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Skagit County Auditor

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After Recording Return To:

Robert W. Schutte
450 SW Bayshore Drive
Oak Harbor, WA 98277

Document Title: Ground Lessor Estoppel Certificate and Consent
Reference number of documents assigned or released: Lease Agreement under Auditor's File No. 9905170311 & Restated Lease Agreement under Auditor's File No. 9905170310
Grantor/Lessor: Port of Skagit County
Grantee: Whidbey Island Bank
Lessee: Concorde Group Aviation, Inc.
Partial Legal Description: Ptn. Skagit Regional Airport Binding Site Plan, Phase 1 in 3-34-3 & 34-35-3 EWM. (Full legal contained in the Lease Agreement and Restated Lease Agreement referenced above.)
Assessor's Parcel/Tax I.D. Number: 8012-000-914-0100/L109267

8012-000-019-0000 L116171

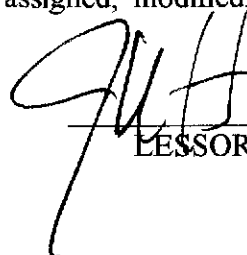
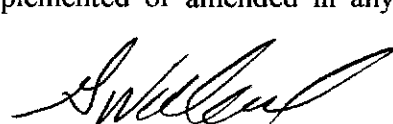
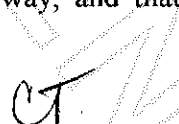
FIRST AMERICAN TITLE CO.

GROUND LESSOR ESTOPPEL CERTIFICATE AND CONSENT

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 Lease Agreement dated August 26, 1992 by and between Lessor and Paul Jones d/b/a Jones, Jones & Jones, Inc. ("Jones"), recorded under Skagit County Auditor's No. 9905170311 (the "Initial Lease"); and (b) a Restated Lease Agreement by and between Lessor and Jones, Jones and Jones, Inc. (the "Restated Agreement"), which Restated Agreement was recorded on May 17, 1999 under Skagit County Auditor's No. 9905170310 (collectively, the "Ground Leases"), understands and acknowledges that Whidbey Island Bank ("Lender") is about to make a loan to Concorde Group Aviation, Inc., a Washington corporation ("Lessee"), to be secured by Lessee's interest in the Ground Leases 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 and Lender agree and certify as follows:

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

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 LESSOR  LESSEE  LENDER

there shall be no voluntary cancellation, surrender or modification of the Ground Leases, by mutual agreement of the parties thereto, without Lender's prior written consent.

2. On January 19, 1999, Lessor and Jones entered into an Amendment to Lease Agreement (the "Amendment"), which was recorded on May 17, 1999 under Skagit County Auditor's No. 9905170309. On May 4, 1999, Lessor and Jones, Jones and Jones, Inc. entered into the Restated Agreement which was dated January 19, 1999, which Restated Agreement was recorded on May 17, 1999 under Skagit County Auditor's No. 9905170310. On May 17, 1999, Jones, Jones, and Jones, Inc.'s interest in the Restated Agreement was assigned to T.K.L., L.L.C. pursuant to the terms of an Assignment of Lease Dated May 17, 1999 and recorded on May 27, 1999 under Skagit County Auditor's File Number 9905270075; on May 18, 1999, Jones' interest in the Ground Leases was assigned to T.K.L., L.L.C. pursuant to the terms of an Assignment of Lease (collectively the "Assignments") dated May 18, 1999 and recorded on May 27, 1999 under Skagit County Auditor's No. 9905270074. On or about January 31, 2000, Lessor executed an Estoppel Certificate from Ground Lessor (the "Estoppel Certificate") in favor of Lender, which Estoppel Certificate was recorded on February 9, 2000 under Skagit County Auditor's No. 200002090064. Pursuant to paragraph 29 of the Initial Lease, there are one or more unrecorded third party sublease agreements (the "Subleases") with respect to some or all of that portion of the Leasehold Property included in the Initial Lease. The Amendment, the Restated Agreement, the Assignments and the Estoppel Certificate are collectively referred to herein as the "Lease Documents." The Lessor approved each of the Lease Documents and there are no other assignments, addendums, estoppel certificates, amendments, subleases or other agreements with respect to the Ground Lease known to Lessor except as set forth herein.

3. On or about December 16, 1996, an Assignment Of Lease And Rents Securing Promissory Note was executed by Lester L. Wear, as trustee for the Lester Wear Backhoe, Inc./Defined Benefit Pension Plan (the "Rent Assignment"), assigning as security to Orange National Bank, as custodian FBO Lester L. Wear BPS, an interest in the Lease Assignment, which Rent Assignment was recorded on March 28, 1997 under Skagit County Auditor's No. 9703280070. The Lessor did not approve this purported assignment and makes no representations as to its validity or effect, if any, on the Initial Lease or the Restated Lease.

4. There is no default presently known to exist under the Ground Leases 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.

5. 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 Leases.

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6. The initial terms of the Ground Leases expire on August 31, 2022, which terms may be extended as set forth in paragraph 5 of the Initial Lease and paragraph 3 of the Restated Agreement.

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

A. Lessor's consent contained herein shall not waive any of its rights to consent to any subsequent mortgage of 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 Leasehold Mortgage.

B. Should Lender become Lessee under the Ground Leases, it shall assume and meet all existing and subsequent liabilities of Lessee under the Ground Leases, provided, its liability shall be limited to its interest in the Ground Leases. Lender must immediately provide written notice to Lessor should it become Lessee under the Ground Leases.

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

D. If the interests of Lessee in the Leasehold Property are owned by Lessor 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 Leasehold Mortgage, and Lender succeeds to the interest of Lessee under the Ground Leases, 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 Lessee under the Ground Leases; and Lender hereby attorns to Lessor, as its landlord, said attornment to be effective and self-operative, without the execution of any further instruments on the part of any of the parties hereto, immediately upon Lender succeeding to the interest of Lessee under the Ground Leases. 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 Leases, shall be and are the same as now set forth therein, it being the intention of the parties


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hereto for the purpose of this Section 7 (D) to incorporate the Ground Leases 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 Leasehold Property, and as between Lessor and Lender; Lender agrees to accept the Leasehold Property in its "as-is" condition as of the date, if any, that it succeeds to the interest of 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 Lessee, 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 ten (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..

8. 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 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.

9. In the event the Ground Leases terminate for any reason, including the rejection of the Ground Leases in a bankruptcy proceeding, or in the event that Lender forecloses its deed of trust or security interest on Lessee's interest in the Ground Leases, Lessor agrees to enter into new ground leases with Lender for the remainder of the term, effective as of the date of such termination, with conditions, covenants and agreements as contained in the Ground Leases, except as provided herein ("New Ground Leases"). Lender shall deliver a written request to Lessor for such new leases within fifteen (15) days after the notice of termination has been served upon Lender, together with all sums then due to Lessor under the Ground Leases and shall further remedy any and all defaults of Lessee then in existence.

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10. Notwithstanding the terms of paragraph 28 of the Initial Lease, Lender shall have the right to assign its interest in the New Ground Leases to a third party. Lessor shall have the right to approve any proposed assignment of the New Ground Leases, 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: (a) dependent upon direct access to the Skagit Regional Airport flight line; and (b) aviation-related.

11. In the event that Lender forecloses its deed of trust or other security interest on the Lessee's interest in the Ground Leases, Lessor agrees that Lender may use the Leasehold Property for a purpose not inconsistent with the use described in paragraph 10 of the Initial Lease and paragraph 4 of the Restated Agreement. Lessor further agrees that Lender may enter into one or more third party sublease agreements with respect to some or all of the Leasehold Property as provided in paragraph 29 of the Ground Lease.

12. Lender shall not be liable under the Ground Leases following the assignment or other disposition of the 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.

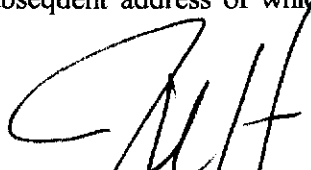
13. Lender may be named as its interest shall appear on any standard mortgage endorsement on any and all insurance covering the Leasehold Property, the improvements, or any part thereof.

14. 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.

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

16. 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.

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

18. This agreement shall be governed by and construed in accordance with laws of the state of Washington. Lender and Lessor represent and warrant to each other that its 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.

19. The Lessor's consent to assignment herein granted is contingent upon payment to the Lessor by Lessee, out of the closing of its purchase of the leasehold interests which are the subject hereof, of the Lessor's attorney fees as agreed between Lessor and Lessee.

LESSOR AND LESSEE 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 30th day of September 2003.

LESSOR:

PORT OF SKAGIT COUNTY

By:

JEROLD W. HELLER

Its:

Executive Director
15400 Airport Drive
Burlington, Washington 98233

STATE OF WASHINGTON)
)ss.
COUNTY OF SKAGIT)

On this day personally appeared before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Jerold W. Heller to me known to be

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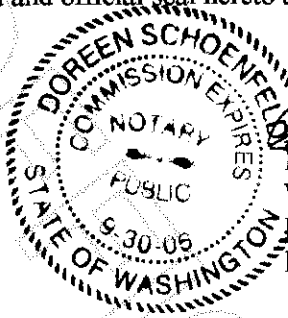
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the executive director of the Port of Skagit County, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument. Witness my hand and official seal hereto affixed the day and year first above written.



Doreen Schoenfeldt
NOTARY PUBLIC in and for the State of
Washington, Residing at: Sedro-Woolley
My commission expires: 09/30/06
Printed Name: Doreen Schoenfeldt

IN WITNESS WHEREOF, this certificate has been duly executed and delivered as of
the 6th day of OCT 2003.

LESSEE: CONCORDE GROUP AVIATION, INC.

By: [Signature]
Its: _____

(Address)

STATE OF WASHINGTON)
COUNTY OF Skagit)ss.

On this day personally appeared before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared G. to me known to be the individual who executed the foregoing instrument, and acknowledged the said instrument to be his free and voluntary act and deed, for the uses and purposes therein mentioned. Witness my hand and official seal hereto affixed the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, Residing at: _____
My commission expires: _____
Printed Name: _____

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[Signature]
LESSOR

[Signature]
LESSEE

[Signature]
LENDER



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STATE OF WASHINGTON.

ACKNOWLEDGMENT - Corporate

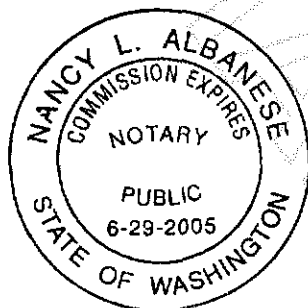
County of Skagit } ss.

On this 6th day of OCT 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Gilbert Villarreal

_____ and _____ to me known to be the
_____ President and _____ Secretary, respectively, of Concorde Group, Inc.

_____ the 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
authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Nancy L. Albanese
Notary Public in and for the State of Washington,
residing at Anacortes
My appointment expires 6-29-05



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IN WITNESS WHEREOF, this certificate has been duly executed and delivered as of the _____ day of _____ 2003.

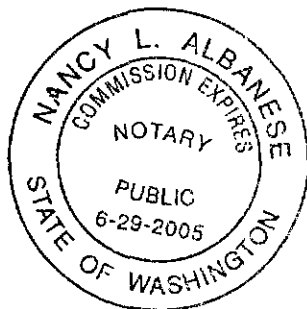
LENDER:

WHIDBEY ISLAND BANK

By: Carrie A. Tisinger
Its: PO Box 770
Oak Harbor, WA 98277
(Address)

STATE OF WASHINGTON)
)ss.
COUNTY OF SKAGIT)

On this day personally appeared before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Carrie A. Tisinger to me known to be the _____ of the Whidbey Island Bank, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument. Witness my hand and official seal hereto affixed the day and year first above written.



Nancy L. Albanese
NOTARY PUBLIC in and for the State of
Washington, Residing at: Anacortes
My commission expires: 6-29-05
Printed Name: NANCY L. ALBANESE

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[Signature]
LESSOR

[Signature]
LESSOR

[Signature]
LENDER



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LEASEHOLD INTEREST IN THE FOLLOWING DESCRIBED REAL PROPERTY:

PARCEL "A":

That portion of the Northwest 1/4 of Section 3, Township 34 North, Range 3 East, W.M. and being in a portion of the "SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE I", as approved August 22, 1985, and recorded August 25, 1986, in Volume 7 of Short Plats, pages 111 through 120, under Auditor's File No. 8608250002, records of Skagit County, Washington; being a portion of Sections 33 and 34, Township 35 North, Range 3 East, W.M., and Section 3, Township 34 North, Range 3 East, W.M., described as follows:

Commencing at the North Quarter corner of said Section 3 as shown on said Binding Site Plan; thence North $88^{\circ}44'25''$ West, along the North line of said Section 3 a distance of 704.01 feet to the intersection with the building restriction line, as shown on said Binding Site Plan; thence South $52^{\circ}21'58''$ East, along said building restriction line a distance of 274.34 feet to the true point of beginning; thence continuing South $52^{\circ}21'58''$ East, along said building restriction line a distance of 275.00 feet; thence at a right angle to said building restriction line North $37^{\circ}38'02''$ East a distance of 190.00 feet; thence North $48^{\circ}39'30''$ West a distance of 255.50 feet to the intersection with the Southerly margin of a 60 foot wide right of way as shown on said Binding Site Plan, and the beginning of a nontangent curve, concave to the North, having a radius of 180.00 feet, whose radius point bears North $28^{\circ}26'18''$ West; thence Westerly along said Southerly margin and the arc of said curve, through a central angle of $12^{\circ}43'57''$ an arc distance of 40.00 feet to a point which bears North $37^{\circ}36'00''$ East from the true point of beginning; thence South $37^{\circ}36'00''$ West a distance of 172.06 feet to the true point of beginning; (also known as a portion of "BAYVIEW BUSINESS AND INDUSTRIAL PARK", AND shown as Lease Parcel "B" after adjustment by that Survey filed in Volume 21 of Surveys, page 63, recorded under Auditor's File #9811120006, records of Skagit County AND ALSO now shown of record as Lot 73, "AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN, PHASE I", recorded March 4, 2003, under Skagit County Auditor's File # 200303040030.)

PARCEL "B":

That portion of the Northwest 1/4 of Section 3, Township 34 North, Range 3 East, W.M. and being in a portion of the "SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE I", as approved August 22, 1985, and recorded August 25, 1986, in Volume 7 of Short Plats, pages 111 through 120, under Auditor's File No. 8608250002, records of Skagit County, Washington; being a portion of Sections 33 and 34, Township 35 North, Township 34 North, Range 3 East W.M., described as follow:



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Commencing at the North Quarter corner of said Section 3 as shown on said Binding Site Plan; thence North 88°44'25" West, along the North line of said Section 3 a distance of 704.01 feet to the intersection with the building restriction line, as shown on said Binding Site Plan; thence South 52°21'58" East, along said building restriction line a distance of 274.34 feet; thence South 37°36'00" West a distance of 79.00 feet to the true point of beginning; thence continuing South 37°36'00" West a distance of 78.00 feet; thence South 52°21'58" East, parallel with said building restriction line a distance of 274.91 feet; thence at a right angle, North 37°38'02" East a distance of 78.00 feet; thence North 52°21'58" West a distance of 274.95 feet to the true point of beginning.

(Also known as a portion of Lot 87, "AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN, PHASE 1", recorded March 4, 2003, under Skagit County Auditor's File No. 200303040030.)

PARCEL "C":

That portion of the Northwest 1/4 of Section 3, Township 34 North, Range 3 East W.M., and the Southwest 1/4 of Section 34, Township 35 North, Range 3 East W.M., being in a portion of the "Skagit Regional Airport Binding Site Plan, Phase 1", as recorded in Book 7 of Short Plats, pages 111 through 120, records of Skagit County, Washington, described as follows:

Commencing at the North quarter corner of said Section 3 as shown on said Binding Site Plan; thence North 88 degrees 44'25" West, along the North line of said Section 3, a distance of 704.01 feet to the intersection with the building restriction line, as shown on said Binding Site Plan; thence South 52 degrees 21'58" East, along said building restriction line, 274.34 feet to the true point of beginning; thence North 52 degrees 21'58" West, along said building restriction line, 281.29 feet; thence at a right angle to said building restriction line North 37 degrees 38'02" East, 72.45 feet to the intersection with the Southerly margin of a 60 foot wide right-of-way, as shown on said Binding Site Plan; thence South 55 degrees 00'00" East, along said Southerly margin, 53.38 feet to the beginning of a curve to the left, having a radius of 399.55 feet; thence Easterly along said Southerly margin and the arc of said curve to the left through a central angle of 25 degrees 00'00", an arc distance of 174.34 feet to the beginning of a curve to the left having a radius of 180.00 feet; thence Easterly along said Southerly margin and the arc of said curve to the left, through a central angle of 25 degrees 42'21", an arc distance of 80.76 feet to a point which lies North 37 degrees 36'00" East from the true point of beginning; thence South 37 degrees 36'00" West, 172.06 feet to the true point of beginning.

(Also known as a portion of "BAYVIEW BUSINESS AND INDUSTRIAL PARK" AND shown as Lease Parcel "A" after adjustment by that Survey filed in Volume 21 of Surveys, page 63, recorded under Auditor's File No. 9811120006, records of Skagit County, AND ALSO now shown of record as Lot 74, "AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN, PHASE 1", recorded March 4, 2003 under Skagit County Auditor's File No. 200303040030.)



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