

After Recording Return To:
Whidbey Island Bank
450 SW Bayshore Drive
Oak Harbor, WA 98277



201108090038

Skagit County Auditor

8/9/2011 Page 1 of 9 10:20AM

CHICAGO TITLE

620013514

GROUND LESSOR ESTOPPEL CERTIFICATE AND CONSENT

Reference No.:

Grantor:

Grantee:

Abbr. Legal: Unit 10-1, 48 Degrees North Hangar Condo

Tax Parcel No.: 4907-010-001-0000

Date:

To:

Re: Lease Agreement dated December 4, 2003

Property:

Lessor: Port of Anacortes

Lessee: 48° North Aviation, LLC

The Port of Anacortes ("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 the Lease Agreement dated December 4, 2003 by and between Lessor and 48° North Aviation, LLC ("Lessee"), recorded on September 29, 2005 under Skagit County Auditor's No. 200509290125 (hereinafter referred to as the "Ground Lease"), understands and acknowledges that Whidbey Island Bank ("Lender") is about to make a loan to Michael K. Freeman and Leslie Freeman (the "Freemans"), to be secured by the Freemans' interest in the Sublease, as more particularly described herein. 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 agrees and certifies as follows:

1. Except as stated in paragraph 2 below, the Ground Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, and that without prior to notice to Lender as provided herein and Lender's consent, which consent shall not be unreasonably withheld, conditioned or delayed, there shall be no cancellation, surrender or

modification of the Ground Lease by mutual agreement of the parties thereto.

2. On or about March 30, 2006, the First Amendment of Lease (the "First Amendment") was executed by Lessor and Lessee with respect to the Ground Lease, which First Amendment was recorded on June 28, 2006 under Skagit County Auditor's No. 200606280155. On or about November 20, 2006, the Assignment of Ground Lease (the "Assignment") was executed by Lessee and 48 Degrees North Hanger Owner's Association ("Owners Association"), whereby Lessee assigned its interest under the Ground Lease to Owners Association, which Assignment was recorded on January 18, 2007 under Skagit County Auditor's No. 200701180064. On or about November 20, 2006, the Sublease of Unit 10-1 of 48° North Hanger Condominium (the "Unit 10-1 Sublease") was executed by Lessee and Owners Association, whereby Owners Association subleased its interest in Unit 10-1 to Lessee, which Unit 10-1 Sublease was recorded on January 18, 2007 under Skagit County Auditor's No. 200701180084. On or about December 23, 2008, Lessee executed a Quit Claim Deed (the "Deed"), whereby Lessee conveyed its interest in Unit 10-1 to Freemans, which Deed was recorded on December 31, 2008 under Skagit County Auditor's No. 200812310112. The Ground Lease, the First Amendment, the Assignment, the Unit 10-1 Sublease and the Deed are collectively referred to herein as the "Lease Documents."

3. With respect to Unit 10-1, there are no other subleases or amendments approved by the Lessor. With respect to Unit 10-1, the Lessor except as stated herein, has no knowledge of any other sublease, assignment, transfer, hypothecation or pledge of the Lessee's interest in the Ground Lease.

4. Lessor has consented to and approved the Lease Documents, and there is no default presently known to exist under the Lease Documents in the payment of rent or in the observance or performance of any other covenant or condition to be observed or performed by the Lessee or any other party to any of the Lease Documents, 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 under any of the Lease Documents.

5. The term of the Ground Lease may be extended as set forth in paragraph 2 of the Ground Lease.

6. Lessor consents to the execution and recording of deed(s) of trust and other loan and security documents pledging the Freemans' interest in the Unit 10-1 Sublease and Unit 10-1 to Lender, which granting of security includes an assignment of the Freemans' interest in the Unit 10-1 Sublease to Lender, to secure the loans or other financial accommodations Lender is making or will make to the Freemans, and to the attachment of said security interests to the Freemans' interest in the Unit 1-01 Sublease and Unit 10-1 provided that such deed(s) of trust and other loan and security documents pledging the Freemans' interest in the Unit 10-1 Sublease and Unit 10-1 to Lender shall not be deemed in any way to create any interest in Lessor's real



property interest in the Leasehold Property except for such interest that has been granted by the Lessor in the Ground Lease.

7. In the event of any violation or default in any of the covenants or agreements contained in the Ground Lease, Lessor shall provide Lender with written notice of said violation or default. Service of notice on Lender shall be provided by certified United States mail postage prepaid, facsimile transmission, or personal service to the following address:

Whidbey Island Bank
321 SE Pioneer Way
PO Box 1589
Oak Harbor WA 98277
Facsimile No.: 360-240-4963

or such other address as the Lender may provide in writing to the Lessor.

8. Upon receipt of written notice of any default and in the event the default identified therein has not already been cured or is in the process of being cured by the Owners Association, Lender shall have 30 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 the party obligated in connection therewith. If the default is one that cannot reasonably be cured by Lender (such as insolvency, bankruptcy or other judicial proceedings against the defaulting party, 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 Lease Documents and in any event the default is cured within 120 days of the written notice of default.

9. Lender may assign the Unit 10-1 Sublease to a new sublessee satisfactory to the Lessor which consent to the assignment shall not be unreasonably withheld, conditioned or delayed. Provided however, there shall be no material defaults in the Ground Lease at the time of assignment.

10. In the event the Ground Lease terminates for any reason, including the rejection of the Ground Lease in a bankruptcy proceeding, Lessor agrees, if Lender so elects, 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 Lease Documents and any assignments and consent to assignments related thereto, except as provided herein. Lender shall deliver a written request to Lessor for such new lease within 30 days after the notice of termination has been served upon Lender, together with all sums then due to Lessor under the Lease Documents and shall further remedy any and all monetary defaults of the Ground Lease then in existence.

11. Provided there is then no material non-monetary defaults or any monetary defaults in the



Ground Lease, Lender shall have the right to assign its interest in the "new ground lease" and/or "new sublease", as the case may be, to a third party subject to approval of the Lessor, which approval shall not be unreasonably conditioned, withheld or delayed.

12. In the event that Lender forecloses its deed of trust or other security interest on the Freemans' interest in the Unit 10-1 Sublease, Lessor agrees that Lender may use the Leasehold Property (as it relates to Unit 10-1) for a purpose not inconsistent with the uses described in the Ground Lease and Unit 10-1 Sublease, as the case may be.

13. Lender shall not be liable under the Lease Documents following the assignment or other disposition of the Unit 10-1. 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.

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 identified in the Ground Lease. The Lessor has no pending plans or proposals to condemn the Leasehold Property or any part thereof, and the Lessor has not engaged in any legal actions, lawsuits or other proceedings that may result in the condemnation of the Leasehold Property.

16. The term "knowledge" of the Lessor shall mean the knowledge of the Lessor's executive director, directors and commissioners without investigation. The statements, promises and agreements made herein shall be binding upon the parties hereto and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns and the Lessor.

17. This agreement shall be governed by and construed in accordance with laws of the State of Washington. The Skagit County Superior Court shall have jurisdiction and venue of any action or proceeding arising out of or related to this agreement.

18. The parties hereto represent and warrant that their undersigned agents have full power and authority to execute this agreement. The parties shall not be deemed to have waived any rights hereunder unless such waiver is in writing and signed by the party waiving the right(s). No delay or omission on the part of any 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 such party's right otherwise to demand strict compliance with that provision or any other provision.

THE UNDERSIGNED EACH ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH AGREES TO ITS TERMS.



IN WITNESS WHEREOF, this certificate has been duly executed and delivered as of the 3rd day of August, 2011.

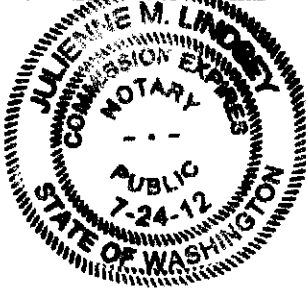
PORT OF ANACORTES

By: [Signature]
Its: Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert W. Hyde to me known to be the Executive Director of PORT OF ANACORTES, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, 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 3rd day of August, 2011.



Julie M. Lindsey
NOTARY PUBLIC in and for the State of Washington
Residing at: Anacortes, WA
My commission expires: 07-24-12

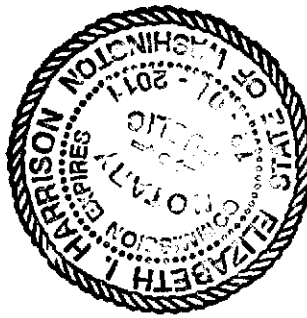
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WHIDBEY ISLAND BANK

By: M. O. Cles
Its: Commercial Lender

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)



On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Krista Oicles to me known to be the Joan Officer of WHIDBEY ISLAND BANK, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

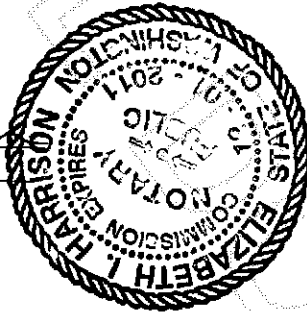
GIVEN under my hand and official seal this 2 day of August, 2011.

Elizabeth L. Harrison
NOTARY PUBLIC in and for the State of Washington
Residing at: Anacortes
My commission expires: 12-1-11

48° NORTH AVIATION, LLC

By: Michael R. Luewa
Its: Member

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)



On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Mike Freeman to me known to be the member of 48° NORTH AVIATION, LLC, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, 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 2 day of August, 2011.

Elizabeth L. Harrison
NOTARY PUBLIC in and for the State of Washington
Residing at: Anacortes
My commission expires: 12-1-11



48 DEGREES NORTH HANGER OWNERS' ASSOCIATION

By: Michael K. Freeman
Its: Member



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

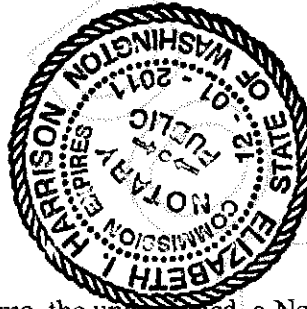
On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Mike Freeman to me known to be the Member of 48 DEGREES NORTH HANGER OWNERS' ASSOCIATION, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, 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 2 day of August, 2011.

Elizabeth I. Harrison
NOTARY PUBLIC in and for the State of Washington
Residing at: Anacortes
My commission expires: 12-10-11

MICHAEL K. FREEMAN

Michael K. Freeman
Individually



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared MICHAEL K. FREEMAN, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed 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 2 day of August, 2011.

Elizabeth I. Harrison
NOTARY PUBLIC in and for the State of Washington
Residing at: Anacortes
My commission expires: 12-10-11



LESLIE FREEMAN

Leslie Freeman
Individually

STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)



On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared LESLIE FREEMAN, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed 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 2 day of August, 2011.

Elaine D. [Signature]
NOTARY PUBLIC in and for the State of Washington

Residing at: Anacortes

My commission expires: 12-1-11



EXHIBIT "A"

Unit 10-1 of 48 Degrees North Hangar Condominium, a leasehold condominium, according to the Declaration of Condominium recorded on October 6, 2006, under Auditor's File No. 200610060089, records of Skagit County, Washington and the Survey Map and Plans thereof recorded October 6, 2006, under Auditor's File No. 200610060088, records of Skagit County, Washington.

Situated in Skagit County, Washington.

END OF EXHIBIT "A"

