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Skagit County Auditor

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After Recording Return To:

Peoples Bank
1801 Riverside Drive
Mount Vernon, WA 98273

Document Title: Lessor Estoppel Certificate and Consent
Reference number of documents assigned or released:
Grantor/Lessor: Port of Skagit County
Grantee: Peoples Bank
Lessee: Edward M. Oczkewicz and Nancy L. Oczkewicz, Husband
and Wife, dba Maritime Fabrications, Inc., a Washington
Corporation
Partial Legal Description: ptn Gov. Lot 5, 25-34-2 E W.M.
Assessor's Parcel/Tax I.D. Number: P-116572 / 340225-0-009-0200

LAND TITLE OF SKAGIT COUNTY
115096-P

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 December 15, 1992 by and between Lessor and Edward M. Oczkewicz and Nancy L. Oczkewicz, Husband and Wife, dba Maritime Fabrications, Inc., a Washington Corporation ("Initial Lease"), understands and acknowledges that Peoples Bank ("Lender") is about to make a loan to Edward M. Oczkewicz and Nancy L. Oczkewicz, Husband and Wife, dba Maritime Fabrications, Inc., a Washington Corporation ("Lessee"), to be secured by a Deed of Trust (hereinafter referred to as the "Leasehold Mortgage") encumbering Lessee's interest in the Ground Lease 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 Initial Lease is in full force and effect and, except as set forth below in paragraph 3, has not been assigned, modified, supplemented or amended in any way, and that there shall be no voluntary cancellation, surrender or modification of the Ground Lease, by mutual agreement of the parties thereto, without Lenders' prior written consent.

2. On October 21, 1999 the Lessor executed an Estoppel Certificate for Washington Mutual Bank dba Western Bank, on behalf of Lessee. This Lessor Estoppel Certificate and Consent is in addition to said Estoppel Certificate.

3. On November 1, 2004, Lessor and Edward M. Oczkewicz and Nancy L. Oczkewicz, Husband and Wife, dba Maritime Fabrications, Inc., a Washington Corporation entered into an Amendment to Lease Agreement (the "Amendment"). The Amendment and the Initial Lease are collectively referred to herein as the "Ground Lease." The Lessor approved each of the Ground 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.

4. 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 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 or of any prior hypothecation or pledge of Lessee's interest in the Ground Lease, except as herein stated.

6. The initial term of the Ground Lease expires on December 15, 2012, which term may be extended as set forth in paragraph 5 of the Ground Lease.

7. Lessor consents to Lessee's execution and recording of the Leasehold Mortgage, pledging Lessee's interest in the Ground Lease to Lender, which pledge includes an assignment of Lessee's interest in the Ground Lease 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 Lease, 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 Lease, it shall assume and meet all existing and subsequent liabilities of Lessee under the Ground Lease, provided its liability shall be limited to its interest in the Ground Lease. Lender must immediately provide written notice to Lessor should it become Lessee under the Ground Lease.

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

D. If the interests of Lessee in the Leasehold Property are owned by Lender 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 Lease, 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 Lease; 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 Lease. 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 Lease, shall be and are the same as now set forth therein, it being the intention of the parties hereto for the purpose of this Section 6(D) to incorporate the Ground Lease in this 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 (10) days of the terminating event. If Lender fails to provide said timely written notice, by acceptance of this 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 Lease terminates for any reason, including the rejection of the Ground Lease 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 Lease, Lessor agrees to enter into a new ground lease 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 Lease, except as provided herein ("New Ground Lease"). Lender shall deliver a written request to Lessor for such a new lease 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 Lease and shall further remedy any and all defaults of Lessee then in existence.

10. Notwithstanding the terms of paragraph 27 entitled Assignment and Sublease of the Ground Lease, Lender shall have the right to assign its interest in the New Ground Lease to a third party. Lessor shall have the right to approve any proposed assignment of the New Ground Lease, 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 consistent with the applicable zoning and master plan and is acceptable to the Lessor.

11. In the event that Lender forecloses its deed of trust or other security interest on Lessee's interest in the Ground Lease, Lessor agrees that Lender may use the Leasehold Property for a purpose not inconsistent with the use described in paragraph 10 entitled Business Purpose and Type of Activity of the Ground Lease. 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 27 entitled Assignment and Sublease.

12. Lender shall not be liable under the Ground Lease 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. Lessor has no pending plans or proposals to condemn the Leasehold Property or any part thereof, and Lessor has not engaged in any legal action, lawsuits or other proceedings that may result in the condemnation of the Leasehold Property.

16. All notices required by this 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.

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

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



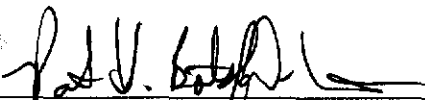
19. This Lessor Estoppel Certificate and Consent shall be effective only upon is acceptance by you, in writing below ("LENDER'S ACCEPTANCE"), and shall be otherwise null and void.

LESSOR AND LENDER 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 16th day of February, 2005.

LESSOR:

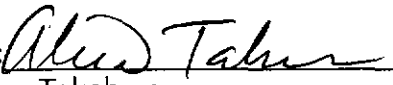
PORT OF SKAGIT COUNTY

By: 
Patricia H. Botsford Martin
Its: Property/Development Manager

Date: 2/16/05

LENDER'S ACCEPTANCE

Accepted by Peoples Bank subject to all terms and conditions above stated.

By: 
Alice Takehara
Its: Vice President

Date: 2/16/05

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