

AFTER RECORDING RETURN TO:

RESOURCES LAW GROUP
Attention: Julie Turrini
555 Capitol Mall, Suite 650
Sacramento, CA 95813



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Skagit County Auditor

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CHICAGO TITLE

620011490

**Deed of Trust
Short Form**

(For Use in the State of Washington Only)

GRANTOR: THE SAN JUAN PRESERVATION TRUST, a Washington nonprofit corporation

GRANTEE: NANCY BURNETT, an individual

TRUSTEE: CHICAGO TITLE COMPANY

Legal Description:

Abbreviated Form: Ptn Sec. 13, T36N, R1EWM; Sec. 7, T36N, R2EWM;
and Sec. 18, T36N, R2EWM

Additional legal is on page 6 (Exhibit A)

Assessor's Tax Parcel ID#s: P46940; P46942; P46943; P46949; P46403; P46404;
P118664; P118667; P118668; P118669; P118670; P118671;
P118672; P118673; P118674; P118675

THIS DEED OF TRUST, made this 7th day of December, 2010, between THE SAN JUAN PRESERVATION TRUST, a Washington nonprofit corporation, as GRANTOR, whose address is 210 Lopez Road, PO Box 327, Lopez Island, Washington 98261-0327; and CHICAGO TITLE COMPANY, as TRUSTEE, whose address is 425 Commercial, PO Box 638, Mount Vernon, Washington 98273 and the following Grantee, as BENEFICIARY: NANCY BURNETT, whose address is 2315 Tuttle Lane, Lummi Island, Washington 98262.

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

See Exhibit A attached to this Deed of Trust for the legal description of the real property covered hereby.

See also the Addendum to Deed of Trust attached hereto for additional terms and conditions of this Deed of Trust.

Tax Account Numbers: Provided above

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.

THIS DEED IS FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor incorporated by reference or contained herein and payment of the total sum of Three Million Four Hundred Thousand Dollars (\$3,400,000.00) with interest thereon according to the terms of a credit agreement of even date herewith, payable to Grantee, together with all renewals, modifications or extensions thereof, and also such further sums as may be advanced or loaned by Grantee to Grantor, or her 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 credit agreement 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.	AUDITORS FILE NO.
Adams	2 of Record. Instr.	513-16	122987
Asotin	Microfilmed Under Auditors No.		101896
Benton	241 of Official Rec.	695 A-C	592931
Chelan	688 of Official Rec.	1682-1685	681844
Clallam	315 of Official Rec.	195-198	383176
Clark	Aud. Microfilm No.	702859-702862	G-519253
Columbia	49 of Deeds	198-201	F-3115
Cowlitz	747 of Official Rec.	234-237	675475
Douglas	125 of Mortgages	120-123	151893
Ferry	28 of Deeds	413-416	153150
Franklin	11 of Official Rec.	138-141	309636
Garfield	Microfilmed under Auditors No.		13044
Grant	44 of Rec. Doc.	373-376	538241
Grays Harbor	21 of General	31-34	207544
Island	181 of Official Rec.	710-713	211628
Jefferson	4 of Official Rec.	316-319	196853
King	5690 of Mtgs.	436-439	6382309
Kitsap	929 of Official Rec.	480-483	934770
Kittitas	111 of Mortgages	361-364	348693
Klickitat	101 of Mortgages	107-110	131095
Lewis	7 of Official Rec.	839-842	725562
Lincoln	107 of Mortgages	776-779	316596
Mason	Reel 48	Frame 835-838	236038
Okanogan	121 of Mortgages	517-519A	560658
Pacific	213 of Official Rec.	649-652	55707
Pend Oreille	27 of Mtgs.	8-11	126854

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Pierce	1254 of Mtgs.	707-710	2250799
San Juan	28 of Mtgs.	459-462	69282
Skagit	19 of Official Rec.	80-83	716277
Skamania	47 of Mtgs.	41-44	70197
Snohomish	233 of Official Rec.	540-543	2043549
Spokane	14 of Official Rec.	1048-1051	376267C
Stevens	109 of Mtgs.	394-397	390635
Thurston	454 of Official Rec.	731-734	785350
Wahkiakum	17 of Mortgages	89-92	24732
Walla Walla	308 of Mtgs.	711-714	495721
Whatcom	82 of Official Rec.	855-858	1047522
Whitman	1 of Misc.	291-294	382282
Yakima	712 of Official Rec.	147-150	2170555

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.

Any reference to Notes in the Master Form Deed of Trust shall include that certain Credit Agreement referenced above and in Section A-1 of the Addendum to this Deed of Trust.

Notwithstanding anything in the Master Form Deed of Trust to the contrary, and as provided for in the Credit Agreement, Grantor may, after first receiving Grantee's approval thereof, de-commission or remove any of the improvements located on the Property, including without limitation buildings and utilities, but excluding the floating dock and breakwater. Grantor's removal of any buildings, structures or improvements on the Property that has been approved by Grantee shall be accomplished in accordance with the following: (a) Grantor shall secure, at Grantor's sole cost and expense, all required permits, licenses and approvals for such removal; (b) Grantor shall fully comply with all applicable laws in undertaking such removal; (c) Grantor shall accomplish such removal in accordance with best industry practices, including prompt removal and disposal of debris and appropriate restoration of the removal area; (d) Grantor shall use licensed contractors to perform such removal; and (e) Grantor shall ensure such removal is performed in a manner that does not impair the ecological integrity and natural resource values of the Property.

Regarding Paragraph #10 of the Master Form Deed of Trust, all insurance documents relating to the property which is the subject of this Deed of Trust will be readily available to Grantee but will reside in the office of Grantor at the address hereinbefore set forth. Grantee may at her option and at any time request a certificate of insurance evidencing the insurance policies required pursuant to this Deed of Trust and the naming of Grantee as an additional named insured on such policies.

The property which is the subject of this Deed of Trust is not used principally or primarily for agricultural 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/her at the address hereinbefore set forth.



Dated this 7th day of December, 2010

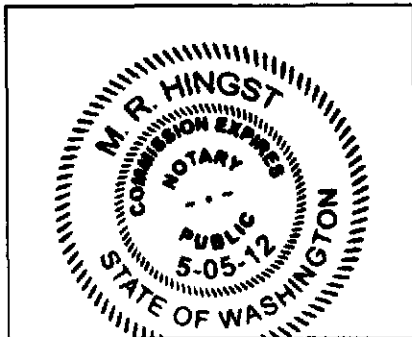
THE SAN JUAN PRESERVATION TRUST, a Washington nonprofit corporation

By: *Tim Seifert*
Tim Seifert
Its: Executive Director

STATE OF WASHINGTON)
COUNTY OF King) ss.

I certify that I know or have satisfactory evidence that TIM SEIFERT is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the EXECUTIVE DIRECTOR of the SAN JUAN PRESERVATION TRUST, a Washington nonprofit corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Dec 10, 2010



(use this space for notary stamp/seal)

Notary Public

Print Name M. R. Hingst

My commission expires May 5, 2012



REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

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 _____

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EXHIBIT A

Legal Description of the Property

Government Lot 1 of Section 13, Township 36 North, Range 1 East of the Willamette Meridian;

ALSO, Government Lot 1 of Section 7, Township 36 North, Range 2 East of the Willamette Meridian;

ALSO, Government Lots 1, 2, 3, 4, 5, 6 and 7, and the Southeast Quarter of the Northwest Quarter of Section 18, Township 36 North, Range 2 East of the Willamette Meridian;

TOGETHER WITH tidelands of the second class as conveyed by the State of Washington, in front of and adjacent to the West 560 feet of Government Lot 1 of said Section 18.

Situate in Skagit County, Washington.



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ADDENDUM TO DEED OF TRUST

This ADDENDUM TO DEED OF TRUST ("**Addendum**") constitutes part of the Deed of Trust attached hereto (the "**Deed of Trust**"), between THE SAN JUAN PRESERVATION TRUST, a Washington nonprofit corporation ("**Grantor**"), CHICAGO TITLE COMPANY ("**Trustee**"), and NANCY BURNETT, an individual ("**Grantee**"). In the event of any conflict or discrepancy between the terms and provisions of the Deed of Trust and this Addendum, the terms and provisions of this Addendum shall control. The terms of this Addendum are incorporated in the Deed of Trust for all purposes. All capitalized terms not otherwise defined in this Addendum are defined by the terms of the Deed of Trust.

A-1 **Due on Sale.** Grantor understands that Grantee, in making the loan evidenced by that certain Credit Agreement, dated December 7, 2010, between Grantor and Grantee (the "**Credit Agreement**"), is relying to a material extent upon the continuing interest and continuing equity which Grantor has in the real property described in the Deed of Trust (the "**Property**"). Accordingly, in the event that Grantor shall, without the prior written consent of Grantee, directly or indirectly, voluntarily or involuntarily, sell, assign, transfer, dispose of or further encumber or agree to sell, assign, transfer, dispose of or further encumber or suffer to exist any other lien against all or any portion of or any interest in the Property, then the same shall be deemed to increase the risk to Grantee and Grantee may, at Grantee's option, then, or at any time thereafter, declare the entire indebtedness secured by the Deed of Trust immediately due and payable.

For the purpose of this Section A-1: (a) the terms "sell" and "transfer" shall include, in addition to the common and ordinary meaning of those terms and without limiting their generality, any "change in ownership" as that term is used from time to time under Washington law; and (b) the term "transferee" shall mean purchaser, assignee, grantee or subsequent owner of all or any portion of the Property or of any interest in Grantor.

The foregoing options may be exercised at any time after the occurrence of any such event and the acceptance of one or more installments from any person thereafter shall not constitute a waiver of Grantee's option. Grantee's approval of any sale, assignment, transfer, pledge, disposition, encumbrance or other lien or failure to exercise said option with respect thereto shall not be construed as a waiver of the provisions hereof with regard to any subsequent transaction.

A-2 **Nonrecourse Obligation.** Except as provided for in the Credit Agreement, the liability of Grantor with respect to the payment of principal and interest shall be "nonrecourse", and Grantee's source of satisfaction of Grantor's obligations under the Credit Agreement shall be limited to the Property and any other security or collateral now or hereafter held by Grantee. The preceding provision shall not be deemed to be a release or impairment of the indebtedness evidenced by the Credit Agreement or the security therefor intended by the other Credit Documents (as defined in the Credit Agreement), nor be deemed to preclude Grantee from exercising its rights to foreclose this Deed of Trust or to enforce any of its other rights or remedies under the Credit Documents, including, without limitation, Grantee's rights to seek recourse against Grantor's general assets for any of the Nonrecourse Exception Obligations (as defined in the Credit Agreement).

A-3 **Special Notice.** Grantor shall notify Grantee promptly of the occurrence of any of the following, and shall provide to Grantee a copy of any documentation related to same upon receipt of same by Grantor:



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(a) A fire or other casualty causing damage to the Property or any portion thereof;

(b) Receipt of notice of condemnation or other taking of all or any portion of the Property or any interest therein;

(c) Receipt of notice from any governmental agency relating to the use of the Property or any portion thereof, including without limitation, a copy of any notice, approval or other correspondence or document received by Grantor from any party relating to any entitlements, zoning changes, tentative or final subdivision maps or development of the Property; or

(d) The commencement of any litigation affecting the Property, any interest therein or the title thereto.

A-4 **Insurance.** Notwithstanding the requirements set forth elsewhere in the Deed of Trust, for as long as any of Grantor's obligations that are secured by this Deed of Trust remain outstanding, Grantor shall maintain and keep in full force and effect insurance of the types and in amounts customarily carried from time to time in Grantor's line of business, including general public liability, property damage and worker's compensation. All insurance shall be in amounts no less than the insurance disclosed by Grantor to Grantee to be in effect prior to the recordation date of this Deed of Trust. Grantor shall deliver to the Grantee from time to time as Grantee may request, schedules setting forth all insurance then in effect. Grantee shall be named as additional insured or loss payee, as appropriate, on all liability and property insurance of Grantor.

A-5 **Confirmation of Deed of Trust.** The Deed of Trust, as modified herein, shall remain in full force and effect.

IN WITNESS WHEREOF, Grantor has executed this Addendum as set forth below.

THE SAN JUAN PRESERVATION TRUST, a Washington nonprofit corporation

Dated: December 7, 2010

By: _____


Tim Seifert
Executive Director

