

AFTER RECORDING RETURN TO:
Washington Federal Savings & Loan Association
425 Pike Street
Seattle, WA 98101
Attention: Eric Waidman



201012070071
Skagit County Auditor

12/7/2010 Page 1 of 8 3:31PM

LAND TITLE OF SKAGIT COUNTY

138281-5

SHORT FORM DEED OF TRUST

Grantor: Leatherwood Trust
Grantees: Washington Federal Savings & Loan Association (Beneficiary)
Stewart Title Insurance Company (Trustee)
Abbrev. Legal: Ptn SE1/4 SE1/4, 18-35-3 E W.M.; Ptn E1/2 NE1/4, NE1/4, SE1/4, 19-35-3 E W.M.
Tax Parcel Nos.: 350319-1-003-0000 / P34504

THIS DEED OF TRUST ("Deed of Trust") is made December 1, 2010 between **LEATHERWOOD TRUST**, as Grantor ("**Grantor**"), whose address is PO Box 178, 12708 Leatherwood Lane, Bow, WA 98232; and **STEWART TITLE INSURANCE COMPANY**, as Trustee, whose address is 1420 Fifth Avenue, Suite 500, Seattle, WA 98101; and **WASHINGTON FEDERAL SAVINGS & LOAN ASSOCIATION** ("**Lender**"), whose address is 425 Pike Street, Seattle, WA 98101.

Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale according to Washington law, all Grantor's estate, right, title, interest, claim and demand, now owned or hereafter acquired, in and to the real property located in Skagit County, Washington, described on attached Exhibit A (the "**Property**"), which term shall include all or any part of the Property, any improvements now or hereafter located thereon, any plumbing, electrical, natural gas, fire extinguishing, vacuum, irrigation, data, communication, heating and ventilation equipment and fixtures, kitchen equipment and appliances, carpeting and other flooring, window coverings, and other fixtures now or hereafter located thereon, and all of the property described in Paragraph 2 of the Master Form Deed of Trust hereinafter referred to);

TOGETHER WITH all the tenements, hereditaments and appurtenances, now or hereafter thereunto belonging or in any way appertaining, leases and other agreements for the use and occupancy pertaining thereto, 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 Lender to collect and apply such rents, issues and profits. The Property which is the subject of this Deed of Trust is not used principally or primarily for agricultural or farming purposes.

This Deed of Trust shall constitute a security agreement under the Uniform Commercial Code of Washington between Grantor as debtor and Lender as secured party. Grantor grants a security interest to Lender in any of the Property which is personal property and also grants a security interest in the property described in Paragraph 3 of the Master Form Deed of Trust hereinafter referred to, now owned or hereafter acquired by Grantor (the Property, as defined above, and the property described in said Paragraph 3 are hereafter collectively referred to as the "Collateral"). As to all of the Collateral which is or which hereafter becomes a "fixture" under applicable law, this Deed of Trust constitutes a fixture filing under the Uniform Commercial Code as adopted in Washington, RCW Chapter 62A, as amended or recodified from time to time.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING the following:

(a) Payment of the sum of **FOUR MILLION NINE HUNDRED NINETY-FOUR THOUSAND FOUR HUNDRED FORTY-FOUR AND 45/100 DOLLARS (\$4,994,444.45)** or so much thereof that is owing by Semiahmoo South, LLC (the "**Borrower**") to Lender, with interest thereon, fees, costs, and expenses, all according to the terms of a promissory note dated as of December 1, 2010, payable to Lender or order and made by Borrower (the "**Note**", which term shall include all notes evidencing the indebtedness secured by this Deed of Trust, including all renewals, modifications or extensions thereof);

(b) Payment of any further sums advanced or loaned by Lender to Borrower, or any of its successors or assigns, including costs and expenses incurred by Lender, provided the advance is made pursuant to this Deed of Trust or any other documents executed by Borrower evidencing, securing, or relating to the Note, whether executed prior to, contemporaneously with, or subsequent to this Deed of Trust (this Deed of Trust, the Note, the Business Loan Agreement, as amended by that certain First Amendment to Business Loan Agreement (the "**Loan Agreement**"), and such other documents, including any other loan agreement, are hereinafter collectively referred to as the "**Loan Documents**"), together with interest thereon at the rate set forth in the Note unless otherwise specified in the Loan Documents or agreed to in writing;

(c) Performance of each agreement, term and condition set forth or incorporated by reference in the Loan Documents, including without limitation the Loan Agreement, which are incorporated herein by reference.

THE MATURITY DATE OF THESE SECURED OBLIGATIONS, AS CONTAINED IN THE LOAN DOCUMENTS, INCLUDING THE NOTE, IS JULY 31, 2013.

By executing and delivering this Deed of Trust and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 69 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 dates below shown, in the Official Records of the offices of the County Auditors



or County Recorders of the following counties in the State of Washington according to the enumerated recordation designations appearing below after the name of each county, to wit:

COUNTY	DRAWER, REEL, BOOK OR VOLUME	FRAME OR PAGE NO(S).	RECORDING OR AUDITOR'S FILE NO.	DATE OF RECORDING
ADAMS	229	260-271	239483	October 12, 1995
ASOTIN			217406	October 11, 1995
BENTON	636	65-76	95-23049	October 12, 1995
CHELAN	1052	1633-1644	9510120008	October 11, 1995
CLALLAM	1111	694-705	729425	October 11, 1995
CLARK			9510110089	October 11, 1995
COLUMBIA	3D	712-723	8601	October 11, 1995
COWLITZ	1213	0637-0648	951012074	October 12, 1995
DOUGLAS	M444	09-20	307858	October 12, 1995
FERRY	[M.F. of O.R.]		232892	October 11, 1995
FRANKLIN	0377	0564-0575	524669	October 11, 1995
GARFIELD			3317	October 11, 1995
GRANT	068	1954-1965	951012004	October 11, 1995
GRAYS HARBOR	95	33136-33147	951012026	October 11, 1995
ISLAND	696	1410-1421	95016396	October 11, 1995
JEFFERSON	537	328-339	385505	October 11, 1995
KING			9510100421	October 10, 1995
KITSAP	0879	2392-2403	9510130066	October 13, 1995
KITTITAS	370	717	586108	October 11, 1995
Klickitat	327	218	249676	October 11, 1995
LEWIS	672	350-361	9514582	October 11, 1995
LINCOLN	65	003034-003045	400875	October 11, 1995
MASON	688	144-155	615408	October 11, 1995
OKANOGAN	137	1089-1100	833848	October 11, 1995
PACIFIC	9510	559-570	62332	October 11, 1995
PEND ORIELLE	121	1099-1110	230779	October 12, 1995
PIERCE	1163-	2511-2522	9510110478	October 11, 1995
SAN JUAN	525	230-241	95101201	October 12, 1995
SKAGIT	1483	0372-0383	9510110046	October 11, 1995
SKAMANIA	152	860-871	123494	October 11, 1995
SNOHOMISH	3081	1623-1634	9510110189	October 11, 1995
SPOKANE	1781	1737-1748	9510110230	October 11, 1995
STEVENS	193	2376-2387	9510157	October 11, 1995
THURSTON	2464	702-713	9510110097	October 11, 1995
WAHIAKUM	104	0579-0590	45447	October 12, 1995
WALLA WALLA	234	1593-1604	9509789	October 11, 1995
WHATCOM	465	1133-1144	951011197	October 11, 1995
WHITMAN			Microfilm No. 580488	October 11, 1995
YAKIMA	1494	1819-1830	3110734	October 11, 1995

A copy of such Master Form Deed of Trust has been furnished to the person executing this Deed of Trust, and by executing this Deed of Trust the Grantor acknowledges having received such Master Form Deed of Trust.

The undersigned Grantor requests that a copy of any Notice of Default and of any Notice of Sale hereunder, as required by Washington law in case of non-judicial foreclosure of a deed of trust, be mailed to Grantor at Grantor's address as hereinabove set forth.



Grantor agrees to obtain all insurance reasonably required from time to time by Lender and as elsewhere provided in the Loan Documents, including flood insurance. If Grantor fails to maintain such insurance satisfactory to the Lender, Lender may make the payment on behalf of the Grantor and any sums expended shall be added to principal and bear interest at the rate provided in the Note.

Grantor agrees to pay to Lender immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including court costs and reasonable attorneys' fees (to include outside counsel fees and all allocated costs of Lender's in-house counsel), expended or incurred by Trustee or Lender pursuant to this Deed of Trust, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Lender or any other person) relating to Grantor or in any way affecting any of the Collateral or Lender's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Grantor with interest from the date of demand until paid in full at the highest rate per annum payable under the Note.


GRANTOR AND LENDER WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION AT LAW OR IN EQUITY OR IN ANY OTHER PROCEEDING BASED ON OR PERTAINING TO THIS DEED OF TRUST OR ANY OTHER DOCUMENT OR AGREEMENT CONTEMPLATED HEREIN.

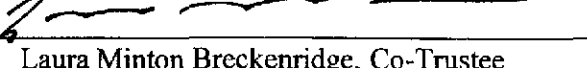


ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

WITNESS the hand(s) and seal(s) of the Grantor, and each of them if more than one, on the day and year first above written.

LEATHERWOOD TRUST

By: 
Thomas J. Paulus, Co-Trustee

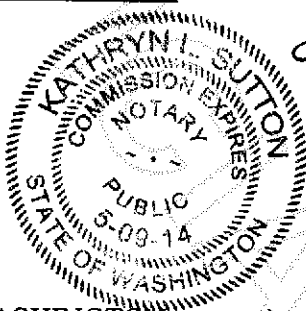
By: 
Laura Minton Breckenridge, Co-Trustee



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Thomas J. Paulus is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Co-Trustee of **LEATHERWOOD TRUST**, to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

Dated: 12-2-10



Kathryn L. Sutton
Print Name: Kathryn L. Sutton

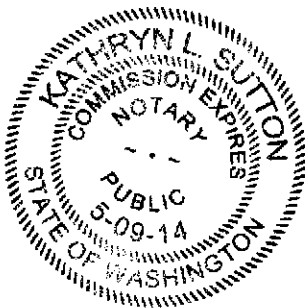
NOTARY PUBLIC for the State of Washington,
residing at Sedro Woolley

My appointment expires: 5-9-14

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Laura Minton Breckenridge is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Co-Trustee of **LEATHERWOOD TRUST**, to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

Dated: 12-2-10



Kathryn L. Sutton
Print Name: Kathryn L. Sutton

NOTARY PUBLIC for the State of Washington,
residing at Sedro Woolley

My appointment expires: 5-9-14



EXHIBIT A

Legal Description

PARCEL A:

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 3 EAST, W.M., IN SKAGIT COUNTY, WASHINGTON STATE, LYING SOUTHERLY OF THE JOE LEARY SLOUGH (ALSO KNOWN AS JOE O'LEARY'S SLOUGH); EXCEPT THE TRACT CONVEYED TO WILLIAM ESARY BY DEED DATED JANUARY 21, 1909 AND RECORDED JANUARY 21, 1909 UNDER AUDITORS FILE NO. 71571, DESCRIBED AS FOLLOWS:

"BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 3 EAST, W.M.; THENCE RUNNING EAST ON THE SOUTH LINE OF SAID FORTY, 12 RODS; THENCE NORTH, PARALLEL WITH THE WEST LINE OF SAID FORTY, TO THE SOUTH BANK OF SAID JOE LEARY SLOUGH; THENCE IN A NORTHWESTERLY DIRECTION FOLLOWING ALONG SAID SLOUGH, TO THE WEST LINE OF SAID ABOVE DESCRIBED FORTY; THENCE SOUTH ALONG THE WEST LINE OF SAID FORTY TO THE PLACE OF BEGINNING; (SAID TRACT OF LAND BEING 12 RODS IN WIDTH AND EXTENDING FROM THE SOUTH LINE OF SAID FORTY NORTH TO SAID JOE LEARY SLOUGH)."

PARCEL B:

TOGETHER WITH AN EASEMENT FOR ROAD PURPOSES OVER THE FOLLOWING DESCRIBED TRACT:

BEGINNING AT THE 1/16 SECTION CORNER ON THE 1/16 SECTION LINE AT THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 3 EAST, W.M.; THENCE NORTH TO JOE LEARY'S SLOUGH (ALSO KNOWN AS JOE O'LEARY'S SLOUGH); THENCE NORTHWESTERLY ALONG JOE LEARY'S SLOUGH UNTIL IT INTERSECTS THE COUNTY ROAD; THENCE SOUTHWESTERLY ALONG THE EAST MARGIN LINE OF THE COUNTY ROAD, AS EXISTED ON AUGUST 19, 1910, 100 FEET; THENCE SOUTH TO SECTION LINE; THENCE EAST TO PLACE OF BEGINNING;

ALL IN THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 3 EAST, W.M., IN SKAGIT COUNTY, WASHINGTON STATE.



PARCEL C:

TOGETHER WITH AN EASEMENT FOR ROAD PURPOSES OVER THE FOLLOWING DESCRIBED TRACT:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 3 EAST, W.M., IN SKAGIT COUNTY, WASHINGTON STATE; THENCE RUNNING EAST ON SOUTH LINE OF SAID FORTY, 12 RODS; THENCE RUNNING NORTH PARALLEL WITH THE WEST LINE OF SAID FORTY, TO SOUTH BANK OF JOE O'LEARY'S SLOUGH (ALSO KNOWN AS JOE LEARY'S SLOUGH); THENCE IN A WESTERLY AND NORTHERLY DIRECTION FOLLOWING ALONG THE SAID SLOUGH TO WEST LINE OF ABOVE DESCRIBED FORTY; THENCE SOUTH FOLLOWING ALONG THE WEST LINE OF SAID FORTY TO PLACE OF BEGINNING; SAID TRACT OF LAND BEING 12 RODS IN WIDTH AND EXTENDING FROM THE SOUTH LINE OF SAID FORTY TO JOE O'LEARY'S SLOUGH.

{END OF EXHIBIT A}



201012070071

Skagit County Auditor