



200208140019

Skagit County Auditor

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AFTER RECORDING RETURN TO:

ROBERT LORENTSON
P. O. BOX 768
SNOHOMISH, WA 98291

**COLLATERAL ASSIGNMENT OF LEASE
AND LANDLORD CONSENT**

Landlord: F. RICHARD DION
Borrower: SKAGIT RESTAURANT MANAGEMENT, INC.
Lender: ALCAN INVESTMENTS, INC.
Premises: 1701 Freeway Dr., Mt. Vernon, WA. (Legal Description Attached)
Lease Date: August, 2002

BACKGROUND

A. Landlord has leased the Premises described above to Borrower under a written lease agreement dated as indicated above (the "Lease").

B. Borrower is herewith making two (2) promissory notes and incurring certain obligations under an Asset Purchase and Sale Agreement to Lender (collectively "Borrower's Obligations").

C. As additional security for Borrower's Obligations, the parties have agreed that Borrower shall assign the Lease to Lender, for security purposes, in accordance with the terms and conditions of this Agreement.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

COLLATERAL ASSIGNMENT OF LEASE
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AUG 14 2002

Amount Paid \$
By Skagit Co. Treasurer
Deputy

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. **Assignment.** Borrower hereby assigns to Lender all right, title and interest of Borrower under the above-described Lease, including the Lease as it is currently written, and any extensions, renewals, options or modifications thereof, and including any sub-leases or assignments thereof, subject to Borrower's right to use the Premises and enjoy the benefits of the Lease while not in Default. Default shall include any default under any of the above-described promissory notes or the Asset Purchase and Sale Agreement, after such notice period as may be applicable in any such document, or defaults under the Lease or under this Agreement. This lease assignment is for the purpose of securing performance by Borrower of Borrower's Obligations.

2. **Lease Modifications.** Tenant and Landlord agree not to alter, modify or terminate the terms of the Lease the Lease, without the prior written consent of Lender, which consent shall not be unreasonably withheld.

3. **Performance of Lease.** Borrower agrees to faithfully perform all obligations, covenants and conditions under the Lease, and also to use reasonable efforts to enforce performance by Landlord of its obligations under the Lease.

4. **Default.** After any Default, Lender shall be entitled to avail itself of Borrower's rights under the Lease, including obtaining possession of the Premises, and to all other rights and remedies available to it at law. Lender may take any action which it at any time deems necessary to cure any defaults by Borrower under the Lease, although Lender shall have no obligation to do so.

5. **Consent of Landlord.** Landlord consents to the above collateral assignment. If the Borrower defaults under the Lease, Lender may reassign the Lease and Landlord agrees that Landlord's consent to such reassignment shall not be unreasonably withheld or delayed. So long as Lender has not entered the Premises for the purpose of operating a business, Lender will have no liability under the Lease, including, without limitation, liability for rent. Whether or not Lender enters into possession of the Premises for any purpose, Borrower will remain fully liable for all obligations of Borrower as the tenant under the Lease. While Lender is in possession of the Premises, Lender will cause all payments due under the Lease and attributable to that period of time to be made to Landlord. If Lender later reassigns the Lease or vacates the Premises, it will have no further obligation to Landlord.

6. **Lease Defaults.** Borrower and Landlord agree that to the best of their knowledge there is no breach or offset existing under the Lease at this time. Landlord agrees not to terminate the Lease, despite any default by Borrower, without giving Lender written

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notice of the default and an opportunity to cure it within twenty (20) days of receipt of the notice. If the default is one that cannot reasonably be cured by Lender (i.e., insolvency or bankruptcy of borrower), then Landlord will not terminate the Lease so long as it receives all sums due under the Lease for the period during which Lender is in possession of the Premises, or so long as Lender reassigns the Lease to a new Lessee reasonably satisfactory to Landlord.

7. **Miscellaneous.** This Agreement is binding on the parties and their respective successors, heirs and Lenders. This Agreement may not be modified or amended or terminated, except by a subsequent writing signed by Borrower and Lender.

DATED this 7 day of August, 2002.

BORROWER:

SKAGIT RESTAURANT MANAGEMENT, INC.

By: [Signature]
Scott Whitman President

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this day personally appeared before me Scott Whitman, to me known to be the PRESIDENT of SKAGIT RESTAURANT MANAGEMENT, INC, the corporation that executed the within and foregoing instrument, and acknowledged to me the said instrument was 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 the said instrument for and on its behalf.

SUBSCRIBED AND SWORN TO before me on this 7 day of August, 2002.

[Signature]
PRINTED NAME: Lyle Bjork
NOTARY PUBLIC
in and for the State of Washington.
My commission expires: 3-14-04

LYLE BJORK
STATE OF WASHINGTON
NOTARY PUBLIC
MY COMMISSION EXPIRES 3-14-04

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LANDLORD CONSENT:

F. Richard Dion

Dated: 8/05/02

By: F. Richard Dion

STATE OF WASHINGTON)
)ss.
COUNTY OF King)

On this day personally appeared before me F. Richard Dion, to me known to be the property Owner of the property giving consent, who acknowledged to me the said instrument was his free and voluntary act for the uses and purposes therein mentioned.

SUBSCRIBED AND SWORN TO before me on this 5th day of August, 2002

LYLE BJORK
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 3-14-04

Lyle Bjork
NOTARY PUBLIC
in the State of Washington
My commission expires: March 14th, 2004

COLLATERAL ASSIGNMENT OF LEASE
AND LANDLORD CONSENT-4



EXHIBIT A

Mount Vernon - Dairy Queen
Legal Description

The North 180.00 feet of the South 220.00 feet of the East 176.00 feet of that portion of the Southwest Quarter (SW $\frac{1}{4}$) of the Northeast Quarter (NE $\frac{1}{4}$) of Section Eighteen (18), Township Thirty-four (34) North, Range Four (4) East of the Willamette Meridian, lying Westerly of the most Westerly line of that certain frontage road, commonly known as Freeway Drive, condemned by the State of Washington for Highway purposes by decree entered in Skagit County Superior Court Cause No. 34348.

Situated in the County of Skagit, State of Washington.

approved: *SW*



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