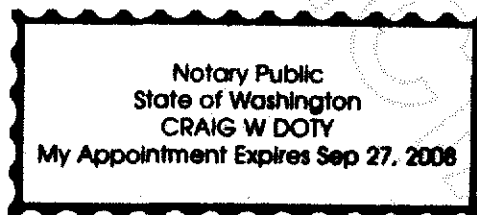
STATE OF WASHINGTON)

COUNTY OF KING)

SS.

I certify that I know or have satisfactory evidence that SHARON B. LOVEJOY is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 15th day of June, 2006.



(Signature of Notary)

Print Name: Craig W Doty

Notary Public in and for the State of Washington
residing at: Port Orford, OR

My commission expires: 9-27-2008



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TRANSFER OF PROPERTY AGREEMENT

THIS TRANSFER OF PROPERTY AGREEMENT is made as of the 16th day of June 2006, by and between SHARON B. LOVEJOY ("Lovejoy"), a married individual dealing in her separate property, and Merilee B. Lovejoy and Bradford E. Lovejoy, as trustees of the SHARON B. LOVEJOY HOUSE TRUST (the "House Trust"). Lovejoy and the House Trust are referred to from time to time collectively herein as the parties.

RECITALS

WHEREAS, Lovejoy, as grantor, created that certain irrevocable trust known as the Sharon B. Lovejoy House Trust by agreement dated June 17, 1999 (the "House Trust Agreement"), and transferred to it an undivided one-half interest in her personal residence located in Bellevue, Washington (the "Bellevue Residence");

WHEREAS, under Paragraph C of Section 6 of the House Trust Agreement, during the trust term, Lovejoy has the right to receive all income of the House Trust, and has the right to possess and use any personal residence, or interest therein, owned by the House Trust without paying rent or making an accounting to the trustees, and shall pay for all taxes, operating expenses and other expenses related to such personal residence, or any interest therein;

WHEREAS, under Paragraph C(4) of Section 8 of the House Trust Agreement, the trustees have the authority to sell any personal residence, or interest therein, owned by the House Trust, and may, within two years after the date of such sale, use the proceeds from the sale to acquire all, or a portion, of another residence to be used as the personal residence of Lovejoy;

WHEREAS, on July 6, 2004, the House Trust sold its undivided one-half interest in the Bellevue Residence, and received net sales proceeds in the amount of \$412,770.33;

WHEREAS, Lovejoy is the owner, as her separate property, of an undivided (22.385%) interest in that certain residence located in Skagit County, Washington, commonly known as 15283 Gibraltar Road, Anacortes, Washington 98221, and legally described on Schedule A, which is attached hereto and incorporated herein by this reference (the "Anacortes Residence"), which residence is used as Lovejoy's personal residence;

WHEREAS, pursuant to the authority granted to the trustees in the House Trust Agreement, the trustees desire to acquire Lovejoy's (22.385%) Interest in the Anacortes Residence; and

WHEREAS, Lovejoy is willing to transfer her (22.385%) Interest in the Anacortes Residence to the House Trust to be held on the terms and conditions as set forth in the House Trust Agreement in exchange for a payment representing the fair market value of the (22.385%) Interest in the Anacortes Residence;



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NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties agree as follows:

AGREEMENT

1. The parties agree that the fair market value of Lovejoy's (22.385%) Interest in the Anacortes Residence is \$436,504.63 = (\$412,770.33 + \$23,734.30 imputed interest from July 6, 2004 thru June 16, 2006).


2. Lovejoy will, by quit claim deed, transfer, assign, quitclaim and convey to the House Trust her (22.385%) Interest in the Anacortes Residence, free and clear of any encumbrance securing any loan or monetary obligation of hers.

3. The trustees of the House Trust will transfer to Lovejoy the sum of \$436,504.63 = (\$412,770.33 + \$23,734.30 imputed interest from July 6, 2004 thru June 16, 2006) by endorsement of that certain check and imputed interest payable to the House Trust for the sale of its undivided one-half interest in the Bellevue Residence.

4. Effective upon the transfer of the (22.385%) Interest in the Anacortes Residence to the House Trust, Lovejoy shall have the right to possess and use that portion of the Anacortes Residence subject to the terms and conditions of the House Trust Agreement, to-wit: during the term of the House Trust, Lovejoy shall possess and use the (22.385%) Interest without paying rent or making an accounting to the trustees, and shall pay for all taxes, operating expenses and other expenses related to the (22.385%) Interest.

EXECUTED as of the date first written above.

Sharon B. Lovejoy House Trust u/a dated
June 17, 1999


Sharon B. Lovejoy


By Merilee B. Lovejoy, Trustee


By: Bradford E. Lovejoy, Trustee



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SCHEDULE A

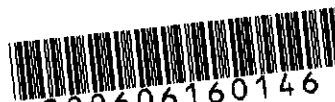
Legal Description of subject property:

Lots 17 to 26, inclusive, EXCEPT the East 18 feet thereof, TOGETHER WITH those portions of vacated Erie Avenue and Second Street which have reverted to the above described premises by law, all in Block 188, "MAP OF FIDALGO CITY, SKAGIT COUNTY, WASHINGTON," as per plat recorded in Volume 2 of Plats, pages 113 and 114, records of Skagit County, Washington;

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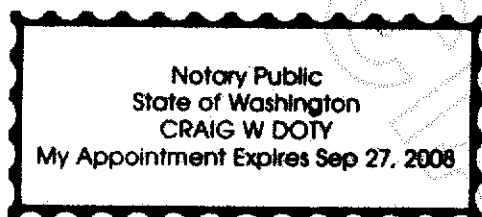
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STATE OF WASHINGTON)
)
COUNTY OF KING) ss.

On this day personally appeared before me SHARON B. LOVEJOY, to me known to be the individual described in and who executed the within and foregoing Property Transfer Agreement and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 5th day of June, 2005.

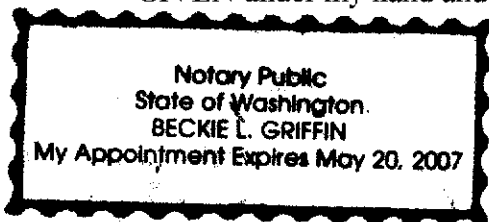


Print Name: Sharon B. Lovejoy
Notary Public in and for the State of Washington
residing at: Port Orchard, WA
My commission expires: 9-27-2008


STATE OF WASHINGTON)
)
COUNTY OF KING) ss.

On this day personally appeared before me MERILEE B. LOVEJOY, to me known to be the individual described in and who executed the within and foregoing Property Transfer Agreement and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 16 day of June, 2006.



Print Name: Beckie L. Griffin
Notary Public in and for the State of Washington
residing at: Port Orchard, WA
My commission expires: May 20, 2007


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STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

On this day personally appeared before me BRADFORD E. LOVEJOY, to me known to be the individual described in and who executed the within and foregoing Property Transfer Agreement and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 16th day of June, 2006.

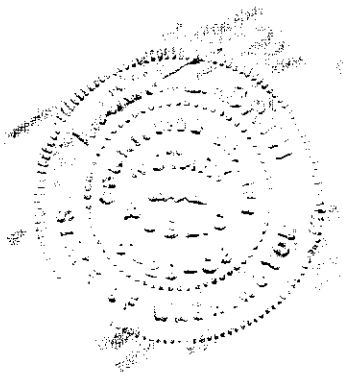
Marni L. Orth

Print Name: Marni L. Orth

Notary Public in and for the State of Washington

residing at: King County

My commission expires: 5/29/08



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