

UNRECORDED

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Skagit County Auditor
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After recording return to:

Cornerstone Realty Advisors, Inc.
10 N Post St Suite 325
Spokane WA 99201

FIRST AMERICAN TITLE CO.

ASSIGNMENT OF LESSOR'S INTEREST IN LEASE 65264E-2

THIS ASSIGNMENT, made this 31st day of May 2001, by DANE A. ARMSTRONG and JACQUELINE J. ARMSTRONG, husband and wife, as to an undivided 50% interest, and JOHN W. RICKETT and NANCY J. RICKETT, husband and wife as to an undivided 50% interest, herein called the "Assignor" to PACIFIC SECURITY FINANCIAL, INC., a Washington corporation, herein called the "Assignee";

WITNESSETH:

FOR VALUE RECEIVED, the Assignor hereby grants, transfers and assigns to the Assignee, its successors and assigns all of the right, title and interest of the Assignor in and to all leases and tenancies covering any portion or portions of improvements constructed on the following described real property situate in the County of Skagit, State of Washington:

Abbreviated Legal description as follows: Section 17, Township 34, Range 4; Ptn. SW-SW

Complete legal description is on Exhibit A of document:

Assessor's Property Tax Parcel/Account Number(s): 340417-3-013-0102 and 340417-3-012-0203

The Real Property or its address is commonly known as 1022 Riverside Drive, Mt Vernon, WA

together with any extensions if any thereof and any guarantees of the Lessee's obligations under any thereof (said leases, together with all such guarantees, modifications and extensions, being hereinafter referred to as "The Lease").

For the purpose of securing payment of all sums now or at any time hereafter due the Assignee and secured by a certain Mortgage or Deed of Trust made by the Assignor to the Assignee of even date herewith and recorded or to be recorded at or prior to the recording of this Assignment, or by any other Mortgage or Deed of Trust hereafter affecting the premises (each of which shall be

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referred to herein as a "Mortgage"); and performance and discharge of each obligation, covenant and agreement of the Assignor contained herein or in the Mortgage or any note secured thereby.

THE ASSIGNEE AGREES THAT:

1. So long as there shall exist no default by the Assignor in the payment of any indebtedness secured hereby or in the performance of any obligation of the Assignor herein or in the Mortgage or any other instrument securing said indebtedness, the Assignor shall have the right to collect, but not more than 30 days prior to accrual, all rents, issues and profits from the premises and to retain, use and enjoy the same.

2. Upon the payment in full of all indebtedness secured hereby, as evidenced by the recording or filing of an instrument of satisfaction or full release of the Mortgage without the recording of another Mortgage in favor of the Assignee affecting the premises, this Assignment shall become and be void and of no effect.

THE ASSIGNOR AGREES WITH RESPECT TO EACH LEASE THAT:

1. The Assignor will: fulfill or perform each and every condition and covenant of the Lease to be fulfilled or performed by Lessor; give prompt notice to the Assignee of any notice of default by the Assignor under the Lease received by the Assignor together with a complete copy of any such notice; at the sole cost and expense of the Assignor, enforce, short of termination of the Lease, the performance or observance of each and every covenant and condition of the Lease by the Lessee to be performed or observed; not modify nor in any way alter the terms of the Lease; not terminate the term of the Lease nor accept a surrender thereof unless required to do so by the terms of the Lease; not anticipate the rents thereunder for more than 30 days prior to accrual; and not waive nor release the Lessee from any obligation or conditions to be performed by the Lessee.

2. The rights assigned hereunder include all the Assignor's right and power to modify the Lease or to terminate the term or to accept a surrender thereof or to waive, or release the Lessee from, the performance or observance by the Lessee of any obligation or condition thereof or to anticipate rents thereunder for more than 30 days prior to accrual.

3. At the Assignor's sole cost and expense, the Assignor will appear in and defend any action growing out of or in any manner connected with the Lease or the obligations or liabilities of the Lessor, Lessee or any guarantor thereunder.

4. Should the Assignor fail to make any payment or to do any act as herein provided, then the Assignee, but without obligation to do so, without notice to or demand on the Assignor and without releasing the Assignor from any obligation herein, may make or do the same including specifically, without limiting its general powers, appearing in and defending any action purporting to affect the security hereof or the rights or powers of the Assignee and performing any act in



of the Lessor in the Lease contained, and in exercising any such powers paying necessary costs and expenses, employing counsel and incurring and paying reasonable attorneys' fees; and the Assignor will pay immediately upon demand all sums expended by the Assignee under the authority hereof, together with interest thereon at 18% per annum, and the same shall be added to said indebtedness and shall be secured hereby and by the Mortgage.

5. The whole of said indebtedness shall become due a) upon the election by the Assignee to accelerate the maturity of the indebtedness pursuant to the provisions of the note secured by the Mortgage, or of the Mortgage, or any other instrument which may be held by the Assignee as security for the indebtedness, or b) at the option of the Assignee, after any attempt by the Assignor to exercise any of the rights described in Paragraph 2, or after any default by the Assignor hereunder and the continuance of such default for ten days after notice and demand.

6. After any attempt by the Assignor to exercise any of the rights described in Paragraph 2 or after any default by the Assignor in the payment of said indebtedness or in the performance of any obligation of the Assignor herein or in the Mortgage or any other instrument securing said indebtedness, the Assignee, at its option, without notice, and without regard to the adequacy of security for the indebtedness hereby secured, either in person or by agent with or without bringing any action or proceeding, or by a receiver to be appointed by a court, may enter upon, take possession of, and operate the premises; make, enforce, modify and accept the surrender of the Lease; obtain and evict Lessee; fix or modify the rent and do any acts which the Assignee deems proper to protect the security hereof until all indebtedness secured hereby is paid in full, and either with or without taking possession of the premises, in its own name, sue for or otherwise collect and receive all rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorneys' fees, upon any indebtedness secured hereby in such order as the Assignee may determine. Any income received from the premises by the Assignee in excess of the amount necessary to meet all obligations of the Assignor secured hereby, including any accelerated indebtedness, and of the amount estimated by the Assignee to be necessary to meet such obligations for the subsequent six month period shall be paid over by the Assignee to the Assignor promptly after the expiration of each six month period following the date of such entry. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or waive, modify or affect any notice of default under the Mortgage or invalidate any act done pursuant to such notice.

7. The Assignor, without the prior written consent of the Assignee, will not cause or permit the leasehold estate under the Lease to merge with the Assignor's reversionary interest.

8. a) The Assignor has not executed any prior assignment or any of its rights under the Lease; b) The Assignor has not done anything which might prevent the Assignee from or limit the Assignee in operating under any of the provisions hereof; c) The Assignor has not accepted rent under the Lease in advance of its due date; d) So far as the Assignor knows, there is no present default by the Lessee under the Lease; e) The Lease is in full force and effect.

9. The Assignee shall not be obligated to perform or discharge any obligation under the Lease, or under or by reason of this Assignment, and the Assignor hereby agrees to indemnify the Assignee against and hold it harmless from any and all liability, loss or damage which it may or might incur under the Lease or under or by reason of this Assignment and of and from any and all claims and demands what-so-ever which may be asserted against it by reason of any alleged



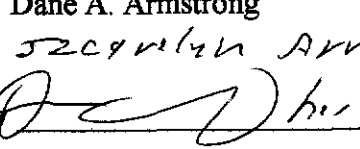
obligation or undertaking on its part to perform or discharge any of the terms of the Lease; should the Assignee incur any such liability, loss or damage under the Lease or under or by reason of this Assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees together with interest thereon at 18% per annum, shall be secured hereby and by the Mortgage, and the Assignor shall reimburse the Assignee therefor immediately upon demand.

10. This Assignment shall inure to the benefit of the successors and assigns of the Assignee and shall bind the Assignor's legal representatives, successors and assigns. Wherever used herein, the singular shall include the plural and the plural the singular.

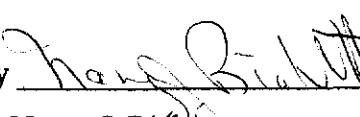
THE PARTIES AGREE that all notices, demand or documents which are required or permitted to be given or served hereunder shall be in writing and shall be deemed given when sent by registered or certified mail addressed to Assignor and Assignee.

IN WITNESS WHEREOF, the Assignor has hereunto set his hand the day and year first above written.

By 
Dane A. Armstrong


By 
Jacqueline J. Armstrong

By 
John W. Rickett

By 
Nancy J. Rickett

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

JUN 8 2001

Amount Paid \$ ϕ
Skagit County Treasurer
By:  Deputy



State of Montana)
 : SS
County of Gallatin)

On this 3th day of May 2001 , personally appeared before me John W. Rickett, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal on the day first above written.

Kathleen D. Guesche
Notary Public in the State of Montana
residing at W. Yellowstone
My Commission Expires: 11-27-02



State of Montana)
 : SS
County of Gallatin)



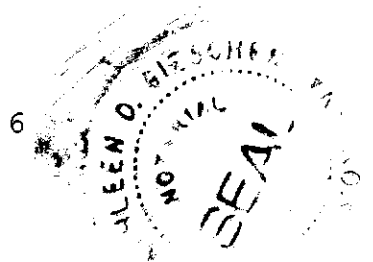
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, Skagit County Auditor

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On this 5th day of May 2001 , personally appeared before me Nancy J. Rickett, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal on the day first above written.

Kathleen D. Guesche
Notary Public in the State of Montana
residing at W. Yellowstone
My Commission Expires: 11-27-02



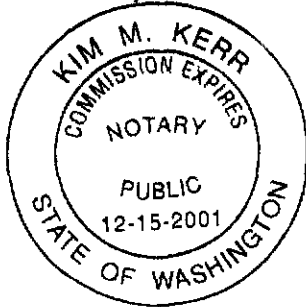
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STATE OF WASHINGTON, }
County of Skagit } ss.

ACKNOWLEDGMENT - Self & Attorney in Fact

On this 7th day of June 2001, before me personally appeared Dane A. Armstrong to me known to be the individual described in and who executed the foregoing instrument for him self and as Attorney in Fact for Jacqueline J. Armstrong and acknowledged that he signed and sealed the same as his free and voluntary act and deed for him self and also as his free and voluntary act and deed as Attorney in Fact for said principal for the uses and purposes therein mentioned, and on oath stated that the Power of Attorney authorizing the execution of this instrument has not been revoked and that the said principal is now living, and is not incompetent.

GIVEN under my hand and official seal the day and year last above written.



Kim M. Kerr
Notary Public in and for the State of Washington,
residing at mt vernon
My appointment expires 12/15/2001

This jurat is page _____ of _____ and is attached to _____ dated _____.



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DOCUMENT

EXHIBIT A

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Parcel "A":

That portion of the Southwest 1/4 of the Southwest 1/4 of Section 17, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point in the Southwest 1/4 of the Southwest 1/4 which is 541.8 feet North and 30 feet East of the corner common to Section 17, 18, 19 and 20 of said Township and Range; thence North 53 degrees 14' East 444.3 feet; thence South 43 degrees 11' East 128 feet, more or less, to a point 50 feet distant from and at right angles to the centerline of the abandoned Puget Sound and Cascade Railway Company right-of-way as formerly laid out over and across said Southwest 1/4 of the Southwest 1/4 of said Section 17, said point being the true point of beginning; thence from said true point of beginning run South 65 degrees 40' West, 490 feet, more or less, to a point on the East margin of Riverside Drive, formerly U.S. Highway 99; thence North along the East margin of Riverside Drive, 87.4 feet, more or less, to the Southeasterly line of the Great Northern Railway Company right-of-way; thence Northeasterly along the Southeasterly line of said Great Northern Railway Company right-of-way to the North line of said Southwest 1/4 of the Southwest 1/4; thence East along the North line of said Southwest 1/4 of the Southwest 1/4 to a point 392.70 feet West of the Northeast corner of said Southwest 1/4 of the Southwest 1/4; thence South parallel to the East line of said Southwest 1/4 of the Southwest 1/4, 400 feet; thence West at right angles, 125.0 feet; more or less, to the Southeasterly margin of the abandoned Puget Sound and Cascade Railway right-of-way; thence Southwesterly along the Southeasterly margin of said abandoned right-of-way, 375 feet, more or less, to a point that bears North 43 degrees 11' West from the true point of beginning; thence South 43 degrees 11' East, 12.6 feet, more or less, to the true point of beginning.

Parcel "B":

That portion of the Southwest 1/4 of the Southwest 1/4 of Section 17, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Northeast corner of said subdivision; thence South 0 degrees 03'58" West along the East line thereof, 88.51 feet; thence South 54 degrees 25'58" West, 483.17 feet; thence North 0 degrees 03'58" East parallel with the East line of said subdivision to the North line thereof; thence Easterly along the North line of said subdivision to the point of beginning, EXCEPT that portion, if any, lying within the boundaries of that certain tract conveyed to James A. Duffy and Sharon R. Duffy, husband and wife, by Deed recorded April 27, 1967 under Auditor's File No. 698155.



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, Skagit County Auditor