

After recording, return to:

Horizon Bank  
P.O. Box 580  
Bellingham, WA 98227



200505030145

Skagit County Auditor

5/3/2005 Page 1 of 4 3:53PM

115786-PS

LAND TITLE OF SKAGIT COUNTY

**ASSIGNMENT OF SUB-LEASE FOR SECURITY PURPOSES**

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

Abbreviated Legal: Lot 556, Shelter Bay #3

Tax Parcel No.: 5100-003-556-0000

MAY 03 2005

Amount Paid \$  
Skagit Co. Treasurer  
By Deputy

THIS ASSIGNMENT dated this 28 day of April 2005, is by, and between James W. Belfield and Gemze B. Belfield, husband and wife, hereinafter referred to as "Assignor", and Horizon Bank, hereinafter referred to as "Assignee".

1. Recitals

Assignor is the lessee or sub-lessee of the property legally described as Lot 556, "SURVEY OF SHELTER BAY DIV.3, Tribal and Allotted Lands of Swinomish Indian Reservation," as recorded in Volume 43 of Official Records, pages 839 to 842, inclusive, records of Skagit County. Assignor's leasehold interest arises out of a lease or sub-lease dated February 20, 1998, by and between Shelter Bay Company, as lessor or sub-lessor, and Assignor as lessee or sub-lessee.

Assignor has entered into a borrower/lender relationship with Horizon Bank, and to secure the Promissory Note evidencing such loan, Assignor has executed a Deed of Trust in favor of Assignee.

As a further condition to Assignee entering into a loan agreement with Assignor, Assignee herein requires Assignor to conditionally assign their interest in and to the afore-described property as additional security.

2. Assignment

For good and valuable consideration, Assignor does hereby assign and set over to Assignee, for additional security purposes only, all of Assignor's right, title and interest in and to the afore-mentioned lease on the afore-described property.


3. Assignee's Right to Possession

Assignee acknowledges that this Assignment is for additional security purposes only and is made and executed contemporaneously with Assignor's execution of a Promissory Note and Deed of Trust relating to their leasehold interest and improvements thereon located on the afore-mentioned property.

In the event that Assignor is in default under the terms and condition of the Promissory Note or Deed of Trust executed in favor of Assignee to secure Assignor's obligation to Assignee, and in the event that Assignee is required to foreclose, forfeit or otherwise take possession of Assignor's interest in and to the afore-described real property, then it is agreed and understood that at such time as Assignee takes possession of the property, this Assignment of Lease shall immediately become effective and all of Assignor's right, title and interest to the Lease shall vest in Assignee, and Assignee shall be entitled to all rights, benefits and obligations of Assignor under such Lease including but not limited to the right of possession of the premises.

Dated the day and year first above written.

ASSIGNOR(s):

  
James W Belfield

  
Gemze A Belfield

ASSIGNEE:

Horizon Bank



By Bill Ketcheside

Its AVP



STATE OF WASHINGTON)

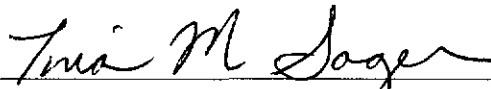
) SS

COUNTY OF SKAGIT)

On this day before me, the undersigned Notary Public, personally appeared James W Belfield and Gemze A Belfield, personally known to me or proved to me on the basis of satisfactory evidence to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he/she signed the same as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 28 day of April, 2005.

Tina M. Sager  
My Commission Expires  
May  
16  
2006  
State of Washington  
Notary Public.



NOTARY PUBLIC for the State of Washington, residing at  
Mount Vernon  
My appointment expires May 16, 2006

STATE OF WASHINGTON)

) SS

COUNTY OF SKAGIT)

On this day before me, the undersigned Notary Public, personally appeared Bill Ketcheside, to me known to be the A.V.P. of Horizon Bank, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of Horizon Bank, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

GIVEN under my hand and official seal this 28 day of April, 2005.

Tina M. Sager  
My Commission Expires  
May  
16  
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Notary Public.



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## AGREEMENT OF LESSOR

THE UNDERSIGNED, SHELTER BAY CORPORATION, a Washington corporation, the Lessor of that certain "Shelter Bay Lease" (the "Lease" herein) described in the within and foregoing "Assignment of Sub-Lease for Security Purposes" (the "Encumbrance" herein), does state and agree as follows:

1. That the Encumbrance is hereby approved;
2. That, to the best of its knowledge and belief, the Lease and the "Master Lease" therein referred to, are currently in all respects fully performed and free of any default on the part of the respective lessees thereof;
3. That a default on the part of the Lessee with respect to the Encumbrance, of which the undersigned receives written notice, will be deemed and enforced by the undersigned as a default under the Lease; that it will send copies of any and all notices of default under the Lease to the holder of the Encumbrance at the address shown therein, or to such other address as the holder shall in writing designate; and, if as and when the property shall be repossessed by the undersigned, such repossession and any subsequent releasing or other disposition of the property or of the Lease will in all respects be subject to the Encumbrance;
4. Neither the holder of the Encumbrance, nor any person claiming by, through, or under the Encumbrance, including the purchaser at any sale in foreclosure thereof, shall be deemed to have "acquired" the property or the lease-hold encumbered unless such acquisition shall have as an incident thereto the unrestricted right of possession of the property.

DATED this 29 day of April, 2005.

SHELTER BAY COMPANY

Judy L. Grosvenor  
By Judy L. Grosvenor  
Its Manager



200505030145  
Skagit County Auditor