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411 Main Street
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200410280227

Skagit County Auditor

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Document Title: ESTOPPEL CERTIFICATE FROM GROUND LESSOR

Reference Number(s) of Related Documents: 9703170121 and 9902180111

Grantor(s): PORT OF ANACORTES

FIRST AMERICAN TITLE CO.

A 82554-E-1

Grantee(s): OLAF GILDNES AND GAYLE GILDNES, HUSBAND AND WIFE.

Abbreviated Legal Description: ptn Blks 288, 289 vacated 2nd Street and T Ave., Anacortes and ptn Tr. 8, plate 9 Anacortes Tdlds.

Assessor's Tax/Parcel Numbers: 3772-289-020-0005 (P56526);
3772-289-011-0006 (P56524);
3772-288-021-0006 (P56522);
3772-289-014-0003 (P56525)

ESTOPPEL CERTIFICATE FROM GROUND LESSOR

Date: October 18th, 2004

To: Olaf Gildnes and Gayle Gildnes, husband and wife.
From: Port of Anacortes
Re: lease with Rhodo-Drona, L.L.C. (successor to W. Inc.)
Dated: original lease: 1/15/97; 1st amendment to lease: 3/4/97; 2nd
amendment to lease: 6/15/97; 3rd amendment to lease: 2/18/99
Property: A commercial building known as 209 T. Avenue, Anacortes, Skagit
County, Washington. (See exhibit A attached)

Estoppel Certificate From Ground Lessor

Corps/PMI/Estoppel Certificate.wpd

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ORIGINAL

Lessor: Port of Anacortes
Lessee: Rhodo-Drona, L.L.C.
Sublessee: Pier 61, Inc.

The Port of Anacortes, being the present owner and lessor of certain land and premises located in Anacortes, Skagit County, State of Washington, as more fully described in the Lease Agreement, as identified above, (hereinafter referred to as the "Ground Lease"), is aware and acknowledges that Olaf Gildnes and Gayle Gildnes, husband and wife (hereafter "Lender"), are about to make a loan to Lessee, RHODO-DRONA L.L.C. to refinance a construction loan for improvements on the leased premises to be secured partially by a Deed of Trust encumbering the Lessee's interest in the Ground Lease and the leasehold estate created thereby. The Port of Anacortes further understands that it is a condition precedent to the Lender's willingness to make this loan that this certificate be furnished to Olaf Gildnes and Gayle Gildnes, husband and wife, by the Port of Anacortes. Accordingly, and with the knowledge that Olaf Gildnes and Gayle Gildnes, husband and wife, will be relying upon statements herein made, the Port of Anacortes hereby certifies as follows:

1. Except as stated in paragraph 2, below, the Ground Lease is in full force and effect and has not been otherwise assigned, modified, supplemented or amended in any way; and that there shall be no cancellation, surrender or modification of the Ground Lease, by mutual agreement of the parties, without Olaf Gildnes and Gayle Gildnes, husband and wife's, prior written consent.
2. The original ground lease between the Port of Anacortes and W., Inc., was amended on March 4, 1997, June 15, 1997, and February 18, 1999. In addition, the lease was assigned to Rhodo-Drona, L.L.C. on February 18, 1999, which assignment was recorded under AFN200102280172. The Port of Anacortes approved and consented to this assignment. Rhodo-Drona, L.L.C. subleased the premises to Pier 61, Inc. on February 18, 1999. The Port of Anacortes approved this sublease.
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 and the Port of Anacortes has no knowledge of any facts or information which, with the giving of notice, passage of time, or both, would constitute a default by Lessee thereunder.
4. The Port of Anacortes reaffirms and adopts as valid, the assignment of the lease to Rhodo-Drona, L.L.C. In the event any court or other tribunal with jurisdiction or authority to do so, declares the assignment of lease from W. Inc. to Rhodo-Drona, L.L.C. void or invalid, for any reason, the Port of Anacortes agrees that it will immediately take such action as may be necessary to formally terminate the lease between W. Inc. and the Port of Anacortes and shall, immediately thereafter, authorize the execution of a ground lease between the Port of Anacortes and Rhodo-Drona, L.L.C. under the identical terms set forth in the original ground lease and subsequent amendments. The Port of Anacortes agrees that it shall be precluded and estopped from taking any action to deny or reject the validity of the assignment between W., Inc. and Rhodo-Drona L.L.C. except as provided in this paragraph.
5. That the Port of Anacortes has no knowledge of any prior assignment, except as herein stated, or of any prior hypothecation or pledge of Lessee's interest under the Ground Lease.

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6. That the term of the Ground Lease expires on December 31, 2026.
7. That the Port of Anacortes consents to the Lessee's execution and recording of the Deed of Trust(s) and personal property security agreement (a copy of which has been received by the Port) pledging Lessee's interest in the Ground Lease to Olaf Gildnes and Gayle Gildnes, husband and wife, and which includes an actual assignment of said Ground Lease to Olaf Gildnes and Gayle Gildnes, husband and wife, to secure the loan or loans Olaf Gildnes and Gayle Gildnes, husband and wife, are making to the Lessee. Said consent, however, does not grant to Olaf Gildnes and Gayle Gildnes, husband and wife, any additional rights than the Lessee has under the Ground Lease, and if a conflict arises between the language of the Ground Lease and Olaf Gildnes and Gayle Gildnes, husband and wife's, Deed of Trust, the terms of the Ground Lease shall govern.
8. That the Port of Anacortes, upon serving Lessee with notice of any default, shall simultaneously serve a copy thereof upon Olaf Gildnes and Gayle Gildnes, husband and wife, and notice shall not be deemed to have been served upon Lessee unless the Port of Anacortes shall simultaneously serve a copy of such notice upon Olaf Gildnes and Gayle Gildnes, husband and wife. Upon receipt of written notice of any default of Lessee, Olaf Gildnes and Gayle Gildnes, husband and wife, shall have the same period, after service of such notice upon Olaf Gildnes and Gayle Gildnes, husband and wife, to remedy or cause to be remedied the defaults complained of and the Port of Anacortes shall accept such performance as if the same had been done by Lessee.
9. That in the event the Ground Lease terminates for any reason, including the rejection of the Ground Lease in a bankruptcy proceeding, or in the event that Olaf Gildnes and Gayle Gildnes, husband and wife, forecloses its deed of trust(s) or security agreement on the lessee's interest in the leasehold estate, the Port of Anacortes agrees to enter into a new Ground Lease with Olaf Gildnes and Gayle Gildnes, husband and wife, for the remainder of the term, effective as of the date of such termination with conditions, covenants and agreements as contained in the Ground Lease and subsequent amendments, and equal in priority thereto, except as provided herein. Provided, however, that Olaf Gildnes and Gayle Gildnes, husband and wife, shall deliver a written request to the Port of Anacortes for such new lease within fifteen (15) days after the notice of termination has been served upon Olaf Gildnes and Gayle Gildnes, husband and wife, together with all sums then due to the Port of Anacortes under the Ground Lease and Olaf Gildnes and Gayle Gildnes, husband and wife, shall agree to perform and observe all covenants contained therein on Lessee's part to be performed and shall further remedy any and all defaults of Lessee then in existence. If the Ground Lease terminates because of bankruptcy of Lessee, Olaf Gildnes and Gayle Gildnes, husband and wife, shall be required to cure any and all defaults due to Lessee's non-performance of the lease covenants prior to the execution of a new lease.
10. Notwithstanding the terms of paragraph 8, page 6, of the original Ground Lease between W., Inc., and the Port of Anacortes, (assigned to Rhodo-Drona L.L.C. on February 18, 1999) and paragraph 5 of the "Third Amendment to Lease," Olaf Gildnes and Gayle Gildnes, husband and wife, shall have the right to assign their interest in the Bank's "new Ground Lease" to a third party. The Port of Anacortes shall have the right to approve any proposed assignment, but such approval shall not be unreasonably withheld.

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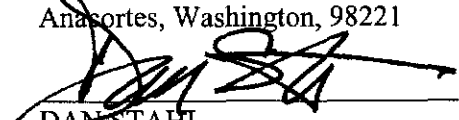
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11. Notwithstanding the terms of paragraph four of the "Third Amendment to Lease," dated February 18, 1999, in the event that Olaf Gildnes and Gayle Gildnes, husband and wife, forecloses their deed of trust(s) or other security agreement on the lessee's interest in the leasehold estate, the Port of Anacortes agrees that Olaf Gildnes and Gayle Gildnes, husband and wife, may request that the Port allow a use of the leased premises for a purpose other than the use described in Section 4 of the Third Amendment to the Lease. The Port shall have the right to approve such use before it commences, in its discretion.
12. Olaf Gildnes and Gayle Gildnes, husband and wife, may be named as its interests shall appear on any standard mortgage endorsement on any and all insurance covering the leased premises, the improvements or any part thereof.
13. The Port of Anacortes further agrees that Olaf Gildnes and Gayle Gildnes, husband and wife, shall not be liable under the Ground Lease following assignment or other disposition of Rhodo-Drona, L.L.C.'s leasehold estate; provided, if Olaf Gildnes and Gayle Gildnes, husband and wife, are the lenders to a new assignee, Olaf Gildnes and Gayle Gildnes, husband and wife, shall have the same rights and obligations with respect to said assignee and the Port of Anacortes as set forth in this estoppel agreement.
14. That the statements herein made shall be binding upon the Port of Anacortes, its successors and assigns, and shall inure to Olaf Gildnes and Gayle Gildnes, husband and wife's, benefit and the benefit of Olaf Gildnes and Gayle Gildnes, husband and wife's, successors and assigns.
15. This agreement shall terminate upon payment in full to Olaf Gildnes and Gayle Gildnes, husband and wife, of the above-referenced loan by Lessee, or by payment in full of loan proceeds by a new assignee to Olaf Gildnes and Gayle Gildnes, husband and wife, as the financing institution. In either event, Olaf Gildnes and Gayle Gildnes, husband and wife, are obligated to notify the Port of Anacortes of the same, in writing, within ten (10) day of the terminating event.

IN WITNESS WHEREOF, this certificate has been duly executed and delivered as of the 18th day of October, 2004.

LESSOR:

PORT OF ANACORTES
1st and Commercial Ave.
P.O. Box 297
Anacortes, Washington, 98221


DAN STAHL
Executive Director

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STATE OF WASHINGTON)
)ss
COUNTY OF SKAGIT)

On this 18th day of October, 2004, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared DAN STAHL, to me know to be the Executive Director of the Port of Anacortes, the municipal corporation that executed the foregoing instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes herein mentioned, and on oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

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



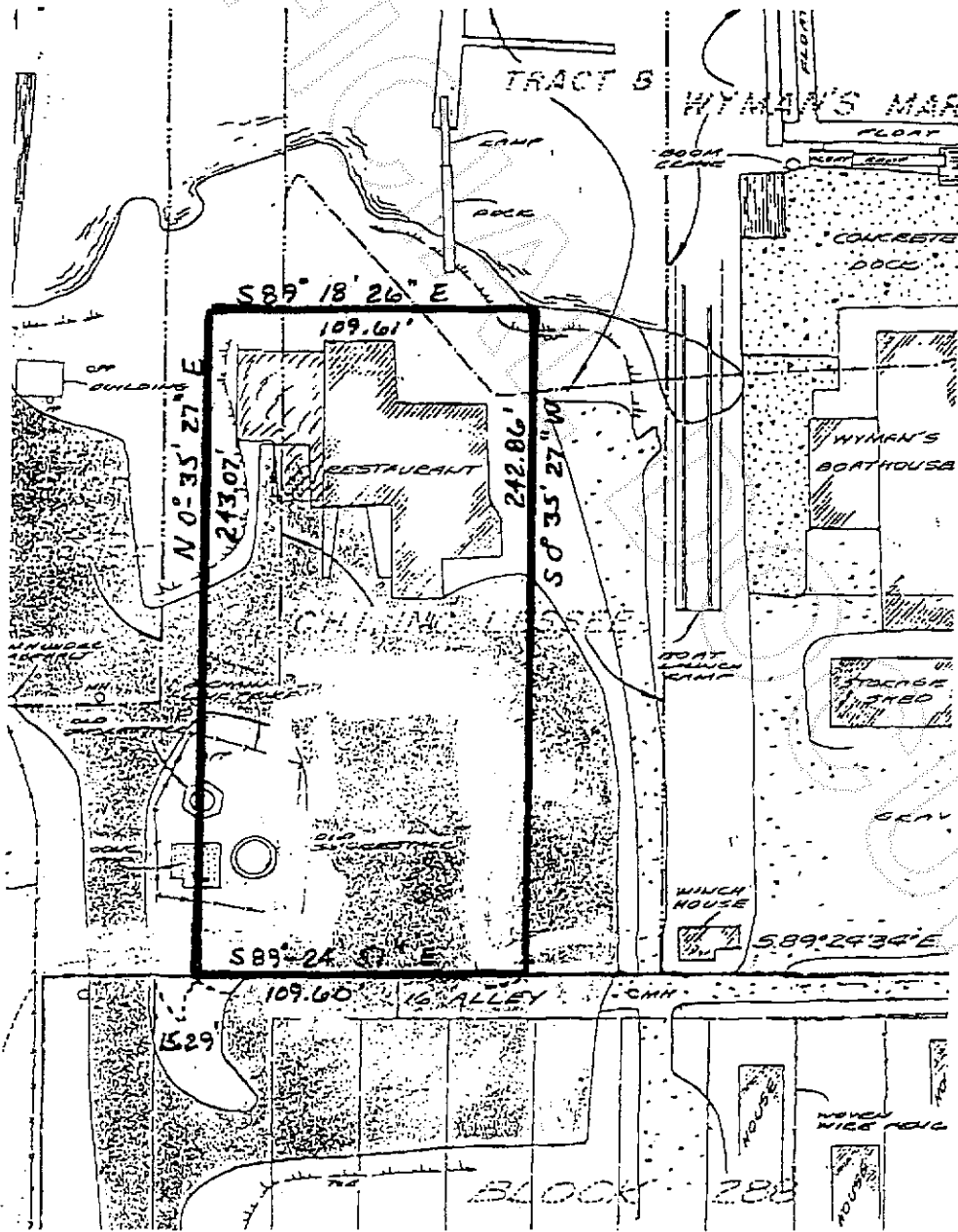
Julie M. Lindsey
(Signature)

Julienne M. Lindsey
(Print Name)

NOTARY PUBLIC in and for the State of
Washington, residing at: Anacortes

My Commission expires: 7-24-08





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EXHIBIT

A

Schedule "C"
Legal description

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 Blocks 288 & 289, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON", according to the plat thereof recorded in Volume 2 of Plats, page 4 through 7, records of Skagit County, Washington, and of vacated 2nd Street abutting thereon, and of Tract 8, Plate 9, "TIDE AND SHORE LANDS OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 2 EAST W.M.", as per the Official Map thereof on file in the Office of the Commissioner of Public Lands at Olympia, Washington, more particularly described as follows:

Beginning at the intersection of "T" Avenue and 6th Street, within the Plat of "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON"; thence North 0 degrees 35'27" East, along the centerline of "T" Avenue, 591.17 feet to the intersection of 4th Street and "T" Avenue, in said Plat; thence continue North 0 degrees 35'27" East, 452.00 feet to a point of intersection with the North line of the 16 foot alley within said Block 288, produced Westerly; thence South 89 degrees 24'51" East, along said line, a distance of 15.29 feet to the true point of beginning; thence North 0 degrees 35'27" East, 243.07 feet; thence South 89 degrees 18'28" East, 109.61 feet; thence South 0 degrees 35'27" West, 242.85 feet to the North line of said alley; thence North 89 degrees 24'51" West, along said line and said line extended a distance of 109.60 feet to the true point of beginning.

Parcel "B":

The South 65 feet of Lots 18, 19 and 20, Block 4, "STEWART'S FIRST ADDITION TO THE CITY OF ANACORTES", according to the plat thereof recorded in Volume 2 of Plats, page 14, records of Skagit County, Washington.

