RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

Laura Minton Breckenridge P.O. Box 178 Bow, WA 98232 201205010068 Skagit County Auditor

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File No.: 12005

THIS SPACE RESERVED FOR RECORDER'S USE

TERMINATION OF EASEMENT AGREEMENT

The information contained in this boxed section is for recording purposes only pursuant to RCW 36.18 and RCW 65.04, and is not to be relied upon for any other purpose, and shall not affect the intent of or any warranty contained in the document itself.

Grantor: The Leatherwood Trust and Thomas J. Paulus and Suzanne J. Paulus, husband and wife

Grantee: Padilla Bay, LLC

Reference Number of Document Released: 200307080011 Grantor Property Abbreviated Legal Description:

Parcel 350319-1-003-0000: NE ¼, NE ¼, S 19, TWN 35 N, R 3 E, W.M. Parcel 350318-4-005-0003: SE ¼, SE ¼ of S 18, TWN 35 N, R 3, E, W.M.

Grantee Property Abbreviated Legal Description:

Parcel 350317-3-005-0200: SW ¼, SW ¼, S 17, TWN 35 N, R 3 E, W.M. Parcel 350317-3-005-0006: SW ¼ SW ¼ S 17 TWN 35 N, R 3 E, W.M.

Complete Legal Descriptions set forth in Exhibit A and Exhibit B of Document. Grantor Assessor's Parcel Number: 350319-1-003-0000 and 350318-4-005-0003 Grantee Assessor's Parcel Numbers: 350317-3-005-0200 and 350317-3-005-0006

THIS TERMINATION OF EASEMENT AGREEMENT ("Termination Agreement") is entered into between the LEATHERWOOD TRUST and PADILLA BAY, LLC, a Washington limited liability company, as of April 30, 2012 ("Effective Date").

The parties agree the Easement Agreement entered into between the parties dated May 22, 2003, recorded July 8, 2003 under recording number 200307080011 in the records of Skagit County, Washington shall be terminated effective upon the recording of this Termination Agreement in the records of Skagit County, Washington.

SKAGIT COUNTY WASHINGTON REAL ESTATE EXCISE TAX

MAY 01 2012

Amount Paid \$ Skagit Co. Treasurer
By Deputy

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PADILLA BAY, LLC, a Washington limited liability company

THE LEATHERWOOD TRUST

By: Thomas J. Paulus and Suzanne J. Paulus, husband and wife, Manager

By:

Thomas J. Paulus, Co-Trustee

By:

Phomas J. Paulus

Laura Minton Breckenridge, Co-Trustee

By:

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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 the Manager of Padilla Bay, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 3019 day of April, 2012.



Kathryn L. Sutton

Notary Public, State of Washington

Residing in Skagit County

My Commission Expires: 5/9/2014

STATE OF WASHINGTON) COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that Suzanne J. Paulus is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Manager of Padilla Bay, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument,

Dated this 26 day of April, 2012.

Kathryn L. Sutton

Notary Public, State of Washington

Residing in Skagit County

My Commission Expires: 5/9/2014

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3:35PM

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 the Co-Trustee of the Leatherwood Trust to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 30 day of April, 2012.



Kathryn L. Sutton

Notary Public, State of Washington

Residing in Skagit County

My Commission Expires: 5/9/2014

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 she was authorized to execute the instrument and acknowledged it as the Co-Trustee of the Leatherwood Trust to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 26 day of April, 2012.

Kathryn L. Sutton

Notary Public, State of Washington

Residing in Skagit County

My Commission Expires: 5/9/2014

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EXHIBIT A

LEATHERWOOD TRUST AND PAULUS PROPERTY

PARCEL A

That portion of the Northeast Quarter of the Northeast Quarter of Section 19, Township 35 North, Range 3 East of the Willamette Meridian, lying Southerly of the Joe Leary Slough;

EXCEPT that tract conveyed to William Esary by Deed dated January 21, 1909, and recorded January 21, 1909, under Auditor's File No. 71571, records of Skagit County, Washington, described as follows:

Commencing at the Southwest corner of the Northeast Quarter of the Northeast Quarter of Section 19, Township 35 North, Range 3 East of the Willamette Meridian; 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 point 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:

That portion of the Southeast Quarter of the Southeast Quarter of Section 18, Township 35 North, Range 3 East of the Willamette Meridian, lying and being South of the Joe Leary Slough.

PARCEL E:

Easement for road purposes over the following described tract:

Commencing at the 1/16 section corner of 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 of the Willamette Meridian; thence North to Joe 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 point of beginning, all in the Southwest Quarter of the Southeast Quarter of Section 18, Township 35 North, Range 3 East of the Willamette Meridian.

PARCEL F:

An easement for road purposes over the following described tract:

Commencing at the Southwest corner of the Northeast Quarter of the Northeast Quarter of Section 19, Township 35 North, Range 3 East of the Willamette Meridian; thence running East on the South line of said Forty, 12 rods; thence running North parallel with the West line of said Forty, to the South bank of Joe Leary's Slough; thence in a Westerly and Northerly direction following along the said slough to the West line of above described Forty; then South following along the West line of said Forty to point of beginning. Said tract of land being 12 rods in width and extending from the South line of said Forty to Joe Leary's Slough.

PARCEL G:

That portion of the North Half of the Southeast Quarter of the Northeast Quarter, Section 19, Township 35 North, Range 3 East of the Willamette Meridian.

All situated in Skagit County, Washington.

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EXHIBIT B

PADILLA BAY, LLC PROPERTY

Parcel A

That portion of the Southwest ¼ of the Southwest ¼ of Section 17, Township 35 North, Range 3 East, W.M., and that portion of the Northwest ¼ of the Northwest ¼ of Section 20, Township 35 North, Range 3 East, W.M., described as follows:

Beginning at the Northwest corner of said Northwest ¼ of the Northwest ¼ of Section 20 (Northwest Section corner); thence South 0°22'15" West 1,330.49 feet along the West line of said Northwest ¼ of the Northwest ¼ to the Southwest corner thereof (1/16 corner); thence North 89°04'38" East 150.00 feet along the South line of said Northwest ¼ of the Northwest ¼; thence North 0°22'15" West 537.78 feet parallel with said West line of the Northwest ¼ of the Northwest ¼ to the centerline of an existing field ditch; thence along said field ditch South 81°49'43" East 313.96 feet; then South 85°17'10" East 350.28 feet; thence leaving said field ditch, North 0°22'15" West 2,210.67 feet, more or less, parallel with said West line of the Northwest ¼ of the Northwest ¼ of Section 20 to the North line of the Southwest ¼ to the Northwest corner thereof; thence South 0°06'06" West 1,332.26 feet along the West line of said Southwest ¼ of the Southwest ¼ to the Southwest ¼ to the Southwest ¼ to the Southwest ¼ to the Southwest corner of said subdivision (Southwest Section corner) and being the point of beginning.

EXCEPT that portion of the Southwest ¼ of the Southwest ¼ of Section 17, Township 35 North, Range 3 East, W.M., lying Northwesterly of the centerline of Joe Leary Slough;

AND EXCEPT D'Arcy Road right-of-way;

Situated in the County of Skagit, State of Washington.

Parcel B

That portion of the Southwest ¼ of the Southwest ¼ of Section 17, Township 35 North, Range 3 East, W.M., lying Northwesterly of the centerline of Joe Leary Slough, EXCEPT D'Arcy Road.

Situated in the County of Skagit, State of Washington.