

When recorded return to:
Frontier Bank
Private Banking
2831 Colby Avenue
P.O. Box 1390
Everett, WA 982065

For Recorder's Use:



200708150185

Skagit County Auditor

8/15/2007 Page 1 of 10 4:24PM

ASSIGNMENT OF TENANT'S ESTATE IN GROUND LEASE

Assignment ("Assignment"), dated as of the 6th day of August, 2007, between CJ Ebert and Tamara L. Ebert, husband and wife, ("Tenant"), and Frontier Bank, a Washington banking corporation ("Lender"). The Tenant and Lender are sometimes singularly referred to as a "Party" and collectively referred to as the "Parties." The Tenant and Lender agree as follows:

1. Facts:

1.01. Tenant is the Tenant under a Lease Agreement ("Lease") dated January 1, 2006 between the Secretary of the Interior (on behalf of the owners of the Trust Land described below), as Landlord, and Tenant, as tenant or lessee, demising certain real property ("Premises") located in Skagit County, Washington, recorded under Skagit County Auditor's Recording No. _____ and described as follows:

200708150184
Lot 2 Division II, of Dr. Joe Waterfront Tracts, recorded plat on file with the Bureau of Indian Affairs, within Section 3, Township 33 North, Range 2 East, W.M., Skagit County, Washington, on the Swinomish Indian Reservation.

Assessor's Property Tax Parcel Account Number(s): 5102-000-002-0000.

1.02. At the time of this Assignment, Tenant is closing a loan from Lender in the principal amount of \$200,000.00, which indebtedness is evidenced by that certain Promissory Note dated as of the date of this Assignment (such Note and all extensions, renewals, modifications and replacements of such Note are collectively referred to as the "Note").

1.03. Tenant has executed and delivered this Assignment to secure payment of all of the indebtedness evidenced by the Note and the payment, performance and observance of all of the other covenants, terms, conditions and other obligations, including without limitation all payments required by the Note, the Deed of Trust executed by Tenant on August 6th, 2007 in favor of Lender ("Deed of Trust"), or this Assignment, and all other agreements signed or delivered by the Tenant in connection therewith, and all extensions, renewals, modifications,

replacements and supplements of and additions to the Note, the Deed of Trust, this Assignment and all other agreements now or hereafter signed or delivered by the Tenant (collectively referred to as the "Loan Documents").

2. Assignment:

2.01. Tenant, does hereby absolutely and unconditionally GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER and DELIVER unto Lender, as of the date of this assignment, all of the right title and interest of the Tenant as tenant or lessee under the Lease, including without limitation intended and by way of example only, all right, title and interest of the Tenant under any option to purchase the Premises or as landlord under any sublease.

2.02. Lender does not assume nor agree to fulfill any of the terms, covenants, obligations and conditions of the Lease which are required to be performed or complied with by the lessee or tenant under the Lease.

3. Tenant's License:

Until the occurrence of a Default (as such term is defined in this paragraph), the Tenant shall have a license ("License") to enjoy all the benefits of and enforce all of its right, title and interest in, to and under the Lease, including without limitation intended, the physical occupancy of the Premises; subject and subordinate to all provisions set forth in the Loan Documents. "DEFAULT" shall mean any breach in the fulfillment of the obligations of the Tenant under the Loan Documents, which is not cured prior to the expiration of any applicable grace period.

4. Lender's Rights Generally:

Immediately upon the occurrence of a Default and thereafter, the License and any other right, title and interest of the Tenant in, to and under the Lease shall cease and terminate, and the Lender is irrevocably authorized to exercise any or all of the following rights, subject only to the provisions of the Lease and this Assignment:

(a) Extend, amend, or modify the Lease and any subleases; enforce the Lease and any subleases; commence, prosecute, compromise and appeal any action or proceeding to remedy, restrain or enjoin any violation of the Lease or subleases; and take any action and spend any money that the Lender deems appropriate in its sole discretion, to cure any breach or default by the Tenant under the Lease and any subleases; provided, however, that the Lender shall have no obligation to take any action or spend any money to cure any such breach or default;

(b) Demand, collect, sue for, recover, receive, compromise and adjust the rents due under the subleases;

(c) Accept, endorse and deposit checks, and any other instruments for payment of rents, whether made payable to the Tenant, any agent of the Tenant or Lender, without regard to whether such



200708150185

Skagit County Auditor

instruments are tendered in payment of all or any part of the rents due;

(d) Give any notice, demand, consent, waiver, approval or other communication concerning the Lease or any sublease;

(e) Defend, commence, prosecute, compromise and appeal any action or proceeding concerning the Lease, subleases, Landlord or subtenants, including without limitation intended, any action or proceeding to recover rents or evict subtenants;

(f) Defend, commence, prosecute, compromise and appeal any action or proceeding involving any agents, employees or contractors which may affect the Lease, subleases or rents;

(g) Pay, perform and observe any or all of the obligations of the Tenant under the Lease and subleases;

(h) Apply the rents to payment of the indebtedness evidenced by the Note and/or secured by the Loan Documents (collectively referred to as "Indebtedness") in such order and amounts as the Lender may deem appropriate in its sole discretion. No such application of rents shall operate to cure any Default or waive any Default or any notice of any Default;

(i) Apply the rents to payment of repairs, replacement, maintenance, taxes, insurance premiums, management fees, brokerage fees, legal fees and any other costs or expenses related to the use, operation, management, leasing, repair or replacement of the Premises that the Lender deems appropriate in its sole discretion;

(j) Enter upon and take possession of the Premises. In the event that the Tenant is in possession of the Premises, the Lender shall have the right to require the Tenant to pay use and occupancy for the privilege or remaining in possession of the Premises;

(k) Maintain, repair, restore, alter and complete construction of the Premises, and/or renovate and refurbish the Premises, to the extent, if any, that the Lender deems appropriate in its sole discretion;

(l) Lease or rent the Premises, for such time and at such rents and other terms as the Lender may deem appropriate in its sole discretion;

(m) In general to take any action and exercise any right, power or privilege which the Tenant has in, to or under the Lease and subleases, in the name of the Tenant or in the name of the Lender, in such manner and to such extent, if any, that the Lender shall deem appropriate in its sole discretion.

5. Exculpation from Liability:

The Lender shall have no obligations or liability for the maintenance, care or condition of the



Premises, performance of any of the obligations of the Tenant under the subleases, or the amount of rents collected or applied, except to account for any rents actually collected.

6. Payments of Rents Directly to Lender:

The Tenant hereby irrevocably instructs all the subtenants to pay all their rents to the Lender upon receipt of any notice from the Lender requesting that rents be paid to the Lender and to continue to make all payments of rents to the Lender until such time as the Lender gives the subtenants notice to discontinue making such payments to the Lender. All subtenants shall receive a credit against all rent payments made to the Lender against all rent required to be paid by their respective subleases.

7. Tenant's Obligations under this Assignment Generally:

7.01. Without the prior consent of the Lender, the Tenant shall not cancel, terminate, release or surrender the Lease, nor modify, amend, supplement, extend, waive, alter, or otherwise change the Lease in any manner, nor discharge, excuse, consent to, acquiesce in, or condone any breach or default by the landlord under the Lease.

7.02. Without the prior consent of the Lender, the Tenant shall not exercise any option, make any election, nor give any consent or approval provided for in any provision of the Lease.

7.03. Tenant shall fully pay, perform and observe all of its obligations under the Lease, on or prior to the date that payment, performance or observance is due. The Tenant shall not take, permit or suffer any act to be performed or any condition to exist which would constitute a default or breach of its obligations under the Lease, or otherwise permit the Landlord to terminate the Lease or recover possession of the Premises. No release, waiver, forbearance or discharge granted by the Landlord shall operate to relieve or release the Tenant from its obligation under this Assignment to fully pay, perform and observe all of its obligations under the Lease.

7.04. The Tenant shall promptly and diligently enforce and secure payment, performance and observance of each material obligation of the tenant or lessee under the Lease.

7.05. The Tenant shall promptly appear in and continually and diligently defend any action or proceeding brought against the Tenant in connection with the Lease or the obligations of the tenant or lessee under the Lease.

7.06. Tenant represents and warrants to Lender that the copies of the Lease previously or hereafter delivered to the Lender are true and complete copies thereof, including any modifications, amendments, supplements or other changes thereto.

7.07. The Tenant shall give the Lender immediate notice of any default, notice of default, alleged default, notice of alleged default, or event which with the passage of time and/or the giving of notice, would constitute a default by the Tenant or the Landlord, in the payment, performance or



observance of any of their respective obligations under the Lease, together with a copy of any notice of default or alleged default received or given by the Tenant. Tenant represents and warrants to the Lender that as of the date of this Assignment there are no defaults, notices of defaults, alleged defaults, notices of alleged default, or events which with the passage of time and/or the giving of notice, would constitute a default by the Tenant or the Landlord, in the payment, performance or observance of any of their respective obligations under the Lease.

7.08. The Tenant shall give the Lender immediate (i) notice of the Tenant's receipt of any notice from the Landlord announcing its intention to terminate or assign the Lease, recover possession of the Premises, or offer the Premises and/or its reversionary interest in the Premises for sale; (ii) together with a copy of any such notice received by the Tenant.

7.09. In the event that any action or proceeding is commenced to terminate or modify any of the provisions of the Lease, the Tenant will immediately give the Lender notice of such action or proceeding and promptly furnish the Lender with all process, pleadings, motion papers, briefs and other litigation papers served on the Tenant.

7.10. The Tenant shall not assign the Lease without the prior consent of the Lender. The Tenant represents and warrants to the Lender that the Tenant has not made any assignment of the Lease.

8. Lender's Right to Rely:

The Lender shall be entitled to completely rely upon the truthfulness and accuracy of any allegation made by the Landlord concerning a breach or default by the Tenant in the payment, performance or observance of any of the Tenant's obligations under the Lease, to take any action and incur any cost or expense and make any payment that the Lender deems appropriate in its sole discretion to cure such alleged breach or default.

9. Indemnification:

The Tenant shall indemnify and hold the Lender harmless from and against any liabilities, losses, damages, costs and expenses (including without limitation intended, reasonable attorney's fees) which the Lender incurs or pays in connection with the Lease or this Assignment or the exercise of any of the rights or remedies granted by this Assignment or any claims, rights to relief or causes of action asserted by the Landlord (other than any arising out of the gross negligence or wilful misconduct of the Lender.

10. No Cost or Expense Incurred by Lender:

All liabilities, losses, damages, costs and expenses (including without limitation intended, attorney's fees) incurred and payments made by the Lender in connection with this Assignment, the Lease, the Premises, the exercise of its rights or remedies under this Assignment, or in defending the validity, priority or value of this Assignment shall be Indebtedness and if not sooner due and payable under any other provision of the other Loan Documents, shall be paid by the

Tenant to the Lender within ten days after demand. In the event that the Tenant fails to reimburse the Lender within ten days after demand for payment of any such liabilities, losses, damages, costs, expenses or payments, the amount unpaid shall bear interest at the highest legal rate which may be required of the Tenant under the terms of the Note after a Default.

11. Notices:

Any notice, demand, request, approval, consent or other communication (collectively "NOTICE") concerning this Assignment or the or any matter arising in connection with this Assignment shall be in writing and addressed as follows:

If to Tenant to: C.J. Ebert and Tamara L. Ebert
2911 ½ Hewitt Ave., Suite 1
Everett, WA 98201

If to Lender to: Attn: Pete Sontra
Frontier Bank
2831 Colby Avenue
P.O. Box 1390
Everett, WA 982065

with a copy to: Attn: David Riley
Weinstein & Riley, P.S.
2001 Western Avenue, Suite 400
Seattle WA 98121

Any Notice shall be given by either (i) personal delivery in which event it shall be deemed given on the date of delivery, or (ii) certified mail return receipt requested in which event it shall be deemed given three business days after the date deposited in the mail, or (iii) nationally recognized overnight courier services such as Federal Express next or second business day delivery, in which event it shall be deemed given on the next or second (whichever is applicable) business day immediately following receipt by Federal Express. Any Party may change any address for the delivery of Notice to such Party, by giving Notice in accordance with the provisions of this Paragraph 11. The attorneys for the Parties may give any Notice.

12. Releases, Substitutions, Extensions, Etc.:

Without affecting the liability of the Tenant or any other obligor (except any obligor expressly released in a writing signed and acknowledged by the Lender), without affecting the rights or remedies of the Lender or releasing any of the Assigned Property (except any part of the Assigned Property expressly released in a writing signed and acknowledged by the Lender), the Lender shall have the right, at any time and from time to time, including without limitation intended, any time after the maturity date of the Note, without any notice to or consent from the Tenant or any other obligor: (i) to release any obligor from liability for payment of all or any portion of the In-



debtedness, or observance or performance of any of the other obligations; (ii) to make any agreement extending the time for payment of the Indebtedness, or otherwise changing the terms or conditions for payment of the Indebtedness, or changing or waiving any other Obligation, or subordinating or otherwise dealing with the right, title and interest of the Lender in the Assigned Property; (iii) to exercise, refrain from exercising, delay in exercising, or waive any right or remedy the Lender may have; (iv) accept additional or substitute security or collateral of any kind; (v) to release, partially release or otherwise deal with any lien, security interest, Loan Document, or the Assigned Property; (vi) to decline or neglect to perfect any lien or security interest created by this Assignment or any of the other Loan Documents.

13. Miscellaneous:

(a) Subject to the limitations upon transfer set forth in the Deed of Trust, the rights and obligations of the Parties under this Assignment, shall inure to the benefit of and be binding upon the Parties and all persons who succeed to their respective rights and obligations. The term "Tenant" shall include the current Tenant and its successors and assigns, including without limitation intended, all subsequent owners of the Project. The term "Lender" shall include the current Lender and its successors and assigns, including without limitation intended, all subsequent holders of the Note.

(b) The Lender shall have the right to assign its right, title and interest in, to and under this Assignment to any holder of the Note.

(c) All of the rights and remedies granted to the Lender by this Assignment, the other Loan Documents and the law, shall be cumulative, not exclusive and shall be in addition to and not in lieu of all rights and remedies granted by this Assignment, the other Loan Documents and the law. Each and every right and remedy may be exercised concurrently or in such order as the Lender may elect in its sole discretion. The exercise of any right or remedy shall not preclude the exercise of any other rights or remedies. The Lender may resort to any collateral given by this Assignment or any of the other Loan Documents, now or hereafter, or commence any action or proceeding, enter any judgment or otherwise take any action, to such extent and in such order as the Lender may select, and no such resort, action, proceeding, judgment or other action shall be a waiver, release or election of any of the rights, remedies or collateral given by this Assignment, the other Loan Documents or any law. No delay or omission of the Lender in exercising any right or remedy which accrues upon a Default or potential Default shall impair or waive any such right or remedy. Every right and remedy may be exercised from time to time as often as the Lender may elect in its exclusive discretion.

(d) This Assignment cannot be changed nor can any provision of this Assignment, or any right or remedy of the Parties, be waived orally. Changes and waivers can only be made in writing and the change or waiver must be signed by the Party against whom the change or waiver is sought to be enforced. Any waiver of any provision of this Assignment, or any right or remedy, given on any on one or more occasions shall not be deemed a waiver with respect to any other occasion.



(e) The captions contained in this Assignment were inserted for the convenience of reference only. They do not in any manner define, limit or describe the provisions of this Assignment or the intentions of the Parties.

(f) Whenever masculine, feminine neuter, singular, plural, conjunctive or disjunctive terms are used in this Assignment, they shall be construed to read in whatever form is appropriate to make this Assignment applicable to all the Parties and all circumstances, except where the context of this Assignment clearly dictates otherwise.

(g) In the event of any conflict between the provisions of this Assignment and any of the other Loan Documents, the provisions of the Loan Documents which require the most prompt and comprehensive action on the part of the Tenant shall govern and prevail.

(h) Upon the occurrence of any Default or breach of Obligations or any other event which gives the Lender the power to exercise any right or remedy under this Assignment (including without limitation intended, the right to accelerate the maturity date of the Note), the Tenant shall not be entitled to receive any notice unless notice is specifically required by an explicit provision of this Assignment, another Loan Document or applicable law.

(i) This Assignment and the other Loan Documents were prepared, negotiated, signed and delivered in the State of Washington. In the event of any dispute concerning or arising out of this Assignment or any of the other Loan Documents, the laws of the State of Washington shall govern and control the construction, legality and enforceability of this Assignment and the other Loan Documents, without regard to any law concerning conflicts of law or choice of law.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first set forth above.

TENANT:

By: [Signature]
CJ Ebert

By: [Signature]
Tamara L. Ebert

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

AUG 15 2007

Amount Paid \$ 0
Skagit Co. Treasurer
By: [Signature] Deputy

LENDER:
FRONTIER BANK

By: [Signature]
Its: Vice President

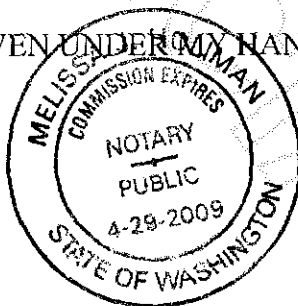
200708150185
Skagit County Auditor

ACKNOWLEDGEMENTS

STATE OF WASHINGTON)
) ss.
COUNTY OF Snohomish)

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 13th day of August, 2007, personally appeared before me Peter Sontra, to me known to be the Vice-President of **FRONTIER BANK**, 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/she is authorized to execute the said instrument.

GIVEN UNDER MY HAND and official seal this 13th day of August, 2007.



Melissa J. Holiman
(Name Melissa Holiman)
NOTARY PUBLIC in and for the State
of Washington, residing at Marysville
My commission expires: 04/29/09

STATE OF WASHINGTON)
) ss.
COUNTY OF Snohomish)

On this 14 day of Aug in the year 2007, personally appeared before me **CJ Ebert**, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal this 14 day of Aug, 2007.



Melissa J. Holiman
(Name Melissa J. Holiman)
NOTARY PUBLIC in and for the State
of Washington, residing at Marysville
My commission expires: 4/29/09



200708150185

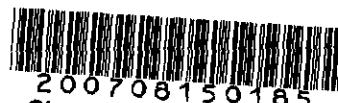
Skagit County Auditor

STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

On this 14 day of Aug in the year 2007, personally appeared before me **Tamara L. Ebert**, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal this 14 day of Aug, 2007.

Melissa J. Harmon
(Name Melissa J. Harmon)
NOTARY PUBLIC in and for the State
of Washington, residing at Marxville
My commission expires: 4/22/11



200708150185
Skagit County Auditor

8/15/2007 Page 10 of 10 4:24PM