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MEMORANDUM OF ERNST LEASE

**8512020037**

THIS MEMORANDUM OF LEASE, made as of October 31, 1985, by and between McNEIL FUND IX, a California limited partnership, hereinafter referred "Landlord", and PAY'N SAVE CORPORATION, a Washington corporation, hereinafter referred to as "Tenant".

WITNESSETH:

IN CONSIDERATION of the rents reserved in that certain Lease Agreement between the parties dated August 25, 1972, as amended, and the terms, covenants, conditions and agreements on the part of Tenant therein, Landlord leases to Tenant certain real property located in the City of Mt. Vernon, County of Skagit, State of Washington, upon which Landlord has constructed a building to be used for Tenant's Ernst Home Center store, which property is designated in said Lease Agreement and located on a portion of the real property described in Exhibit A attached hereof and made a part hereto; together with all and singular the building or buildings, privileges and advantages, with any and all appurtenances belonging or in any way appertaining to the real property hereby leased, including the right in Tenants, its successors, assigns, subtenants, employees, customers, licensees and invitees to use the parking areas, sidewalks, and access areas to and from public streets and highways.

This Memorandum of Lease supercedes and replaces that certain Memorandum of Lease executed by and between Landlord and Tenant, recorded on December 7, 1972, under Recording No. 777910, Records of Skagit County, State of Washington.

TO HAVE AND TO HOLD the premises for the initial term of twenty (20) years, commencing June 9, 1973 and expiring June 8, 1993, with options to extend the term for two (2) additional periods of five (5) years and one additional period of ten (10) years each, upon the terms, covenants and conditions specified in the Lease Agreement.

IN WITNESS WHEREOF, the parties executed this instrument the date first above written.

"LANDLORD"

Real Estate  
McNEIL/FUND IX, Ltd.,  
a California limited partnership

BY THE ROBERT A. McNEIL CORPORATION,  
a California corporation  
As Managing Agent

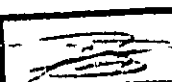

  
Its Robert H. Barrett, Vice President

Its \_\_\_\_\_

JERRY MCINTURFF  
KAP  
'85 DEC -2 P12:47  
REQUEST OF

**8512020037**

After Recording Return To:  
RYAN, SWANSON, HENDEL & CLEVELAND/mct  
3201 The Bank of California Center  
Seattle, Washington 98164

  
Lessor  
  
Lessee

"TENANT"

PAY'N SAVE CORPORATION,  
a Washington corporation

[Signature]  
Vice Chairman of the Board

[Signature]  
Assistant Secretary

STATE OF CALIFORNIA  
COUNTY OF SAN MATEO ss.

On this 22 day of OCTOBER, 1985, personally appeared before me ROBERT H. BARRETT and \_\_\_\_\_, to me known to be the VICE PRES. and \_\_\_\_\_ of THE ROBERT A. MCNEIL CORPORATION, general partner of MCNEIL FUND IX, the partnership that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned and on oath stated that they are authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Victoria A. Garcia  
NOTARY PUBLIC, in and for the State  
of CALIF., residing at SAN MATEO

STATE OF WASHINGTON )  
COUNTY OF KING ) ss.

On this 31<sup>st</sup> day of October, 1985, personally appeared before me Calvin Hendricks and David LaBau, to me known to be the Vice Chairman of the Board and Assistant Secretary of PAY'N SAVE CORPORATION, the corporation that executed the within and foregoing instrument and acknowledged 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 they are authorized to execute said instrument and that the seal affixed thereto, if any, is the corporate seal of said corporation.

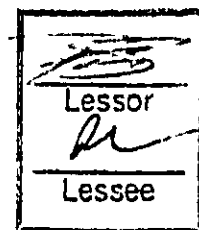
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

[Signature]  
NOTARY PUBLIC, in and for the State  
of Washington, residing at Redmond

01502100285

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November 20, 1972

EXHIBIT A

DEVELOPER'S PORTION - SKAGIT VALLEY MALL:

PROPERTY DESCRIPTION FOR LEASEHOLD DESCRIPTION LESS SEARS PORTION.

That portion of the Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4) of Section Eighteen (18), Township Thirty-four (34) North, Range Four (4) East of the Willamette Meridian, described as follows:



Beginning at the Northeast corner of said subdivision; thence S 0°40'30" W along the East line of said subdivision, a distance of 40.00 feet; thence West along the South line of College Way and the projection thereof, a distance of 226.00 feet to the true point of beginning of this description; thence S 0°40'30" W along a line which is parallel to the East line of said subdivision, a distance of 218.14 feet; thence S 89°31'29" W, a distance of 28.00 feet; thence S 0°40'30" W, a distance of 417.30 feet to a point on the South line of the North Half (N 1/2) of said subdivision; thence S 88°43'58" W along said South line of the North Half (N 1/2) of said subdivision, a distance of 166.02 feet; thence S 0°40'30" W, a distance of 180.00 feet; thence N 89°34'55" W, a distance of 859.98 feet to a point on the proposed East right-of-way line of Interstate Highway No. 5, as detailed on existing State Highway plans; thence along said proposed East right-of-way line on the following courses, N 7°17'45" E, a distance of 38.68 feet, N 11°28'51" E, a distance of 509.90 feet and N 0°10'15" E, a distance of 159.95 feet; thence East, a distance of 70.00 feet; thence N 0°10'15" E, a distance of 115.00 feet to a point on the South line of College Way; thence East along the South line of College Way on a line which is parallel to and 40 feet South of the North line of said subdivision, a distance of 32.14 feet; thence S 0°25'05" W, a distance of 653.93 feet; thence S 89°34'55" E, a distance of 157.00 feet; thence N 0°25'05" E, a distance of 72.00 feet; thence S 89°34'55" E, a distance of 26.00 feet; thence N 0°25'05" E, a distance of 393.31 feet; thence West, a distance of 15.29 feet; thence N 0°25'05" E, a distance of 190.00 feet; thence East, a distance of 20.00 feet; thence S 0°25'05" W, a distance of 190.00 feet; thence East, a distance of 406.30 feet; thence N 0°25'05" E, a distance of 190.00 feet; to a point on the South line of College Way; thence East along the South line of College Way, a distance of 200.15 feet to the true point of beginning.

SUBJECT TO an Easement for ingress and egress over, across and through a strip of land 20 feet in width, described as follows: Beginning at the Northeast corner of said subdivision; thence S 0°40'30" W along the East line of said subdivision, a distance of 40.00 feet; thence West along the South line of College Way, a distance of 892.45 feet to the true point of beginning of this description; thence West, a distance of 20.00 feet; thence S 0°25'05" W, a distance of 190.00 feet; thence East, a distance of 20.00 feet; thence N 0°25'05" E, a distance of 190.00 feet to the true point of beginning of this description.

TOGETHER WITH an Easement for ingress and egress over, across and through the West 20 feet of the following described tract of land: Beginning at the Northeast corner of said subdivision; thence S 0°40'30" W along the East line of said subdivision, a distance of 40.00 feet; thence West along the South line of College Way, a distance of 686.15 feet to the true point of beginning of this description; thence West, a distance of 206.30 feet; thence S 0°25'05" W, a distance of 190.00 feet; thence East, a distance of 206.30 feet; thence N 0°25'05" E, a distance of 190.00 feet to the true point of beginning of this description.

AND FURTHER SUBJECT TO a Sewer and Utility Easement reserved across that 40 foot strip of land as cited in City of Mount Vernon Vacation Ordinance No. 1636, dated March 8, 1972, and recorded under Auditor's File No. 765859; TOGETHER WITH those Sewer Easements from James R. Hammack, as Executor under the will

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Lessor

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November 20, 1972

DEVELOPER'S PORTION - SKAGIT VALLEY MALL CONTINUED:

of Anna B. Harris, deceased, to the City of Mount Vernon, dated June 21, 1958, and recorded under Auditor's File No. 567025; and from Herbert A. Smith and Evelyn M. Smith, husband and wife, to the City of Mount Vernon, dated April 6, 1959, and recorded under Auditor's File No. 582577.

TOGETHER WITH an Easement for ingress and egress over, across and through the North 55.00 feet of the South 115.00 feet of the following described tract of land: Beginning at the Northeast corner of said subdivision, thence S 0°40'30" W along the East line of said subdivision, a distance of 256.27 feet; thence S 89°31'29" W, a distance of 30.01 feet to the true point of beginning of this description; thence S 0°40'30" W, a distance of 219.09 feet; thence S 88°43'58" W, a distance of 224.07 feet; thence N 0°40'30" E, a distance of 222.19 feet; thence N 89°31'29" E, a distance of 224.07 feet to the true point of beginning of this description.

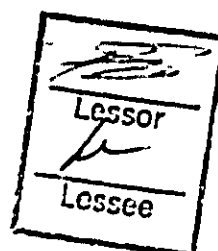
AND TOGETHER WITH the rights to parking area privileges on all of the following described tract of land EXCEPT the South 115.00 feet thereof: Beginning at the Northeast corner of said subdivision, thence S 0°40'30" W along the East line of said subdivision, a distance of 256.27 feet; thence S 89°31'29" W, a distance of 30.01 feet to the true point of beginning of this description; thence S 0°40'30" W, a distance of 219.09 feet; thence S 88°43'58" W, a distance of 224.07 feet; thence N 0°40'30" E, a distance of 222.19 feet; thence N 89°31'29" E, a distance of 224.07 feet to the true point of beginning of this description.

AND TOGETHER WITH an Easement for ingress and egress over, across and through the North 55.00 feet of the South 110.06 feet of the East 254.00 feet of the Northeast Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4), Less the East 30 feet thereof as City Street.

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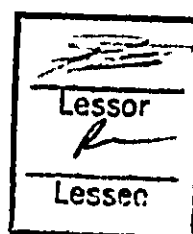
November 20, 1972

PROPERTY DESCRIPTION FOR THE SEARS PORTION OF THE SKAGIT VALLEY MALL.

That portion of the Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4) of Section Eighteen (18), Township Thirty-four (34) North, Range Four (4) East of the Willamette Meridian, described as follows:

Beginning at the Northeast corner of said subdivision; thence S 0°40'30" W along the East line of said subdivision, a distance of 40.00 feet; thence West along the South line of College Way and the projection thereof, a distance of 912.45 feet to the true point of beginning of this description; thence S 0°25'05" W, a distance of 190.00 feet; thence East, a distance of 15.29 feet; thence S 0°25'05" W, a distance of 393.31 feet; thence N 89°34'55" W, a distance of 26.00 feet; thence S 0°25'05" W, a distance of 72.00 feet; thence N 89°34'55" W, a distance of 157.00 feet; thence N 0°25'05" E, a distance of 658.93 feet to a point on the South line of College Way; thence East along the South line of College Way, a distance of 167.71 feet to the true point of beginning of this description.

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EXHIBIT A

LEASEHOLD DESCRIPTION - SKAGIT VALLEY MALL:

That portion of the Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4) of Section Eighteen (18), Township Thirty-four (34) North, Range Four (4) East of the Willamette Meridian, described as follows:

Beginning at the Northeast corner of said subdivision; thence S 0°40'30" W along the East line of said subdivision, a distance of 40.00 feet; thence West along the South line of College Way and the projection thereof, a distance of 226.00 feet to the true point of beginning of this description; thence S 0°40'30" W along a line which is parallel to the East line of said subdivision, a distance of 213.14 feet; thence S 89°31'29" W, a distance of 28.00 feet; thence S 0°40'30" W, a distance of 417.30 feet to a point on the South line of the North Half (N 1/2) of said subdivision; thence S 88°43'58" W along said South line of the North Half (N 1/2) of said subdivision, a distance of 166.02 feet; thence S 0°40'30" W, a distance of 180.00 feet; thence N 89°34'55" W, a distance of 859.98 feet to a point on the proposed East right-of-way line of Interstate Highway No. 5, as detailed on existing State Highway plans; thence along said proposed East right-of-way line on the following courses, N 7°17'45" E, a distance of 38.68 feet, N 11°28'51" E, a distance of 509.90 feet and N 0°10'15" E, a distance of 159.95 feet; thence East, a distance of 70.00 feet; thence N 0°10'15" E, a distance of 115.00 feet to a point on the South line of College Way; thence East along the South line of College Way on a line which is parallel to and 40 feet South of the North line of said subdivision, a distance of 219.85 feet; thence S 0°25'05" W, a distance of 190.00 feet; thence East a distance of 466.30 feet; thence N 0°25'05" East, a distance of 190.00 feet to a point on the South line of College Way; thence East along the South line of College Way, a distance of 200.15 feet to the true point of beginning.

SUBJECT TO an Easement for ingress and egress over, across and through a strip of land 20 feet in width, described as follows: Beginning at the Northeast corner of said subdivision; thence S 0°40'30" W along the East line of said subdivision, a distance of 40.00 feet; thence West along the South line of College Way, a distance of 892.45 feet to the true point of beginning of this description; thence West, a distance of 20.00 feet; thence S 0°25'05" W, a distance of 190.00 feet; thence East, a distance of 20.00 feet; thence N 0°25'05" E, a distance of 190.00 feet to the true point of beginning of this description.

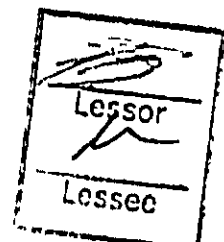
TOGETHER WITH an Easement for ingress and egress over, across and through the West 20 feet of the following described tract of land: Beginning at the Northeast corner of said subdivision; thence S 0°40'30" W along the East line of said subdivision, a distance of 40.00 feet; thence West along the South line of College Way, a distance of 686.15 feet to the true point of beginning of this description; thence West, a distance of 206.30 feet; thence S 0°25'05" W, a distance of 190.00 feet; thence East, a distance of 206.30 feet; thence N 0°25'05" E, a distance of 190.00 feet to the true point of beginning of this description.

AND FURTHER SUBJECT TO a sewer and Utility Easement reserved across that 40 foot strip of land as cited in City of Mount Vernon Vacation Ordinance No. 1636, dated March 8, 1972, and recorded under Auditor's File No. 765859; TOGETHER WITH those Sewer Easements from James R. Hammack, as Executor under the will of Anna B. Harris, deceased, to the City of Mount Vernon, dated June 21, 1958, and recorded under Auditor's File No. 567025; and from Herbert A Smith and Evelyn M. Smith, husband and wife, to the City of Mount Vernon, dated April 6, 1959, and recorded under Auditor's File No. 582577.

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EXHIBIT A

LEASEHOLD DESCRIPTION CONTINUED:

TOGETHER WITH an Easement for ingress and egress over, across and through the North 33.00 feet of the South 113.00 feet of the following described tract of land: Beginning at the Northeast corner of said subdivision, thence S 0°40'30" W along the East line of said subdivision, a distance of 256.27 feet; thence S 89°31'29" W, a distance of 30.01 feet to the true point of beginning of this description; thence S 0°40'30" W, a distance of 219.09 feet; thence S 88°43'58"W, a distance of 224.07 feet; thence N 0°40'30" E, a distance of 222.19 feet; thence N 89°31'29"E, a distance of 224.07 feet to the true point of beginning of this description.

AND TOGETHER WITH the rights to parking area privileges on all of the following described tract of land EXCEPT the South 113.00 feet thereof: Beginning at the Northeast corner of said subdivision, thence S 0°40'30" W along the East line of said subdivision, a distance of 256.27 feet; thence S 89°31'29" W, a distance of 30.01 feet to the true point of beginning of this description; thence S 0°40'30"W, a distance of 219.09 feet; thence S 88°43'58"W, a distance of 224.07 feet; thence N 0°40'30"E, a distance of 222.19 feet; thence N 89°31'29"E, a distance of 224.07 feet to the true point of beginning of this description.

AND TOGETHER WITH an Easement for ingress and egress over, across and through the North 33.00 feet of the South 110.06 feet of the East 254.00 feet of the Northeast Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4), Less the East 30 feet thereof as City Street.

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