

AFTER RECORDING RETURN TO:
First Federal Savings and Loan Assn of Port Angeles
105 W 8th St
PO Box 351
PORT ANGELES, WA 98362



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Skagit County Auditor
3/2/2011 Page 1 of 8 1:41PM

CHICAGO TITLE

620012263

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ASSIGNMENT OF LESSEE'S INTEREST IN LEASE FOR SECURITY PURPOSES

THIS LESSEE'S ASSIGNMENT OF LESSEE'S INTEREST IN LEASE FOR SECURITY PURPOSES ("Assignment") is made on February ~~14~~ 2011, between Mount Vernon Plaza Associates LLC, a Washington Limited Liability Company, the lessee, whose address is 650 S Orcas St Suite 210, Seattle, Washington 98108 ("Assignor") and First Federal Savings and Loan Assn of Port Angeles, the lender, whose address is 105 W 8th St/PO Box 351, Port Angeles, Washington 98362-0055 ("Assignee"), which is organized and existing under the laws of the United States of America. Assignor, in consideration of loans extended by Assignee up to a maximum principal amount of Two Million and 00/100 Dollars (\$2,000,000.00) and for other valuable consideration, the receipt of which is acknowledged, hereby grants, transfers, assigns and sets over to Assignee for security purposes only all right, title and interest in and to all Assignor's lessee's interest and privileges in the following described real property:

Address: 414-526 East College Way, Mount Vernon, Washington 98273

Legal Description: PARCEL "A":

That portion of the North 1/2 of the Northwest 1/4 of the Southwest 1/4 of Section 17, Township 34 North, Range 4 East,

W.M., lying West of the Pacific Northwest Traction Company right of way, EXCEPT the South 450 feet thereof, AND

EXCEPT those portions thereof lying within the boundaries of the County road and State Highway rights of way, AND

EXCEPT that portion thereof lying East of a line running South from a point on the South line of the A. W. Furber Road that

is 262.33 feet West of the West line of the Old Pacific Northwest Traction Company right of way, AND EXCEPT the North

10 feet conveyed to the City of Mount Vernon by Deeds recorded under Auditor's File Nos. 816623 through 816628,

inclusive.

ALSO EXCEPT that portion of road right-of-way awarded to City of Mount Vernon under Skagit County Superior Court No.

08-2-00768-8.

Situate in the County of Skagit, State of Washington.

Parcel ID/Sidwell Number: P25984 - 340417-3-005-0006

("Property") which secures the following:

- Loan with a principal amount of \$2,000,000.00

Assignor further grants all Assignor's lessee's interest now or hereafter existing on all or any part of the Property, whether written or oral, or any letting or any agreement for the use or occupancy of any part of the Property which may have been or which may hereafter be made or agreed to between Assignor and any other present, prior, or subsequent owner of the Property, or any interest therein, or which may be made or agreed to by Assignee, its successors or assigns, under the powers herein granted, including without limitation any leases existing as of the date of this Assignment ("Existing Leases") and described further as:

Unrecorded Lease Agreement dated September 1, 1968 by and between Mt. Vernon Plaza Associates, a Partnership (Tenant) and Bert Cyr and Mildred Cry, Paul Rockey and Eleonore Rockey, DeVere Burtenshaw and Isobel Burtenshaw, Margaret Horwitz, Bernard Jaffe and Audrey Jaffe, Julian Lewis and Diane Lewis

(Landlord), including any amendments thereto recorded or unrecorded. Recorded amendments are filed under Skagit County Auditor's File Nos. 723389, 733960 and 733961.

The term of this Lease commenced on September 1, 1968 and will terminate September 30, 2021.

Any and all current and future Rental and Lease Agreements ("Leases") for the subject property located at 414 - 526 East College Way, Mount Vernon, WA, 98273 in which Assignee has a lessee's interest.

RELATED DOCUMENTS. The words "Related Documents" mean all promissory notes, security agreements, prior mortgages, prior deeds of trust, business loan agreements, construction loan agreements, resolutions, guaranties, environmental agreements, subordination agreements, assignments of leases and rents and any other documents or agreements executed in connection with this Assignment whether now or hereafter existing. The Related Documents are hereby made a part of this Assignment by reference thereto, with the same force and effect as if fully set forth herein.

INDEBTEDNESS. This Assignment secures the principal amount shown above as may be evidenced by a promissory note or notes of even, prior or subsequent date hereto, including future advances and every other indebtedness of any and every kind now or hereafter owing from Assignor to Assignee, howsoever created or arising, whether primary, secondary or contingent, together with any interest or charges provided in or arising out of such indebtedness, as well as the agreements and covenants of this Assignment and all Related Documents (hereinafter all referred to as the "Indebtedness").

AMENDMENT OR MODIFICATION OF LEASES: With respect to any Existing Leases or any Leases executed upon the Property after the creation of this Assignment and so long as the Indebtedness remains unpaid, Assignor shall not, without the written consent of Assignee: (a) cancel any Leases or Existing Leases; (b) accept the surrender of any Leases or Existing Leases; (c) modify or alter any Leases or Existing Leases in any way, either orally or in writing; (d) modify the rental set forth in any Leases or Existing Leases; (e) consent to the assignment of any lessor's interest under any Leases or Existing Leases; (f) sublet any portion of the Property; or (g) make any other assignment, pledge, encumbrance, or any other disposition of any Leases or Existing Leases. Any of the above acts, if done without the written consent of Assignee, shall be null and void, and shall constitute a default under the Assignment and the Related Documents.

REPRESENTATIONS OF ASSIGNOR. Assignor hereby represents: (a) except for the Existing Leases, there are no leases, subleases or agreements to lease or sublease all of or any part of the Property provided however, Assignee has authorized tenants of neighboring commercial property to utilize the Property for purposes of customer and employee parking; (b) the Existing Leases are valid and enforceable and no default exists under the Existing Leases; (c) Assignor has the sale right to sell, assign, transfer, and set over for security purposes the same and to grant and confer upon Assignee the rights, interests, powers, and authorities herein granted and conferred without lessor's consent pursuant to paragraph 9(a) of the Existing Lease.

COLLECTION OF RENTS. Provided no Event of Default exists under the Indebtedness or any of the Related Documents, Assignee agrees not to demand from sublessees, if any, under the Leases or Existing Leases or from any other persons liable therefor, any of the rents, issues or profits hereby assigned, but shall permit Assignor to collect all such rents, issues and profits from the Property and the Leases and Existing Leases, if any, so long as not collected more than one (1) month in advance of their due date.

EVENTS OF DEFAULT. The following events shall constitute default under this Assignment (each an "Event of Default"):

- (a) Failure to make required payments when due under Indebtedness;
- (b) Failure to perform or keep any of the covenants of this Assignment or a default under any of the Related Documents;
- (c) The making of any oral or written statement or assertion to Assignee that is false or misleading in any material respect by Assignor or any person obligated on the Indebtedness;
- (d) The death, dissolution, insolvency, bankruptcy or receivership proceeding of Assignor or of any person or entity obligated on the Indebtedness;
- (e) Any assignment by Assignor for the benefit of Assignor's creditors;
- (f) A material adverse change occurs in the financial condition, ownership or management of Assignor or any



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person obligated on the Indebtedness;

- (g) Assignee deems itself insecure for any reason whatsoever; or
- (h) Any default by Assignor of its obligations under the terms of the Existing Leases or Leases.

REMEDIES. Upon the occurrence of an Event of Default under this Assignment, the Indebtedness or the Related Documents, Assignee may declare all sums secured hereby immediately due and payable and may, at Assignee's option, exercise its right to immediately effectuate the Assignment and without notice except as further provided herein, either in Assignee's person or by agent and with or without bringing any action or proceeding, or by any receiver appointed by the court, enter upon, take possession of, and manage and operate the Property as the lessee, and each and every part thereof, and in connection therewith, Assignee may exercise all rights and assume all responsibilities as lessee of any of the Leases or Existing Leases; cure any defaults of Assignor under any of the Leases or Existing Leases; employ contractors, subcontractors, and workmen in and about the Property; employ leasing agents, managing agents, attorneys and accountants in connection with the enforcement of Assignee's rights hereunder and pay the reasonable fees and expenses thereof; and otherwise do and perform any and all acts which Assignee may deem necessary and appropriate in and about the Property for the protection thereof and of Assignee's rights hereunder and under the Related Documents, and any and all amounts expended by Assignee in connection with the foregoing shall constitute additional Indebtedness secured hereby to the extent permitted by law. Assignee shall apply moneys collected, if any, less costs and expenses incurred, upon any Indebtedness secured hereby in such order and manner as Assignee may determine and to the extent permitted by law. Upon Assignee taking possession of the Property as lessee pursuant to this Assignment, Assignee shall notify the then existing lessors of the Property in writing of Assignee's election to effectuate the Assignment.

NOTICES AND WAIVER OF NOTICE. Unless otherwise required by applicable law, any notice or demand given by Assignee to any party is considered effective when it is deposited in the United States Mail with the appropriate postage, mailed to the address of the party given at the beginning of this Assignment unless an alternative address has been provided to Assignee in writing. To the extent permitted by law, Assignor waives notice of Assignee's acceptance of this Assignment, defenses based on suretyship, any defense arising from any election by Assignee under the United States Bankruptcy Code, Uniform Commercial Code, as enacted in the state where Assignee is located or other applicable law or in equity, demand, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor and any other notice.

TO THE EXTENT PERMITTED BY LAW, ASSIGNOR WAIVES ANY RIGHT TO NOTICE, OTHER THAN THE NOTICE PROVIDED ABOVE, AND WAIVES ANY RIGHT TO ANY HEARING, JUDICIAL OR OTHERWISE, PRIOR TO THE ASSIGNEE EXERCISING ITS RIGHTS UNDER THIS ASSIGNMENT.

PAYMENT OF RENTS TO ASSIGNEE. All subtenants, if any, or occupants of any part of the Property (including without limitation, all persons claiming any interest as lessor or lessee under any Leases or Existing Leases) are hereby authorized to recognize the claims and demands of Assignee without investigation as to the reason for any action taken by Assignee or the validity of the amount of indebtedness owing to or the existence of any default hereunder or under the Related Documents, or the application of payments made by Assignee, of any amounts to be paid to Assignee. Assignee's sole signature shall be sufficient for the exercise of any right under this Assignment and Assignee's sole receipt given for any sums received shall be a full discharge and release therefor to such subtenant, if any, or occupant of the Property. Checks for all or any part of any sublease collected under this Assignment shall be made to the exclusive order of Assignee.

ASSIGNABILITY. Assignee may assign or otherwise transfer this Assignment or any of Assignee's rights under this Assignment without notice to Assignor. Assignor may not assign this Assignment or any part of the Assignment without the express written consent of Assignee.

ASSIGNEE'S RIGHTS AND REMEDIES. The rights and remedies of the Assignee under this Assignment are cumulative, and are not in lieu of, but are in addition to all other rights and remedies which Assignee has under this Assignment and the Related Documents.

SUCCESSORS AND ASSIGNS. All covenants and agreements contained in this Assignment shall bind, and the rights hereunder shall inure to the respective successors and assigns of the Assignor and the Assignee.

ENTIRE AGREEMENT; MODIFICATIONS; SEVERABILITY. This Assignment shall constitute the entire agreement between Assignee and Assignor. Any modification of this Assignment shall be binding only if placed in writing and



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between Assignee and Assignor. Any modification of this Assignment shall be binding only if placed in writing and signed by the Assignee and Assignor. The invalidity of any provision of this Assignment shall not affect the validity of any other provision.

PARAGRAPH HEADINGS; SINGULAR AND PLURAL TERMS. The titles to the paragraphs of this Assignment are solely for the convenience of the parties and shall not be used to interpret this Assignment. Whenever used, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders.

GOVERNING LAW. This Assignment will be governed by the laws of the State of Washington including all proceedings arising from this Assignment.

ORAL AGREEMENTS DISCLAIMER. Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

By signing this Assignment, Assignor acknowledges reading, understanding, and agreeing to all its provisions.

Mount Vernon Plaza Associates LLC

Ruth Genauer

By: Ruth Genauer
Its: Member

Date

2/15/11

By: Eli Genauer

Its: Managing Member

Date

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

MAR 02 2011

Amount Paid \$
Skagit Co. Treasurer
By *YF* Deputy



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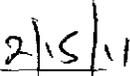
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Mount Vernon Plaza Associates LLC

By: Ruth Genauer
Its: Member

Date


By: Eli Genauer
Its: Managing Member


Date



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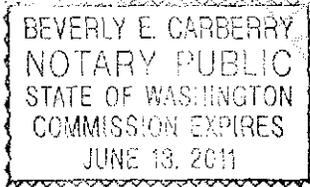
BUSINESS ACKNOWLEDGMENT

STATE OF WASHINGTON)
COUNTY OF King)

On this the 15th of February, 2011, before me, _____, a _____, personally

Appeared Ruth Genauer, Member and Eli Genauer, Managing Member on behalf of Mount Vernon Plaza Associates LLC, a Washington Limited Liability Company, to me personally known or who having proven to me on the basis of satisfactory evidence to be the persons whose names are subscribed within this instrument and who acknowledged that they hold the positions set forth and that they are being authorized to do so, executed the foregoing instrument for the purpose therein contained, by signing the name of the Limited Liability Company by themselves as Member and Managing Member of Mount Vernon Plaza Associates LLC, and that the foregoing instrument is the voluntary act and deed of the Limited Liability Company.

In witness whereof, I hereunto set my hand and, if applicable, official seal.



Beverly E. Carberry
NOTARY PUBLIC, in and for the state of
Washington, residing at Woodinville
Commission expires: 6-13-11

(Official Seal)

THIS INSTRUMENT PREPARED BY:
First Federal Savings and Loan Assn of Port
Angeles
105 W 8th St/PO Box 351 PORT
ANGELES, WA 98362



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