



200909020101

Skagit County Auditor

9/2/2009 Page 1 of 7 3:24PM

After Recording Return To:

SUMMIT BANK  
1725 East College Way  
PO Box 2120  
Mount Vernon, Washington 98273

Document Title: Ground Lessor Estoppel Certificate and Consent  
Reference number of documents referenced, assigned or released: AF No. 200905110238  
(Memorandum of subject Lease)  
Grantor/Lessor: Port of Skagit County  
Grantee/ Lessee: Unit Owners Association of Skagit Airport Hanger Condominium, Inc.  
Partial Legal Description: Lots 2, 3, 4 & 5 of the Phase II Binding, Division I Site Plan dated  
October 16, 2001 and as recorded on January 22, 2002, under Auditor's File No. 200201220163  
Assessor's Parcel/Tax I.D. Numbers: 4803-000-002-0000/P119540; 4803-000-003-  
0000/P119541; 4803-000-004-0000/P119542; 4803-000-005-0000/P119543

LAND TITLE OF SKAGIT COUNTY

133834-95

**GROUND LESSOR ESTOPPEL CERTIFICATE AND CONSENT**

(As of the 28<sup>th</sup> day of May, 2009)

The Port of Skagit County, a Washington municipal corporation ("Lessor"), being the present owner and lessor of certain land and premises located in the county of Skagit, state of Washington (the "Leasehold Property"), as more fully described in: (a) The Land Lease Agreement dated July 1, 2008 by and between Lessor and Unit Owners Association of Skagit Airport Hanger Condominium, Inc. ("Ground Lease"), understands and acknowledges that Summit Bank ("Lender") is about to make a loan to Ed Watson, ("Borrower"), to be secured by Borrower's interest in Unit 218, Building 2 (the "Unit"), a condominium unit within Lessee's improvements upon the Premises of the Ground Lease and the leasehold estates created thereby. Lessor further understands that it is a condition of the making of said loan that this certificate and consent be furnished to Lender. In consideration of the mutual benefits to be derived therefrom, Lessor, Borrower and Lender agree and certify as follows:

1. Except as stated in paragraph 2 below, the Ground Lease is in full force and effect and have not been assigned, modified, supplemented or amended in any way, and that there shall

[Signature]      [Signature]      [Signature]  
LESSOR      BORROWER      LENDER

be no voluntary cancellation, surrender or modification of the Ground Lease, by mutual agreement of the parties thereto, without Lenders' prior written consent.

2. On July 1, 2008, Lessor and Unit Owners Association of Skagit Airport Hanger Condominium, Inc. ("Lessee"), entered into Land Lease Agreement (the "Amendment"). The Ground Lease is referred to herein as the "Lease Document." The Lessor approved the Lease Document, and there are no other assignments, addendums, estoppel certificates, amendments, subleases or other agreements with respect to the Ground Lease known to Lessor, <sup>except</sup> as set forth herein. The Premises of said Lease are subject to that certain Declaration of Condominium recorded on September 30, 2002 under Skagit County AF #200209300320 and amendments thereto.

3. There is no default presently known to exist under the Ground Lease in the payment of rent or in the observance or performance of any other covenant or condition to be observed or performed by Lessee or Lessee's predecessors in interest, and Lessor has no knowledge of any facts or information that, with the giving of notice, passage of time, or both, would constitute a default by Lessee thereunder.

4. Lessor has no knowledge of any prior assignment, except as herein stated, or of any prior hypothecation or pledge of Lessee's interest in the Ground Lease.

5. The term of the Ground Lease ~~term~~ is thirty (30) years commencing July 1, 2008, with two ten year options to extend, all subject to the Lessor's right to buy out lease rights.

6. Lessor consents to Lessee's execution and recording of the deed/deeds of trust and personal property security agreements and other loan and security documents (copies of which are attached hereto), pledging Borrower's interest in Unit to Lender, which grant of security includes an assignment of Borrower's interest in the Unit to Lender to secure the loans or other financial accommodations Lender is making or will make to Borrower, and to the attachment of said security interests to Borrower's interest in the Unit, subject to the following:

A. Lessor's consent contained herein shall not waive any of its rights to consent to any subsequent mortgage of Borrower's interest or Lessee's leasehold interest, assignment, sublease or other transfer. Lender hereby acknowledges and agrees that Lessor shall have no obligation or liability under the terms of the Mortgage.

B. Should Lender become unit owner or Lessee under the Ground Lease, it shall assume and meet all existing and subsequent liabilities of the unit owner and/or Lessee under the Ground Lease, provided its liability shall be limited to its interest in the Unit and/or the Ground Lease as the case may be. Lender must immediately provide written notice to Lessor should it become unit owner or Lessee under the Ground Lease.

  
LESSOR

  
BORROWER

  
LENDER



200909020101

Skagit County Auditor

C. This consent shall not be construed as an agreement to subordinate Lessor's interest in the Premises to the Mortgage. The Mortgage shall not encumber the Leasehold Property in any fashion once the Ground Lease is terminated.

D. If the interests of Borrower in the Unit or Lessee in the Leasehold Property are owned by Lender by reason such as by deed-in-lieu of foreclosure, judicial foreclosure, sale pursuant to any power of sale or other proceeding brought by Lender or by any other manner, including but not limited to Lender's exercise of its rights under the Mortgage, and Lender succeeds to the interest of the Borrower or Lessee under the Ground Lease, Lender shall be bound to Lessor under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extension thereof duly exercised by Lessee with the same force and effect as if Lender were the unit owner or Lessee under the Ground Lease; and Lender hereby attorns to Lessor, as its landlord, said attornment to be effective and self-operative, with the execution of any further instruments on the part of any of the parties hereto, immediately upon Lender succeeding to the interest of the Borrower or Lessee under the Ground Lease. The respective rights and obligations of Lessor and Lender upon such attornment, to the extent of the then remaining balance of the term of the Ground Lease, shall be and are the same as now set forth therein, it being the intention of the parties hereto for the purpose of this Section 6(D) to incorporate the Ground Lease in this GROUND LESSOR ESTOPPEL CERTIFICATE AND CONSENT by reference, with the same force and effect as if set forth in full herein.

E. Lessor makes no representations or warranties, expressed or implied, concerning the condition of the Unit or the Leasehold Property, and as between Lessor and Lender; Lender agrees to accept the Unit and Leasehold Property in its "as-is" condition as of the date, if any, that it succeeds to the interest of Borrower in the Unit or Lessee under the Lease, subject to Lessor's obligations under the Lease.

F. Lessor's limited consent to assignment herein stated shall terminate upon payment in full to Lender of the above-referenced loan by Borrower, or by payment in full of loan proceeds by a new assignee to Lender as the financing institution. In either event, Lender is obligated to notify the undersigned of the same, in writing, within (10) days of the terminating event. If Lender fails to provide said timely written notice, by acceptance of this GROUND LESSOR ESTOPPEL CERTIFICATE AND CONSENT, Lender has agreed to pay all the undersigned's reasonable costs associated with verifying that this letter agreement has in fact terminated on account of one of the events first above referenced.

7. Lessor, upon serving Lessee with notice of any default, shall simultaneously serve a copy thereof upon Lender, and notice shall not be deemed to have been served upon Lessee unless Lessor shall simultaneously serve a copy of such notice upon Lender. Upon receipt of written notice of any default of Lessee, Lender shall have sixty (60) days after service of such

Page 3 of 7

  
LESSOR

  
BORROWER

  
LENDER



200909020101  
Skagit County Auditor

notice upon Lender to remedy or cause to be remedied the defaults complained of, and Lessor shall accept such performance as if the same had been done by Lessee. If the default is one that cannot reasonably be cured by Lender (such as insolvency, bankruptcy or other judicial proceedings against Lessee, or the failure to maintain continuous business operations), then Lessor will not terminate the Ground Lease so long as Lessor receives all sums due under the Ground Lease for the period during which Lender is in possession of the Leasehold Property, or so long as Lender reassigns the Ground Lease to a new lessee reasonably satisfactory to the Lessor.

8. Notwithstanding the terms of paragraph 29 entitled Assignment and Sublease of the Ground Lease, Lender shall have the right to assign its interest in the New Ground Lease to a third party. Lessor shall have the right to approve any proposed assignment of the New Ground Lease, but such approval shall be based on the Lessor's reasonable application of a due diligence review of the proposed assignee's financial ability to meet the terms of the Lease. Assignment shall be made only to a proposed assignee whose utilization of the premises is consistent with the terms of the Lease.

9. In the event that Lender forecloses its deed of trust or other security interest on Borrower's interest in the Unit, Lessor agrees that Lender may use the Unit for a purpose not inconsistent with the use described in paragraph 3 entitled "Business Purpose/Base Line Activity" of the Ground Lease.

10. Lender shall not be liable under the Ground Lease following the assignment or other disposition of the Unit or Leasehold Property for any liability or obligation that accrues after assignment. However, if Lender is the financing institution of the new assignee, Lender shall have the same rights with respect to the assignee, the Lessor and the Leasehold Property as set forth herein.

11. Lender may be named as its interest shall appear on any standard mortgage endorsement on any and all insurance covering the Leasehold Property, the improvements, or any part thereof.

12. Lessor has no knowledge or notice of the existence of hazardous wastes or hazardous products located on the Leasehold Property, and no state or federal agency has notified Lessor that any type of hazardous waste cleanup is required or necessary with respect to the Leasehold Property. Lessor has conducted no environmental review of the Property.

13. The Leasehold Property is properly zoned for the use intended by the Lessee. Lessor has no pending plans or proposals to condemn the Leasehold Property or any part thereof, and Lessor has not engaged in any legal action, lawsuits or other proceedings that may result in the condemnation of the Leasehold Property.

  
LESSOR

  
BORROWER

  
LENDER



200909020101  
Skagit County Auditor

14. All notices required by this GROUND LESSOR ESTOPPEL CERTIFICATE AND CONSENT shall be in writing at the addresses of the parties appearing in the signature blocks below and shall be deemed received three (3) working days after deposited in the United States Mail to such addresses or any subsequent address of which a party provides written notice to the other party.

15. The statements, promises and agreements herein made shall be binding upon Lessor and Lender and their successors and assigns, and shall insure to the benefit of Lessor and Lender and their successors and assigns.

16. This agreement shall be governed by and construed in accordance with the laws of the state of Washington. Lender and Lessor represent and warrant to each other that their respective undersigned agents have full power and authority to execute this agreement on each party's behalf. Neither party shall be deemed to have waived any rights hereunder unless such waiver is in writing and signed by such party. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right. A waiver by a party of a provision of this agreement shall not constitute a waiver of or prejudice that party's right otherwise to demand strict compliance with that provision or any other provision.

**LESSOR AND BORROWER EACH ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH CONSENTS AND AGREES TO ITS TERMS.**

**IN WITNESS WHEREOF**, this certificate has been duly executed and delivered as of the 27<sup>th</sup> day of May, 2009.

**LESSOR:**

PORT OF SKAGIT COUNTY

By: 

Patricia H. Botsford Martin

Its: Executive Director

15400 Airport Drive

Burlington, Washington 98233

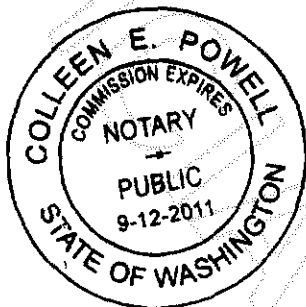
 LESSOR       BORROWER       LENDER



200909020101  
Skagit County Auditor

STATE OF WASHINGTON )  
 ) SS  
COUNTY OF SKAGIT )

On this 28<sup>th</sup> day of May, 2009, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Patricia H. Botsford Martin to me known to be the Executive Director of the Port of Skagit County, a municipal corporation that executed the foregoing instrument, and acknowledged the 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 is duly authorized to execute the said instrument. WITNESS my hand and official seal hereto affixed the day and year first above written.



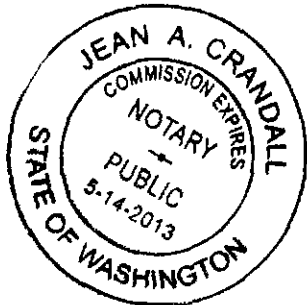
Colleen E. Powell  
(signature)  
Colleen E. Powell  
(printed name)  
NOTARY PUBLIC in and for the State of  
Washington, residing at: Anacortes  
My appointment expires: 9-12-2011

**BORROWER:**

By: [Signature]  
Ed Watson  
Address: 18482 Peregine Ln  
mt Jew-Isle 99274

STATE OF WASHINGTON )  
 ) SS  
COUNTY OF SKAGIT )

On this 27<sup>th</sup> day of May, 2009, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Ed Watson to me known to be the individual who executed the foregoing instrument, and acknowledged the said instrument to be his/her free and voluntary act, for the uses and purposes therein mentioned, and on oath stated that he/she is duly authorized to execute the said instrument. WITNESS my hand and official seal hereto affixed the day and year first above written.



Jean A. Crandall  
(signature)  
JEAN A CRANDALL  
(printed name)  
NOTARY PUBLIC in and for the State of  
Washington, residing at: 17th Vernon  
My appointment expires: 5-14-2013

Allen      [Signature]      [Signature]  
LESSOR      BORROWER      LENDER



