

ISLAND TITLE COMPANY
SB-8558✓

Recording requested by and
when recorded return to:

Sara A. Magovern, Esq.
Milbank, Tweed, Hadley & McCloy
1 Chase Manhattan Plaza
New York, New York 10005

ASSIGNMENT OF MANAGEMENT AGREEMENT
AND AGREEMENTS AFFECTING REAL ESTATE

Dated as of February 27, 1996

by

FIRST HORIZON GROUP LIMITED PARTNERSHIP
as Assignor

to

NOMURA ASSET CAPITAL CORPORATION
as Assignee

Property: Pacific Edge Outlet Center, Burlington, Washington

ASSIGNMENT OF MANAGEMENT AGREEMENT
AND AGREEMENTS AFFECTING REAL ESTATE

THIS ASSIGNMENT OF MANAGEMENT AGREEMENT AND AGREEMENTS AFFECTING REAL ESTATE (this "Assignment") is made as of this 27th day of February, 1996, by FIRST HORIZON GROUP LIMITED PARTNERSHIP, a Delaware limited partnership, having an address at 5000 Hakes Drive, Muskegon, Michigan 49441 ("Assignor"), in favor of NOMURA ASSET CAPITAL CORPORATION, a Delaware corporation having an address at 2 World Financial Center, Building B, New York, New York 10281-1198 ("Assignee").

R E C I T A L S

WHEREAS, Assignor is the owner of the fee simple interest in the improved real property described on Exhibit A attached hereto (the "Facility");

WHEREAS, Assignor, as borrower, and Assignee, as lender, are parties to a Loan Agreement dated as of February 27, 1996 (said Loan Agreement, as modified and supplemented and in effect from time to time, the "Loan Agreement"), which Loan Agreement provides for a loan (the "Loan") to be made by Assignee to Assignor in the principal amount of \$65,000,000. The Loan is to be evidenced by, and repayable with interest thereon in accordance with, a promissory note executed and delivered by Assignor to the order of Assignee in the original principal amount of \$65,000,000 (as modified and supplemented and in effect from time to time, the "Note"). Unless otherwise defined herein, all capitalized terms shall have the meanings set forth in the Loan Agreement;

WHEREAS, Assignor has executed and delivered a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof by Assignor, as grantor to Chicago Title Insurance Company, as trustee, for the benefit of Assignee, as beneficiary (in its original form and as hereafter amended, the "Mortgage"), establishing a first priority lien on the Facility to secure the payment and performance of the Note. The Mortgage will be recorded in the County in which the Facility is located prior to the recordation of this Assignment; and

WHEREAS, Assignor intends by the execution and delivery of this Assignment to further secure the payment and performance of the Loan Obligations (as defined in the Mortgage).

NOW, THEREFORE, in consideration of the Loan and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto covenant and agree as follows:

1. Definition of Additional Collateral. The items which shall be the subject of this Assignment and which are sometimes collectively referred to herein as "Additional Collateral" are as follows:

1.1. the Management Agreement applicable to the Facility;

1.2. the Permits material to the use and operation of the Facility, except such material Permits listed on Schedule 1 attached hereto which are not assignable by Assignor, and all other Permits applicable to the Facility, to the extent assignable by Assignor;

1.3. all Agreements (hereinafter defined) material to the use, operation and maintenance of the Facility, except for such material Agreements listed on Schedule 1 attached hereto which are not assignable by Assignor, and, to the extent assignable by Assignor, all other contracts, subcontracts, agreements, service and supply agreements, parking agreements or contracts, management contracts and purchase orders which have heretofore been or will hereafter be executed by or on behalf of Assignor or by the manager (the "Manager") as agent on behalf of Assignor under the Management Agreement, or which have been or will hereafter be assigned to Assignor or the Manager as agent of Assignor under the Management Agreement, in connection with the construction, use, operation and maintenance of the Facility (collectively, the "Agreements"; the parties with whom such Agreements have been entered into, or may hereafter be entered into, are hereinafter collectively referred to as the "Contractors");

1.4. to the extent assignable, all warranties, guarantees, and other rights of Assignor or the Manager as agent of Assignor under the Management Agreement, direct and indirect, against manufacturers, dealers, suppliers, the Contractors, and others in connection with the work done or to be done and the materials supplied or to be supplied for the Facility (collectively, the "Warranties"); and

1.5. together with, all rights of Assignor to receive monies due and to become due under or pursuant to the Management Agreement, and all rights of Assignor and the Manager as agent of Assignor under the Management Agreement to receive monies due and to become due under or pursuant to the Agreements, the Warranties or the applicable Permits, (ii) all claims of Assignor for damages arising out of or for breach of or default under the Management Agreement, and all claims of Assignor and the Manager as agent of Assignor under the Management Agreement for damages arising out of or for breach of or default under the Agreements, the Warranties or the applicable Permits, (iii) all rights of Assignor to terminate, amend, supplement, modify or waive performance under the Management Agreement, and all rights of Assignor and the Manager as agent of Assignor under the

Management Agreement to terminate, amend, supplement, modify or waive performance under the Agreements, the Warranties or the applicable Permits, to compel performance and otherwise to exercise all remedies thereunder, and (iv) to the extent not included in the foregoing, all cash and non-cash proceeds, products, rents, revenues, issues, profits, royalties, income, benefits, additions, substitutions, replacements and accessions of and to any and all of the foregoing.

2. Assignment. Except for the material Permits and Agreements listed on Schedule 1 hereto which are not assignable by their terms or by law, Assignor hereby assigns, transfers and sets over unto Assignee and grants to Assignee a security interest in all of Assignor's right, title and interest, whether now owned or hereafter acquired, in, to and under the Additional Collateral and all rights and benefits therefrom, as security for the full, timely and faithful repayment and performance by Assignor of the Loan Obligations and performance of all of Assignor's obligations hereunder and under the Loan Agreement and the other Loan Documents.

3. Absolute Assignment; Notice of Default; Power of Attorney. Notwithstanding anything herein to the contrary, but subject to the remaining terms of this Section 3, this Assignment is intended to be an absolute assignment from Assignor to Assignee and not merely the passing of a security interest. Until the occurrence of an Event of Default under any of the Loan Documents, subject to the requirements of the Loan Agreement, Assignor may retain, use and enjoy the benefits of the Additional Collateral. Upon the occurrence of an Event of Default under any of the Loan Documents and until such Event of Default is cured, the license described in the preceding sentence shall, upon Assignee's election, be automatically revoked, and Assignee may elect to exercise any and all of Assignee's rights and remedies hereunder. Assignor hereby irrevocably constitutes and appoints Assignee (and any of its officers) as its true and lawful agent and attorney-in-fact (with full powers of substitution), (i) during the continuance of an Event of Default, to demand, receive and enforce Assignor's rights with respect to the Additional Collateral, to give appropriate receipts, releases, and satisfactions for and on behalf of Assignor and to do any and all acts in the name, place, and stead of Assignor or in the name of Assignee with the same force and effect as Assignor could do if this Assignment had not been made or (ii) to terminate the Management Agreement and enter into a new Management Agreement as provided in Section 5.1(P) of the Loan Agreement in the name, place and stead of Assignor or in the name of Assignee with the same force and effect as Assignor could do if this Assignment had not been made. The power-of-attorney granted herein is deemed to be a power coupled with an interest and shall not terminate until the expiration or termination of this Assignment.

4. Remedies.

4.1. Upon the occurrence of an Event of Default, Assignee may elect to exercise any and all of Assignor's rights and remedies to, upon and under the Additional Collateral, without any interference or objection from Assignor, and Assignor shall cooperate in causing the Manager, the Contractors, the Governmental Authorities and other Persons to comply with all the terms and conditions of the Management Agreement, the Permits and the Agreements.

4.2. Upon the occurrence of an Event of Default, if and to the extent permitted by law and the terms of the Additional Collateral, Assignee may, with or without entry upon the Facility, at its option, take over and enjoy the benefits of the Additional Collateral, exercise Assignor's rights under the Additional Collateral, and perform all acts in the same manner and to the same extent as Assignor might do. Assignee may also effect new Permits, Agreements and Warranties, cancel or surrender existing Permits, Agreements and Warranties, alter or amend the terms of and renew existing Agreements and Permits, and make concessions to the Governmental Authorities, the Contractors, warrantors and others. To the extent permitted by law, Assignor hereby releases any and all claims which it has or might have against Assignee arising out of any such actions by Assignee unless arising from Assignee's fraud, bad faith, gross negligence or willful misconduct.

5. Faithful Performance. Assignor covenants and agrees that Assignor will (a) fulfill and perform each and every term, covenant and provision of the Additional Collateral to be fulfilled or performed by Assignor, except where such failure to fulfill and perform would not result in a Material Adverse Effect, (b) give prompt notice to Assignee of any notice of default or termination received by Assignor under the terms of the Additional Collateral where the underlying default or termination might have a Material Adverse Effect, together with a complete copy of any such notice, (c) not materially modify or terminate any of the Additional Collateral without the prior written consent of Assignee, except where such modification or termination would not result in a Material Adverse Effect, (d) not, without the prior written consent of Assignee, sell, assign, transfer, mortgage or pledge any Additional Collateral or any such right or interest under any Additional Collateral, and (e) exercise all reasonable efforts to enforce or secure the performance of each and every obligation, covenant, condition and agreement to be performed by the Manager, the Contractors and any franchisor, licensor, grantor or other contracting party under the Additional Collateral.

6. No Assumption by Assignee. Except as otherwise expressly set forth in the Manager's Subordination which relates to the Management Agreement, Assignee will not be deemed in any manner to have assumed any liabilities or obligations relating to

any of the Additional Collateral, nor shall Assignee be liable to the Governmental Authorities, the Manager, the Contractors or others by reason of any default by any party under the Management Agreement, the Permits and the Agreements until such time as Assignee exercises its rights hereunder with respect to said Additional Collateral.

7. Liberal Construction; Advances by Assignee. All of the foregoing powers herein granted to Assignee shall be liberally construed. Assignee need not expend its own funds in the exercise of such powers, but if it does, such amounts, together with reasonable attorneys' fees, shall be considered as advances for and on behalf of Assignor, secured by this Assignment and also evidenced and secured by the other Loan Documents. Any amounts so advanced shall be paid by Assignor within ten days after demand therefor and shall bear interest at the Default Rate from the date of such demand to the date of repayment in full.

8. Copies Furnished. Assignor shall, upon request of Assignee, furnish Assignee with a complete list of all Additional Collateral. Further, if requested, and to the extent in Assignor's possession or control, Assignor shall deliver to Assignee executed or certified copies of the Management Agreement and all Permits, Agreements, and Warranties and other written agreements constituting the Additional Collateral between Assignor (and its predecessors in title) and the Manager, the Contractors, the Governmental Authorities, and others setting forth the contractual and other arrangements between them. Such requests may be made at any reasonable time. Quarterly requests, or more frequent requests if made after the occurrence of an Event of Default, shall be deemed reasonable.

9. No Waiver; Mortgagee in Possession; Joint Venture. Nothing herein contained shall be construed as making Assignee a mortgagee in possession, or as constituting a waiver or suspension by Assignee of its right to enforce payment of the Indebtedness under the terms of the Loan Agreement and other Loan Documents. Assignee is not the agent, partner or joint venturer of either the Assignor or of the Manager, the Contractors or the Governmental Authorities.

10. Assignee's Option to Enforce. To the extent permitted by law, this Assignment may be enforced from time to time by Assignee in its discretion, with or without order of any court and with or without appointment of a receiver, as Assignee shall determine. Assignee may also at any time cease to enforce this Assignment. Any failure on the part of Assignee promptly to exercise any option hereby given or reserved shall not prevent the exercise of any such option at any time thereafter. Assignee may pursue and enforce any remedy or remedies accorded it herein independently of, in conjunction or concurrently with, or subsequent to its pursuit and enforcement of any remedy or remedies which it may have under any of the Loan Documents.

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

11.1. It has the right, power and authority to execute and deliver this Assignment, subject to limitations of law and of the Additional Collateral itself.

11.2. It has made no prior assignment of the Additional Collateral which remains effective as of the date hereof.

11.3. Except in each case for matters which would not have a Material Adverse Effect, (a) all Additional Collateral which exists on the date hereof is in full force and effect on the date hereof, subject to no appeal, claims, litigation, defenses, setoffs or counterclaims whatsoever, and (b) all fees required for the full effectiveness of each existing Permit have been paid in full.

11.4. To the best of Assignor's knowledge, there exists no event, condition or occurrence which constitutes, or which with notice or the passage of time would constitute, a breach of or default under any term or condition of any of the Additional Collateral which might have a Material Adverse Effect. Assignor hereby covenants and agrees not to do any act which would destroy or impair the Liens granted to Assignee in this Assignment.

11.5. No authorizations, consents, approvals, licenses, permits, filings or registrations with any Governmental Authority are necessary for the execution, delivery or performance by Assignor of this Assignment or for the validity or enforceability thereof, except as provided by applicable law or by the terms of any Additional Collateral assigned hereby.

12. Security Agreement.

(a) This Assignment shall also constitute a security agreement as that term is used in the Uniform Commercial Code in effect from time to time in Washington (the "U.C.C.") and Assignor hereby grants Assignee a security interest in the Additional Collateral. Assignee shall have, in addition to all other rights and remedies provided herein or in any other Loan Document, in law, at equity or otherwise, all rights and remedies of a secured party under the U.C.C. (subject, in all cases, to the terms of Section 22). Following an Event of Default, Assignee shall give Assignor ten days' written notice of the time and place of any public sale of any Additional Collateral or the time after which any private sale or any other intended disposition is to be made. After deducting all expenses incurred in connection with the enforcement of its rights hereunder, Assignee shall cause the proceeds of the Additional Collateral to be applied to the payment of the Loan Obligations in such order as Assignee may determine (subject, however, to the terms of the

Loan Agreement), and Assignor, subject to Section 22 and the terms of the other Loan Documents, shall remain liable for any deficiency.

(b) Prior to or concurrently with the execution and delivery of this Assignment, Assignor shall file such financing statements and other documents in such offices as Assignee may request to perfect the security interests granted by this Assignment.

13. Intentionally Deleted.

14. Reinstatement. This Assignment and the security interest created hereunder shall automatically be reinstated if and to the extent that for any reason any payment by or on behalf of Assignor in respect of the Loan Obligations is rescinded or must otherwise be restored by any holder of the Loan Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and, subject to Section 22, Assignor shall indemnify Assignee on demand for all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Assignee in connection with such rescission or restoration.

15. Termination of Assignment. When the Mortgage has been fully reconveyed or released by Assignee, that reconveyance or release shall operate as a release and discharge of this Assignment and as a reassignment of all Additional Collateral with respect to the Facility to the Person or Persons legally entitled thereto, unless such reconveyance or release expressly provides to the contrary, and Assignee shall execute documentation evidencing the release and discharge of this Assignment as reasonably requested by Assignor.

16. Construction. When the content so requires, the singular shall include the plural and conversely, and use of any gender shall include all genders.

17. Notices. All notices, demands, consents, requests or other communications that are permitted or required to be given by any party to the other hereunder shall be in writing and given in the manner specified in Section 8.6 of the Loan Agreement.

18. Headings. The headings preceding the text of the paragraphs of this Assignment are inserted only for convenience of reference and shall not constitute a part of this Assignment, nor shall they in any way affect its meaning, construction or effect.

19. Severability. If any term or provision of this Assignment or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Assignment, or the application of such term or

provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall be affected thereby, and each term and provision of this Assignment shall be valid and enforceable to the maximum extent permitted by law.

20. Exhibits. The information set forth on the cover, heading and recitals hereof, and the Exhibit and Schedule attached hereto, are hereby incorporated herein as a part of this Assignment with the same effect as if set forth in the body hereof.

21. Cross Collateralization. Without limitation to any other right or remedy provided to Assignee in this Assignment or any of the other Loan Documents, Assignor acknowledges and agrees that upon the occurrence of an Event of Default and to the extent permitted by applicable law, (a) Assignee shall have the right to pursue all of its rights and remedies in one proceeding, or separately and independently in separate proceedings which it, as Assignee, in its sole and absolute discretion, shall determine from time to time, (b) Assignee is not required to either marshal assets, sell Mortgaged Property in any inverse order of alienation, or be subjected to any "one action" or "election of remedies" law or rule, (c) the exercise by Assignee of any remedies against any Facility will not impede Assignee from subsequently or simultaneously exercising remedies against any other Facility, and (d) all Liens and other rights, remedies and privileges provided to Assignee in the Loan Documents or otherwise shall remain in full force and effect until Assignee has exhausted all of its remedies against the Mortgaged Property and all Mortgaged Property has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Loan.

22. Exculpation. Notwithstanding anything herein or in any other Loan Document to the contrary, except as otherwise set forth in this Section 22 to the contrary, neither Assignor, HGO, HGI, any Affiliate of Assignor, HGO or HGI nor any other Person shall have any personal liability under this Assignment or any of the other Loan Documents. Without limiting the generality of the foregoing, and notwithstanding anything herein or in any other Loan Document to the contrary, except as otherwise set forth in this Section 22 to the contrary, Assignee shall not enforce the liability and obligation of Assignor to perform and observe the obligations contained in this Assignment, the Note, the Loan Agreement or any of the other Loan Documents executed and delivered by Assignor by any action or proceeding wherein a money judgment shall be sought against Assignor or its partners, except that Assignee may bring a foreclosure action, action for specific performance or other appropriate action or proceeding (including, without limitation, to obtain a deficiency judgment) solely for the purpose of enabling Assignee to realize upon (i) Assignor's interest in the Mortgaged Property, (ii) the Rents and Accounts arising from the Individual Properties to the extent received by Assignor or a Manager after the occurrence of an Event of Default and not deposited in the Property Collection

Account pursuant to Section 2.12(a) of the Loan Agreement (all such Rents and Accounts, the "Recourse Distributions") and (iii) any other collateral given to Assignee under the Loan Documents ((i), (ii) and (iii), collectively, the "Default Collateral"); provided, however, that any judgment in any such action or proceeding shall be enforceable against Assignor only to the extent of any such Default Collateral. The provisions of this Section 22 shall not, however, (a) impair the validity of the Indebtedness evidenced by the Note or in any way affect or impair the Liens of this Assignment or any of the other Loan Documents or the right of Assignee to foreclose the Mortgages following an Event of Default; (b) impair the right of Assignee to name Assignor as a party defendant in any action or suit for judicial foreclosure and sale under the Mortgages; (c) affect the validity or enforceability of the Note, this Assignment or the other Loan Documents; (d) impair the right of Assignee to obtain the appointment of a receiver; (e) impair the enforcement of this Assignment, the other Assignments of Agreements, the Assignments of Leases, the Pledge and Security Agreement or the Manager's Subordinations (subject to the nonrecourse provisions thereof); (f) impair the right of Assignee to bring suit for actual damages, losses and costs resulting from fraud or intentional misrepresentation by Assignor or any of its Affiliates (including HGI, HGO and Realty) in connection with this Assignment, the Note, the Mortgages, the Loan Agreement or the other Loan Documents; (g) impair the right of Assignee to obtain the Recourse Distributions received by Assignor, including, without limitation, the right to proceed against Assignor's partners to the extent any such Recourse Distributions have actually theretofore been distributed to Assignor's partners; (h) impair the right of Assignee to bring suit with respect to Assignor's misappropriation of security deposits or Rents collected more than one month in advance in violation of the terms of this Assignment or the other Loan Documents; (i) impair the right of Assignee to obtain Insurance Proceeds or Condemnation Proceeds due to Assignee pursuant to the Mortgages; (j) impair the right of Assignee to enforce the provisions of Section 4.1(P) or 5.1(D)-(I) of the Loan Agreement even after repayment in full of the Indebtedness; (k) prevent or in any way hinder Assignee from exercising, or constitute a defense, or counterclaim, or other basis for relief in respect of the exercise of, any other remedy against any or all of the collateral as provided in the Loan Documents; (l) impair the right of Assignee to bring suit with respect to any misapplication of any funds in violation of the terms of this Assignment or the other Loan Documents; or (m) impair the right of Assignee to sue for, seek or demand a deficiency judgment against Assignor solely for the purpose of foreclosing the Mortgaged Property or any part thereof, or realizing upon the Default Collateral; provided, however, that any such deficiency judgment referred to in this clause (m) shall be enforceable against Assignor only to the extent of any of the Default Collateral. The provisions of this Section 22 shall be inapplicable to Assignor if any petition for bankruptcy, reorganization or arrangement pursuant to federal or state law

shall be filed by Assignor (or by HGI, HGO, Realty or another Affiliate of Assignor with respect to Assignor), or if Assignor shall institute any proceeding for the dissolution or liquidation of Assignor, or if Assignor shall make an assignment for the benefit of creditors, in which event Assignee shall have recourse against all of the assets of Assignor and the interests in Assignor owned by, and the Recourse Distributions received by, Assignor's partners (but excluding the other assets of Assignor's partners to the extent Assignee would not have had recourse against such assets other than in accordance with the provisions of this Section 22). Notwithstanding the foregoing, in the event an Individual Property is released from the lien created by the Related Mortgage, Assignor shall be released in all respects from any further liability with respect to the Loan other than any further indemnity liability for certain kinds of environmental matters arising under Section 4.1(P) or 5.1(D)-(I) of the Loan Agreement as the same applies to such Individual Property.

23. Miscellaneous. This Assignment (a) shall be governed by and construed according to the laws of the State of Washington, (b) shall be binding upon Assignor, its successors and assigns, including any subsequent owner of the Facility, and shall inure to the benefit of Assignee, its successors and assigns, and (c) may not be amended except by a written agreement executed by the parties hereto.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed the day and year first above mentioned.

ASSIGNOR

FIRST HORIZON GROUP LIMITED
PARTNERSHIP, a Delaware
limited partnership

By: First HGI, Inc., a Delaware
corporation, its General
Partner

By: 
Robert E. Stout
Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

THIS IS TO CERTIFY that on this 27th day of February, 1996 before me, a Notary Public in and for the State of New York, duly commissioned and sworn, came Robert L. Stout, Vice President of First HGI, Inc., a Delaware corporation, personally known or having presented satisfactory evidence to be the general partner in First Horizon Group Limited Partnership, a Delaware limited partnership, the limited partnership that executed the foregoing instrument, and acknowledged the said limited partnership for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS MY HAND and official seal the day and year in this certificate first above written.

Isabella M. Squicciarini
Print Name: Isabella M. Squicciarini
Notary Public in and for the
State of New York, residing
at Suffolk County
Expiration Date: 9/28/97

ISABELLA M. SQUICCIARINI
Notary Public, State of New York
No 01SQ5050004
Qualified in Suffolk County
Certificate Filed in Suffolk County
Commission Expires Sept. 25, 1997

EXHIBIT " A " LEGAL DESCRIPTION

WASHINGTON

PARCEL A:

Lots 1, 2, and 3, CITY OF BURLINGTON SHORT PLAT NO. 1-92 as approved July 18, 1989, and recorded July 27, 1992, in Volume 10 of Short Plats, page 105, under Auditor's File No. 9207270058, records of Skagit County, Washington; being a portion of the Northeast Quarter of the Northeast Quarter of Section 7, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL B:

Parcel B, CITY OF BURLINGTON SHORT PLAT NO. B-1-92 as approved June 2, 1992, and recorded June 11, 1992, in Volume 10 of Short Plats, pages 88 and 89, under Auditor's File No. 9206110001, records of Skagit County, Washington; being a portion of the Northeast Quarter of the Northeast Quarter of Section 7, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL C:

Parcel A, CITY OF BURLINGTON SHORT PLAT NO. B-1-92 as approved June 2, 1992, and recorded June 11, 1992, in Volume 10 of Short Plats, pages 88 and 89, under Auditor's File No. 9206110001, records of Skagit County, Washington; being a portion of the Northeast Quarter of the Northeast Quarter of Section 7, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL D:

An easement for drainage, as acquired by document recorded under Auditor's File No. 8811230046, records of Skagit County, Washington, over and across the following described property:

The West 20 feet of Lot 3, CITY OF BURLINGTON SHORT PLAT NO. 37-76 as approved August 2, 1976, and recorded August 5, 1976, in Volume 1 of Short Plats, page 156, under Auditor's File No. 840316, records of Skagit County, Washington; being a portion of the Southeast Quarter of the Southeast Quarter of Section 6, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL E:

An easement acquired by instruments recorded November 23, 1988, under Auditor's File No. 8811230048, records of Skagit County, Washington, for ingress, egress, and utilities, over, under, and across a 36.00-foot strip of land lying 18.00 feet each side of the following described centerline:

Commencing at the Northeast corner of Section 7, Township 34 North, Range 4 East of the Willamette Meridian;
thence South $01^{\circ}34'38''$ East, along the East line of said Section 7 a distance of 13.73 feet;
thence South $86^{\circ}59'04''$ West, 40.01 feet to the true point of beginning;
thence continuing South $86^{\circ}59'04''$ West, 56.99 feet to the beginning of a curve to the left having a radius of 170.00 feet;
thence Southwesterly along said curve through a central angle of $66^{\circ}32'00''$, an arc distance of 197.41 feet;
thence South $20^{\circ}27'04''$ West, 124.00 feet to the beginning of a curve to the right, having a radius of 273.00 feet;
thence Southwesterly along said curve through a central angle of $71^{\circ}07'06''$, an arc distance of 338.86 feet;
thence North $88^{\circ}25'50''$ West, 150.00 feet to terminus point of said centerline. (Said easement being appurtenant to Parcels B and C).

PARCEL F:

An easement for ingress, egress, and utilities over, under, and across that area delineated as "Access and Utility Easement" on the Easterly portion of Parcel B of City of Burlington Short Plat No. B-1-92 as approved June 2, 1992, and recorded June 11, 1992, in Volume 10 of Short Plats, pages 88 and 89, under Auditor's File No. 9206110001, records of Skagit County, Washington. (Said easement is appurtenant to Parcel C).

ALL situated in Skagit County, Washington.

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Schedule 1

Material Permits and Material Agreements Which
By Their Terms Or By Law Are Not Assignable

NONE