

After Recording Return To:

PEOPLES BANK
P O BOX 233
LYNDEN, WA 98264



201108150134
Skagit County Auditor

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Document Title: Lessor Estoppel Certificate
Reference number of related documents: 200001210005, 200301170113, 200702160128 and _____
Grantor/Lessor: City of Mount Vernon
Grantee: Peoples Bank
Lessee: Skagit Valley Family YMCA
Partial Legal Description: PTN SW 1/4 OF SE 1/4, 16-34-4 E W.M.
See Exhibit A for full legal description

Assessor's Parcel/Tax I.D. Number: 340416-4-011-0100 (P116780)

LAND TITLE OF SKAGIT COUNTY

139105-0

LESSOR ESTOPPEL CERTIFICATE

This Lessor Estoppel Certificate ("Certificate") is made and given as of the 11 day of August, 2011, by The City of Mount Vernon, a Washington municipal corporation ("Lessor") to Peoples Bank ("Lender").

A. Lessor is the owner of real property legally described on Exhibit A attached hereto (the "Property").

B. Lessor and S.K.Y. Domes Enterprises, Inc., a Washington corporation ("SKY") entered into that certain Lease dated January 19, 2000 and recorded under Skagit County Recording No. 200001210005 (the "Lease Agreement"), with respect to the Property.

C. SKY assigned its interest under the Lease Agreement to Skagit Valley Family YMCA ("Lessee") by that certain Lease Assignment and Assumption Agreement dated January 16, 2003 and recorded under Skagit County Recording No. 200301170113 (the "Lease Assignment").

D. The Lease Agreement was amended by that certain Amendment to Lease Agreement dated July 12, 2006 by and between Lessor and Lessee and recorded under Skagit County Recording No. 200702160128 (the "Lease Amendment"). The Lease Agreement was further amended by that certain Second Amendment to Lease Agreement dated August 1, 2011 by and between Lessor and Lessee and recorded under Skagit County Recording No. 201108150131 (the "Lease Second Amendment"). The Lease Agreement together with the Lease Assignment, Lease Amendment, Lease Second Amendment and any future amendments are hereinafter collectively referred to as the "Lease."

E. Lessor understands and acknowledges that Lender is making a loan to Lessee (the "Loan") as evidenced by that certain Promissory Note dated as of August 11, 2011 in the original principal amount of \$610,000.00, secured by that certain Deed of Trust made by Lessee as grantor in favor of Lender as beneficiary, recorded against Lessee's leasehold estate in the Property under Skagit County Recording No. 201108150132 (the "Deed of Trust").

F. Lessor further understands that it is a condition of the making of the Loan that this Certificate be furnished to Lender.

NOW, THEREFORE, intending that Lender will rely upon this Certificate in making its Loan to Lessee, the Lessor hereby certifies to Lender as follows:

1. The Lease is in full force and effect and, except as set forth in Recitals C and D above, has not been assigned, modified, supplemented or amended in any way, and that there shall be no voluntary cancellation, surrender or modification of the Lease, by mutual agreement of the parties thereto, without Lenders' prior written consent.
2. There is no default presently known by Lessor to exist under the 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 or time, or both, would constitute a default by Lessee thereunder.
3. Lessor has no knowledge of any prior assignment or of any prior hypothecation or pledge of Lessee's interest in the Lease, except as herein stated.
4. The term of the Lease expires on July 12, 2036.
5. Lessor has no knowledge or notice of the existence of hazardous wastes or hazardous products located on the 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 Property.



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6. The Property is properly zoned for the use intended by the Lessee. Lessor has no pending plans or proposals to condemn the 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 Property.

7. Lender has been approved by Lessor as, and will have the rights of, a "Leasehold First Mortgagee" as provided in the Lease Second Amendment. Lessor's approval of Lender as a "Leasehold First Mortgagee" shall not be construed as an agreement to subordinate Lessor's security interest in all property under the Lease including but not limited the Property to the Deed of Trust. This Certificate shall not be construed as an agreement to subordinate Lessor's first and superior lien and security interest on all fixtures, equipment, and personal property located on premises to secure all sums due and obligations of the Lease absent subordination otherwise provided for under the Lease. Lessor's first and superior security interests includes all liens, mortgages, deeds of trust or other liens covering the Property and Building "A" set forth in the Lease absent subordination otherwise provided for under the Lease. This Certificate shall not be construed as waiver of any Lessor's remedies under the Lease including but not limited to entering upon the Premises and taking possession of any and all fixtures, equipment, and personal property of the Lessee situated on the premises for public or private sale. The Deed of Trust shall not encumber the Property in any fashion once the Lease is terminated. The Deed of Trust shall not be construed to encumber, create, or place any lien or encumbrance of any kind or nature whatsoever upon, or any manner bind, Lessor's interest in the Property and shall attach to only the leasehold interest granted to the Lessee under the Lease. In the event of conflict between the Deed of Trust and this Certificate, this Certificate shall control.

8. This Certificate shall be governed by and construed in accordance with the laws of the State of Washington.

IN WITNESS WHEREOF, this Certificate has been duly executed by Lessor and delivered to Lender as of the 11 day of August, 2011.

LESSOR: CITY OF MOUNT VERNON

APPROVED AS TO FORM

By: [Signature]

[Signature]
MOUNT VERNON CITY ATTORNEY

Its: Mayor

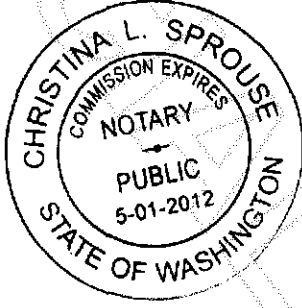
Date: 8/11/11

Attest: [Signature]



STATE OF)
) ss.
COUNTY OF)

On this 11 day of August, 2011, before me, the undersigned, a Notary Public in and for the said State, personally appeared BUD NOKRI, known to me to be the person who signed as the MAYOR of THE CITY OF MOUNT VERNON, a Washington municipal corporation, the corporation that executed the within and foregoing instrument, and acknowledged 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 was duly authorized to execute said instrument.



Christina L Sprouse
Notary Public in and for said State
My Commission
Expires: May 1, 2012



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EXHIBIT A
TO
LESSOR ESTOPPEL CERTIFICATE

Property

DESCRIPTION:

A leasehold estate in the following described property:

That portion of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 16, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Southeast corner of said subdivision as shown on Survey recorded in Book 7 of Surveys, page 33, under Auditor's File No. 8702230031, records of Skagit County, Washington;
thence North $00^{\circ}18'10''$ East 723.02 feet along the East line of said subdivision;
thence North $89^{\circ}41'50''$ West 72.13 feet to the true point of beginning;
thence North $37^{\circ}51'12''$ West 280.00 feet;
thence South $52^{\circ}08'48''$ West 275.00 feet;
thence South $37^{\circ}51'12''$ East 280.00 feet;
thence North $52^{\circ}08'48''$ East 275.00 feet to the true point of beginning.

TOGETHER WITH a non-exclusive easement for ingress and egress, described as follows:

A strip of land 20 feet in width, lying 10 feet on each side of the following described line:

Beginning at the South $\frac{1}{4}$ corner of said Section 16;
thence South $89^{\circ}07'33''$ East 1,162.82 feet along the South line of said section;
thence North $00^{\circ}52'27''$ East for a distance of 30 feet to the true point of beginning of this easement description;
thence North $00^{\circ}52'27''$ East 10.00 feet to a point of curvature;
thence Northwesterly 509.34 feet along a curve concave to the Southwest having a radius of 770.00 feet and a central angle of $37^{\circ}53'59''$ to a point of tangency;
thence North $37^{\circ}01'32''$ West 307.48 feet;
thence North $52^{\circ}08'48''$ East 85.38 feet to the terminus of this easement description.

Situate in the County of Skagit, State of Washington.



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