

WHEN RECORDED RETURN TO:

NAME: City of Anacortes
ADDRESS: P.O. Box 547
CITY, STATE, ZIP Anacortes, WA 98221



200102120109

, Skagit County Auditor

2/12/2001 Page 1 of 17 3:34:20PM

Island Title Company

ACCOMODATION RECORDING

QA3625

DOCUMENT TITLE(s)

1. LEASE AGREEMENT

Lessor: City of Anacortes

Lessee: Heritage Construction Group, L.L.C.

Sub-Lessee: Anacortes Cinemas, L.L.C.

LEGAL DESCRIPTION

The South 70 feet of the West 25 feet of Lot 7, Lots 8, 9, and 10 together with the North 4 feet of the abutting alley, Block 35, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in volume 4 of Plats, pages 4 through 7, records of Skagit County, Washington.

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(s):

P55073; P55074

The Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

LEASE AGREEMENT

THIS LEASE IS MADE AND ENTERED INTO as of the first day of February 2001 by and between the City of Anacortes, Washington (hereinafter referred to as "Lessor", "Landlord" or "City" and Heritage Construction Group, LLC, or assigns (hereinafter referred to as "Lessee"), and Anacortes Cinemas, L.L.C. (hereinafter referred to as Sub-Lessee). The following Exhibits attached hereto are hereby made a part of and incorporated into this Lease: Exhibit A (description of Leased Premises); Exhibit B (Sub-Lessee's Memorandum of Lease); and Exhibit C (site plan). This Lease shall not become binding on any party until Lessee receives a building permit for construction of the proposed theater.

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax

FEB 12 2001

WITNESSETH:

Amount Paid \$
Skagit Co. Treasurer
By *[Signature]* Deputy

FOR AND IN CONSIDERATION OF the mutual promises, covenants and conditions hereinafter set forth, the parties hereto do hereby agree as follows:

1. Leased Premises.

A. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor those certain premises suitable for construction of a movie theater, hereinafter called "Leased Premises", which is more particularly described in Attachment A to this Agreement (approximately 7,000 square feet of previous parking area with no above-ground improvements). "Leased Premises" shall not be construed to include any improvements constructed by Lessee.

B. The Leased Premises do not include any parking area; the city-owned parking area surrounding the Leased Premises will continue to be open to the general public on a first come, first serve basis for short-term parking (there will be no reserved parking for the movie theater). Nevertheless, Lessor shall cooperate in good faith with Lessee to ensure that sufficient parking is available for the successful operation of the movie theater if the current parking proves inadequate to meet Lessee's commercial needs short of expending city capital moneys.



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C. The availability of the city-owned parking area surrounding the Leased Premises is available for use by theater patrons, as well as the general public, on a first come, first served basis, and Lessor acknowledges and agrees such parking meets the parking requirements for the theater to be constructed on the Leased Premises and for the planned expansion of the theater to five screens for the use as described in Section 14 of this lease.

D. Lessor hereby agrees to lease to Lessee an additional 3,000 square feet on identical terms, except for pro-ration of the rent payments. Lessor shall use best efforts, other than expending City capital moneys, to achieve an acceptable parking mitigation plan or obtain additional parking should it be necessary as part of the expansion plan. Nevertheless, a parking mitigation plan shall not be a requirement for Lessor's approval of Lessee's expansion plan, and Lessor shall not unreasonably withhold approval of Lessee's expansion.

2. Lease Term. This lease shall be for a term commencing February 1, 2001 and ending at 11:59 P.M. on January 31, 2026 (hereinafter the Initial Term), unless earlier terminated as provided herein in Section 20 or renewed pursuant to Section 19 of this Lease.

3. Alterations and Improvements.

A. With the exception of constructing the movie theater and the expansion thereof, which Lessor has approved subject to the provisions of Sub-Section 1D, Lessee agrees that it will make no alterations or improvements on the Leased Premises, or to reconfigure the parking layout on the surrounding city-owned property without the prior written consent of Lessor which shall not be unreasonably withheld. All alterations and improvements made by Lessee (except trade fixtures and temporary structures) and the rights thereto shall become the property of Lessor as of the date of expiration of this lease.

B. In the event Lessor consents in writing to alterations or improvements proposed by Lessee, Lessee agrees to advise Lessor in writing of the anticipated date on which such alterations or improvements are expected to commence. Lessee shall make all alterations and improvements and shall install all trade fixtures in a good and workmanlike manner and shall repair any damage caused to the Leased premises in connection with the making of such alterations, improvements or installations. Modifications of Leased Premises due to normal construction of improvements by Lessee shall not be consid'



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4. Rent. Lessee shall pay to the Lessor as rent the sum of \$1,000 per month plus State Leasehold Tax beginning October 1, 2001; a late payment penalty of \$100 shall be made if payment is not made within 15 days of the due date, which is the first day of each month. The rent shall be adjusted April 1 in years 5, 10, 15 and 20 based upon the percentage of change in the Consumer Price Index -- All Urban Consumers (Seattle-Tacoma-Bremerton); to avoid using preliminary figures, the adjustment shall be based on the change from June the preceding year to the June five years before. In no event shall the rent increase by more than 20% at each adjustment during the initial 25-year term.

5. Taxes. Lessee shall pay all real estate taxes and fees imposed with respect to the Leased Premises, including the state leasehold tax.

6. Utilities. Lessee will pay for all utility service.

7. Operational Maintenance and Repair.

A. Lessee shall at all times throughout the lease term keep the Leased Premises and all improvements placed thereon, in good order, condition and repair.

B. Cost of all operational maintenance or repairs, shall be borne by Lessee.

8. Default. Time is of the essence hereof, and in the event that Lessee shall violate or breach or fail to keep or perform any material covenant, agreement, term or condition of this Lease, or if such default or violation shall continue or shall not be remedied within thirty (30) days after notice in writing thereof given by the Lessor to Lessee, specifying the nature of the default, Lessor, at its option, may cancel this Lease; provided, however, that if the nature of such default, other than for nonpayment of rent, is such that the same cannot be cured within such thirty (30) day period, Lessee shall not be deemed to be in default if Lessee shall within such period commence such cure and thereafter diligently prosecute the same to completion.

9. Performance of Lessor's Obligations. If the Lessor defaults in the observance or performance of any term or covenant required to be performed by them under this Lease, the



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Lessee, after not less than thirty (30) days notice to the Lessor may, but shall not be obligated to, remedy such default, provided that the Lessee shall have the right to remedy such default without notice in the event of an emergency. All sums reasonably expended or obligations reasonably incurred by the Lessee in remedying such default shall be paid by the Lessor to the Lessee upon demand, and if the Lessor fails to reimburse the Lessee, the Lessee may, in addition to any other right or remedy that the Lessee may have, deduct such amount from subsequent monthly rental payments.

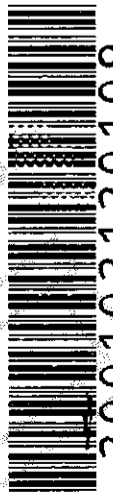
10. Liability and Indemnification.

A. Lessee agrees to ensure that the improvements to the Leased Premises are insured against loss or damage by fire or other perils insurable under the standard form of fire, extended coverage insurance policy, and that such insurance will provide for the clean up and removal from the Leased Premises of any debris from damaged or destroyed improvements. .

B. Lessee shall indemnify and save Lessor harmless of and from all loss, cost, liability, damage and expense, including, but not limited to reasonable attorney's fees, penalties and fines, incurred in connection with or arising from; 1) any default by Lessee in the observance of performance of any of the terms, covenants or conditions of this lease on Lessee's part to be observed or performed, or 2) the use or occupancy or manner of use or occupancy of the premises and any improvements thereon by Lessee or any person claiming through or under Lessee, or 3) acts, omissions or negligence of Lessee or any person claiming through or under Lessee, or the contractors, agents, servants, employees, visitors or licensees of Lessee or any person claiming through or under Lessee, in or about the premises including the improvement thereto, or 4) any claims by any persons by reason of injury to persons or damage to property occasioned by any use, occupancy, act, omission or negligence referred to herein. This section shall not apply to any loss, injury, death, or damage by reason of the negligence or contributory fault of Lessor, its agents or employees.

C. Insurance policies procured hereunder shall be issued by financially responsible insurers duly authorized to do business in the State of Washington. The placement and storage of personal property on said premises shall be the responsibility, and at the sole risk, of the Lessee.

D. The Lessee shall maintain throughout the term of this lease, at its own cost, comprehensive general liability insurance. The insurance shall cover the lease premises.



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including improvements thereto in a minimum limit of \$2,000,000 for bodily injury and property damage, with an additional \$2,000,000 umbrella policy. No more frequently than every five years, if, in the opinion of Lessor substantiated by prevailing industry standards the limits of the comprehensive general liability insurance coverage are not adequate, Lessor may reasonably require that the amount of insurance coverage be increased. Failure to obtain additional insurance coverage shall be a default by the Lessee hereunder. Lessee shall pay all insurance premiums as they become due. Said policy must specifically name Lessor as an additional insured party thereunder and must stipulate that the coverage as provided by said policy not be terminated, reduced or otherwise changed in any respect without providing at least thirty (30) days prior written notice to Lessor, and filed with Lessor. Notwithstanding any provision herein to the contrary, the failure of the Lessee to comply with the provisions of this section shall subject this lease to the default provisions of this Agreement.

E. Lessor and Lessee hereby grant to each other on behalf of themselves and any or all insurers providing insurance to either of them covering the premises or any portion thereof, a waiver of any right of subrogation any such insurer of one party may acquire against the other by virtue of payment of any loss under such insurance.

F. The Lessee shall provide for the prompt and efficient handling of all claims for bodily injury or property damage arising out of the activities of the Lessee under this lease.

11. Warranties and Representations. Lessor warrants and represents that:

A. The individual executing this lease on behalf of Lessor has been properly authorized and upon such execution this lease shall constitute a binding obligation of Lessor.

B. Neither the condition of the Leased Premises nor the execution of this lease is in violation of any governmental law, rule, regulations or ordinances, or any contractual obligation of the Lessor.

C. The Leased Premises are free of encumbrances and the Lessor has the right to make this lease in accordance with the accompanying terms and conditions.

12. Quiet Enjoyment. The Lessor covenants that it has the right to make this lease for the term hereof, and if Lessee shall pay the rent and perform all the covenants, terms, conditions and agreements of this lease to be performed by Lessee, Lessee shall during the term create



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hereunder freely, peaceably and quietly occupy and enjoy the full possession of the Leased Premises without molestation or hindrance by Lessor or any party claiming through or under Lessor.

13. Notices. All notices and written communications required by this lease shall be sent to Lessee, Sub-Lessee, and Lessor at their office addresses as set forth below:

Lessee: Heritage Construction Group, LLC Lessor: City of Anacortes
PO Box 1420 P.O. Box 547
Ocean Shores, WA 98569 Anacortes, WA 98221

Attn: David Saunders Attn: Ian Munce

Sub-Lessee: Anacortes Cinemas L.L.C.
502 High Avenue, Suite #110
Port Orchard, WA 98366

Attn: Steven Lange

Except as otherwise specifically provided in this lease, any notice hereunder shall be in writing and shall be deemed delivered when served personally on the party to whom addressed, or three days after being deposited in the U.S. Mail registered or certified, postage prepaid, addressed to such party at the address and to the attention of the party as provided in this paragraph, or when deposited with the operator for immediate telegraphic or other electronic communication addressed as set forth above, provided that such electronic communication is promptly followed by written notice addressed and mailed as aforesaid. Lessor, Lessee, and Sub-Lessee shall notify each other within five working days of any address change.

14. Use.

A. Lessee agrees: to operate a movie theater showing "first-run" movies with occasional exceptions; no NC-17 or X rated movies shall be shown and any violation of this provision will result in termination of this lease.

B. Lessee agrees that its failure to operate a movie theater on a continuing basis, other than a reasonable time for repairs or remodeling, may result in Lessor terminating this



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lease. Under this circumstance, a material breach, the City has the right to renegotiate the lease and parking arrangement.

C. Lessor agrees that, if after exercising its reasonable and best efforts, should Lessee be unable to operate a movie theater or find a suitable Sub-Lessee to operate the movie theater, Lessor will allow Lessee to make other suitable business use of the Leased Premises and improvements subject to the City's right to renegotiate the lease terms and parking arrangement.

15. Clean Up. The Lessee shall keep the lease premises and the adjacent city-owned parking lot as shown in Exhibit C and its frontage streets free, on a daily basis, from accumulation of debris, rubbish, or other waste material, and from the accumulation of general clutter. At the completion of the lease, the Lessee shall remove all wastes and surplus materials and all his tools and equipment, and shall leave the Leased Premises clean. Lessee shall not be required to remove any improvements constructed on Leased Premises.

16. Liens. Lessee shall not suffer or permit any lien to be filed against the Leased Property or any part thereof or the Lessee's leasehold interest, by reason of work, labor, services or materials performed or supplied to Lessee or anyone holding the Leased Property or any part thereof under Lessee. If any such lien is filed against this Leased Property or against Lessee's leasehold interest, Lessee shall proceed with reasonable diligence to cause the same to be discharged of record.

17. Condemnation. In the event of the taking of all or substantially all of the Leased Premises, including the parking facilities, by condemnation, settlement agreement or other action by and federal, state or local government authority, or if a partial taking renders the said premises unsuitable for the business of Lessee, this Lease shall be deemed to be terminated as of the date of the actual taking of possession by said authority. In the event of a partial taking, or damaging of the lease premises by condemnation which does not have the effect of rendering the said premises unsuitable for the business of the Lessee, the parties shall promptly negotiate a revision of rental to reflect the diminution, if any, in the rental value of the premises caused by such partial taking or damaging. The decision as to whether a partial taking renders the Leased Premises unsuitable for Lessee's business shall be in the sole discretion of the Lessee. If the



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parties are unable to reach an agreement within sixty (60) days from the time that either party requests negotiation on this subject, either party shall have the right to submit the matter to arbitration. In the event arbitration is requested, the Lessor and Lessee shall each nominate an arbitrator, which arbitrators shall designate a third. A decision made by a majority of said arbitrators shall be final and binding for the balance of the lease term.

A. The Lessee shall be entitled to receive so much of the condemnation award, in the event the condemnation action is pursued to judgment or so much of the settlement payment, if a settlement is made with the condemning authority in any manner short of a judgment, as represents Lessee's total damages payable by the condemning authority, except as provided in subparagraph 17(B) when the condemning authority is the City or such condemnation is for the benefit of, due to or at the request of the City. The Lessor shall not accept any award for such damages unless Lessee consents thereto or until the expiration of thirty (30) days after notice to the Lessee thereof; and if Lessee elects to do so, it shall be permitted, at its own expense, to contest such award by appropriate legal proceedings in the name of the Lessor.

B In the event such condemnation is due to, conducted by, or for the benefit of the Lessor, then prior to concluding such condemnation Lessor shall (1) obtain substantially similar property located within the city limits of Anacortes and lease such replacement property to Lessee upon the same terms as set forth in this Lease for the benefit of Lessee's tenant, (2) pay for and arrange for the construction of a movie theater substantially similar to the movie theater located on the condemned property, and (3) provide Lessee and Lessee's tenant with sufficient notice as to such condemnation so as to provide Lessee and Lessee's tenant sufficient time to arrange for the construction of the replacement theater and move its theater business to the replacement location with minimum disruption to the business of Lessee's tenant; (4) pay for Lessee's cost of moving and reinstallation of fixtures; (5) reimburse Lessee for all associated moving costs; (6) pay Lessee for lost business profits during any period of closure; and (7) reimburse and indemnify Lessee for any damages or suits from Lessee's Sublessee's including payment of reasonable attorney's fees. The decision as to whether Lessor's proposed replacement property is suitable for the continuation of Lessee's and Sublessee's movie theater business shall be in the sole discretion of Lessee. Should Lessee determine that the Lessor's proposed replacement property is not commercially suitable for Lessee's movie theater business Lessee shall be entitled to damages as described in paragraph two above of this Section 17. An



proposed replacement movie theater shall be subject to the approval of Lessee, which approval shall not be unreasonably withheld.

18. Sublease and Assignment. Lessee shall not sublet nor assign this Lease or any interest therein without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, provided, however, Lessee may assign this lease to a subsidiary of Lessee or Anacortes Cinemas, L.L.C. (Sub-Lessee), without Lessor's consent. Any other contemplated Sublessee or Assignee shall have at least five (5) years experience in the business of movie theater management or operations or a related business, and shall be financially capable of assuming said role. Lessor hereby agrees to the attached sublease (Attachment B) between Lessee and Anacortes Cinemas LLC ("Sub-Lessee") whose principals include Steve Lange and David Fazende, and to the assignment of this lease to the Sub-Lessee at any time of the Lease Term. The Lessor shall notify Sub-Lessee of any breach, or other notices sent to Lessee and the Sub-Lessee shall have the right to make payment or any other remedy of the breach on behalf of the Lessee.

19. Option to Renew. Lessor hereby grants to the Lessee exclusive option to renew this Lease for five Renewal Terms of five years each, subject to the following:

A. No Material Default. Lessee shall not at the time of exercising its Option to Renew be in material default of any of the material terms or conditions of this Lease.

B. Notice. Lessee shall give written notice to Lessor of lessee's election to renew during the Initial Term, but in any event no later than sixty (60) days prior to the expiration of the Initial term, and no later than sixty (60) days prior to the expiration of any particular Renewal term, if applicable.

C. Rent. The annual rent for any Renewal Term shall be ten percent (10%) of the appraised fair market value of the Leased Property. The same annual rent shall be paid for each year of the appropriate term. In no event shall the rent increase by more than 20% over the amount paid for the previous five year term. The rent shall be payable monthly, in advance.

D. Determination of Fair Market Value. At or about the time of Lessee's exercise of its option to renew for the applicable Renewal Term, the parties shall agree on a fair market value of the Leased Property. In determining the fair market value, the value of improvements to the Leased Premises constructed by Lessee, Lessee or Sublessee's fixtures and equipment, and



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Lessee's or Sublessee's ongoing business shall not be considered. If the parties *cannot agree* on the fair market value of the Leased Property, Lessor shall choose a qualified real estate appraiser (MAI or equivalent) who shall prepare an independent appraisal ("Lessor's Appraisal"). If Lessor's Appraisal is acceptable to Lessee, it shall be used for determining the rent for the entire applicable Renewal Term. If Lessor's Appraisal is not acceptable to Lessee, Lessee shall choose a qualified real estate appraiser (MAI or equivalent), who shall prepare an independent appraisal ("Lessee's Appraisal"). If Lessor's Appraisal and Lessee's Appraisal are within five percent (5%) of each other, then the fair market value shall be two and one-half percent (2 1/2%) above the lower appraisal. If Lessor's Appraisal and Lessee's Appraisal are not within five percent (5) of each other, then either party may accept the other party's appraisal, or the parties shall mutually agree on the selection of a third qualified appraiser (MAI or equivalent) who shall perform an independent appraisal to determine the fair market value of the Leased Property, which appraisal shall be final and binding on both parties. Each party shall pay the cost of its appraisal. If the third appraisal is required, each party shall pay one-half (1/2) of its cost. In any determination of the fair market value of the leased Property, whether by the parties or an appraiser, said determination shall be as of the date the option to renew is exercised, shall be applicable for the entire Renewal Term, and shall be exclusive of any personal property, real property, improvements, buildings, fixtures, or equipment of Lessee on the leased Property, it being agreed that said property is not to be considered in determining the fair market value.

Nothing herein shall prevent Lessee from using the Leased Property during any term while the fair market value is being determined. If the rent for any term has not been fixed at the time the Renewal Term begins, Lessee shall continue its use of the Leased Premises, and shall continue to pay rent in the amount as that last paid until the appropriate rent is fixed. Once the rent is fixed, the appropriate additional rent or refund shall be made by the appropriate party.

20. Termination. The lease may be terminated by either party only for a material breach of the material terms of this agreement.

21. Arbitration. The parties agree that any dispute arising out of or in connection with this lease, including without limitation, any question regarding its existence, validity, termination, interpretation, construction, or a determination of the rights or obligations of either of them shall



cannot be settled amicably within ninety (90) days after it has been first raised in writing shall be finally resolved by binding arbitration in accordance with the arbitration rules of the American Arbitration Association ("AAA Rules") and the provisions of this section. To the extent the terms of this section conflict with the AAA Rules, the terms of this section shall control.

The arbitration shall be conducted in Seattle, Washington by one arbitrator. The arbitrator shall be selected in accordance with the AAA Rules, have a minimum of 15 years experience as a lawyer primarily focusing in the area of real property law, and have their primary office of practice in King County Washington ("the Arbitrator").

Any notice of arbitration, response or other communication given to or by a party to the arbitration shall be given and deemed received as provided in the AAA rules. The costs to be paid to the Arbitrator for conducting the arbitration shall be paid by the non-prevailing party as determined by the Arbitrator. If the Arbitrator is not able to determine a non-prevailing party, the Arbitrator's fee shall be shared equally by the parties. The parties agree that the Arbitrator's decision regarding any dispute shall be final and binding on the parties. Additionally, except as expressly provided herein, the parties agree that neither of them will institute any legal proceedings arising out of or in connection with this Lease, except only to (i) enforce in a recognized competent court having jurisdiction over any award rendered by the Arbitrator or (ii) obtain injunctive relief until such time as an award is rendered. Venue shall be in Skagit County, Washington. In any event any legal proceedings are instituted in any court to enforce any arbitration award, the party against whom enforcement of that arbitration award is sought shall pay all costs, including without limitation the costs of legal fees and other related collection costs of the party seeking to enforce the arbitration award.

22. Holdover. If Lessee maintains possession of the Premises for any period after the termination of this Lease with the approval of the Lessor ("Holdover Period"), Lessee shall pay to the Landlord a lease payment for the Holdover Period based on the terms of this Lease. Such holdover shall constitute a month-to-month extension of this Lease.

23. Right of First Refusal. In the event that Lessor decides to sell the Leased Premises during the Initial Term or a Renewal Term, Lessee shall have the first right to purchase the property upon the same terms and conditions as agreed upon between Lessor and prospective purchaser



In the event that Lessee declines to exercise the right of first refusal within thirty (30) days of notice being mailed by the Lessor, Sub-Lessee shall have the same thirty (30) days notice and opportunity to purchase offered to the Lessee.

24. Waivers. The waiver by Lessee or Lessor of any breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of any subsequent breach of same or of a breach of any other term, condition, agreement herein contained.

25. Headings. The headings of paragraphs and subparagraphs contained in this lease are used for convenience and ease of reference and in no way define, limit or describe the scope and/or intent of the lease or any of the terms, conditions or provisions.

26. Complete Agreement. This lease constitutes the entire agreement between Lessor and Lessee and there are no terms, conditions or provisions either oral or written between the parties hereto other than those herein contained or as attached hereto as exhibits and this lease supercedes any and all oral or written representations, inducements or understandings of any kind or nature between the parties hereto and this agreement shall be construed according to the laws of the State of Washington.

27. Binding on Successors. The covenants and conditions herein contained shall apply to and be binding upon the successors and assigns of Lessor and Lessee.

28. Modification. Any modification of this Agreement must be contained in a writing signed by both Lessor and Lessee. There will be no oral modifications.



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IN WITNESS WHEREOF, the parties have executed this lease effective the day and year first above written.

LESSOR: CITY OF ANACORTES

By: *Al Dean Meyer*
Its: MAYOR

By: _____
Its: _____

LESSEE: HERITAGE CONSTRUCTION GROUP, LLC

Patrick M. Brunstad
By: Patrick M. Brunstad
Its: Manager

David E. Saunders
By: David E. Saunders
Its: Manager

SUBLESSEE: ANACORTES CINEMAS, L.L.C.

Steven Lange
By: Steven Lange
Its: Manager



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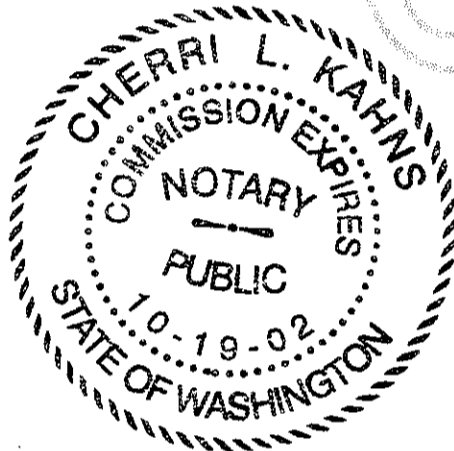
STATE OF WASHINGTON)

COUNTY OF Skagit)

ss:

On this 8th day of February 2001, before me personally appeared H. Dean Maxwell to me known to be the authorized officer or agent, as the case may be) of the City of Anacortes that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

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



Cherril Kahns Cherril Kahns

Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: 10-19-02

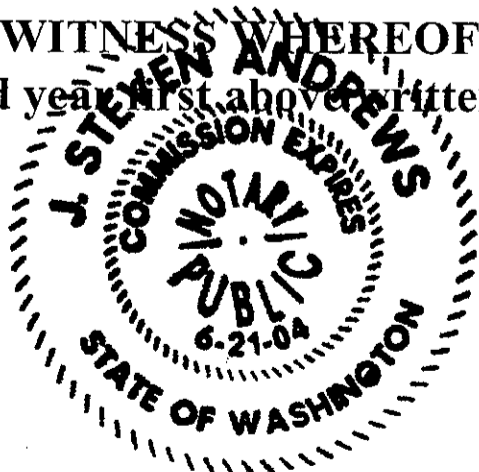
STATE OF WASHINGTON)

COUNTY OF Grays Harbor)

ss:

On this 27 day of January, 2001, before me personally appeared Patrick M. Brunstad and David Saunders, to me known to be the (president, vice president, secretary, treasurer, or other authorized officer or agent, as the case may be) of the limited liability company 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 he was authorized to execute said instrument.

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



J. Steven Andrews
J. Steven Andrews

Notary Public in and for the State of Washington
Residing at Ocean Shores, WA
My appointment e



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STATE OF WASHINGTON)

COUNTY OF Skagit)

SS:

On this 8th day of February, 2001, before me personally appeared STEVEN LANGE and ~~WALTER FAZENDE~~^{all}, to me known to be the (president, vice president, secretary, treasurer, or other authorized officer or agent, as the case may be) of the limited liability company 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 he was authorized to execute said instrument.

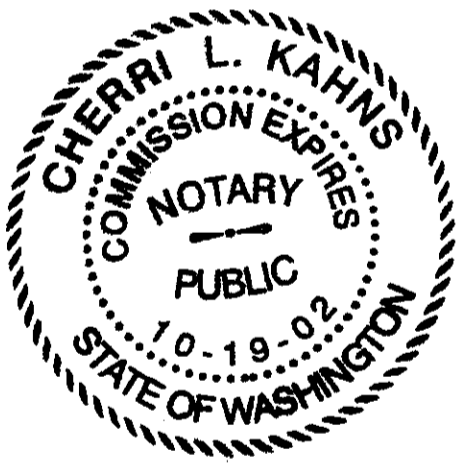
IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Cherri L. Kahns Cherri L. Kahns

Notary Public in and for the State of Washington

Residing at Mount Vernon

My appointment expires: 10-19-02



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EXHIBIT A

The south 70 feet of the west 25 feet of Lot 7, Lots 8, 9, and 10 together with the north 4 feet of the abutting alley, Block 35, original plat of Anacortes



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