

After recording return to:

Columbia State Bank Loan Operations
Operations Center Annex – MS 6100
2228 South 78th Street
Tacoma, Washington 98409

CTI 222722-NCS
Title No. 620052154

SUBORDINATION AGREEMENT

Grantors	Guernes Channel Holdings, LLC (Landlord) Stabbert Marine & Industrial, LLC (Tenant)
Grantee	Columbia State Bank
Abbreviated Legal	Ptn. Blocks 501, 601, 701, Northern Pacific Add: Ptn. Tract 2, Plate 7, Anacor Tidelands Govt. Lot 2 (NW1/4 NE1/4), Section 23, Township 35 North, Range 1 East, W.M. Full legal description on <u>Exhibit A</u> attached hereto
APN	P31702 / 350123-0-002-1601, P31735 / 350123-0-018-0001, P31738 / 350123-0-02 0006, P31739 / 350123-0-022-0005, P31740 / 350123-0-023-0004, P31741 / 350123- 024-0003, P58398 / 3809-501-009-0005, P58466 / 3809-601-005-0007, P58467 / 380 601-007-0005, and P58476 / 3809-701-004-0006 201404070099

Reference:
Unrecorded lease dated February 23, 2023; DOT 202302230016

Loan number 2286220

SUBORDINATION AGREEMENT

Borrower/Landlord

Guemes Channel Holdings, LLC,
a Washington limited liability company
2629 NW 54th Street #201
Seattle, Washington 98107

Lender

Columbia State Bank
2nd & Columbia Branch
721 2nd Avenue
Seattle, Washington 98104

Tenant

Stabbert Marine & Industrial, LLC,
a Washington limited liability company
2629 NW 54th Street #201
Seattle, Washington 98107

Date of Lease

February 23, 2023

Memorandum of Lease Recording Information

Date of Recording N/A
Document Number _____

Property Address

3022 and 3100 Oakes Avenue
Anacortes, Washington 98221

THIS SUBORDINATION AGREEMENT is made as of February 15, 2023, between the parties identified above as Borrower, Landlord, Tenant, and Lender. Lender is the holder of a promissory note ("*Note*" or "*Loan*") secured by one or more Deeds of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing as modified from time to time (collectively "*Deed of Trust*") and other loan documents ("*Loan Documents*") dated as of February 15, 2023. The Deed of Trust and certain other of the Loan Documents are to be recorded substantially concurrently with the recording of this Agreement, covering the property described on Exhibit A attached hereto and incorporated by this reference ("*Property*"). By lease dated as of the date set forth above (as the same has been and may be amended from time to time ("*Lease*"), Landlord or Landlord's affiliate leased a portion of the improvements located on the Property ("*Premises*") to Tenant. Lender and Tenant desire to confirm their understanding with respect to the Lease, Deed of Trust, and Loan Documents. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the parties agree as follows:

1. The Lease and any extensions, renewals, replacements, or modifications thereof, and all of the right, title, and interest of Tenant in and to the Premises, including without limitation any option or right of first refusal to purchase the Premises (if any) or any acquisition of title to the Premises by Tenant during the term of the Loan, are and shall be subject and subordinate to the Deed of Trust and other Loan Documents and to all of the terms and conditions contained herein.

2. Tenant agrees with Lender that if the interest of Landlord in the Premises shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by it or by any other manner, upon written notice by Lender Tenant shall be bound to Lender under all of the terms, covenants, and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof that may be effected in accordance with any option therefor in the Lease, with the same force and effect as if Lender were the Landlord under the Lease, and Tenant agrees hereby to attorn to Lender as its landlord. This attornment shall be effective and self-operative upon Lender's election without the execution of any further instruments on the part of any of the parties hereto immediately upon Lender succeeding to the interest of Landlord in the Premises. Tenant agrees, however, upon the election of and written demand by Lender after Lender receives title to the Premises, to promptly execute an instrument in confirmation of the foregoing provisions, in form satisfactory to Lender, in which Tenant shall acknowledge the attornment and shall set forth the terms and conditions of its tenancy.

3. Notwithstanding any contrary provision of this Agreement, Tenant agrees with Lender that if Lender shall succeed to the interest of Landlord under the Lease, Lender shall not be (a) liable for any action or omission of Landlord or any other prior landlord (collectively "*Prior Landlord*") under the Lease, (b) subject to any offsets or defenses that Tenant might have against any Prior Landlord, (c) bound by any rent or additional rent that Tenant might

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have paid for more than the current month to any Prior Landlord, (d) bound by any security deposit that Tenant may have paid to any Prior Landlord unless the deposit is in an escrow fund available to Lender, (e) liable to Tenant under any indemnification provisions set forth in the Lease or for any damages Tenant may suffer as a result of any false representation set forth in the Lease, the breach of any warranty set forth in the Lease, or any act of or failure to act by any party other than Lender, (f) bound by any amendment, modification, termination, surrender, cancellation, or waiver of any terms of the Lease made without Lender's consent, or (g) bound by any provision in the Lease that obligates the Landlord to erect or complete any building or to perform any construction work or to make any improvements to the Premises.

4. If Lender acquires Landlord's interest in the Premises by foreclosure, deed in lieu of foreclosure, or any other means, Tenant shall look solely to the interest of Lender in the Premises for the recovery of any judgment or the discharge of any other obligations of Lender and Lender shall never be personally liable for any such judgment or obligations.

5. Tenant shall provide Lender with a copy of any written notice that Tenant sends to or receives from Landlord no later than ten days after transmission or receipt. In the event that Landlord shall default in the performance or observance of any of the terms, conditions, or agreements in the Lease, Tenant shall give written notice thereof to Lender and Lender shall have the right (but not the obligation) to cure the default. Tenant shall not take any action with respect to the default under the Lease, including without limitation any action in order to terminate, rescind, or void the Lease or to withhold any rental thereunder, for a period of thirty days after receipt of written notice thereof by Lender with respect to any such default capable of being cured by the payment of money and for a period of sixty days after receipt of written notice thereof by Lender with respect to any other default (provided, that in the case of any default that cannot be cured by the payment of money and cannot with diligence be cured within the sixty-day period because of the nature of the default or because Lender requires time to obtain possession of the Premises in order to cure the default, if Lender shall proceed promptly to attempt to obtain possession of the Premises where possession is required, and to cure the same and thereafter shall prosecute the curing of such default with diligence and continuity, then the time within which the default may be cured shall be extended for such period as may be necessary to complete the curing of the same with diligence and continuity).

6. Tenant agrees with Lender that Tenant's estate in the Premises shall not be conveyed or encumbered without the written consent of Lender so long as the Lease is in effect. Tenant further agrees that Tenant will not voluntarily subordinate the Lease to any lien or encumbrance without Lender's consent.

7. In addition to information concerning the Lease set forth elsewhere in this Agreement, which is hereby ratified and confirmed, Landlord and Tenant hereby covenant and agree with Lender as follows:

7.1 The Lease has been properly executed and delivered by Tenant, is valid and binding upon Tenant, has not been modified, amended, or supplemented by any letter agreement or other written instrument, and is in full force and effect;

7.2 Tenant is the holder of the lessee's interest under the Lease. The Lease constitutes the only agreement to which Tenant is a party or for the benefit of Tenant with respect to the Premises. Tenant is in sole possession of the Premises and has not subleased any portion of the Premises. Tenant is open for business at the Premises;

7.3 Tenant has not paid and shall not pay any rent to Landlord more than one month in advance;

7.4 There exist no defaults under the terms of the Lease by Landlord or Tenant. Landlord has performed all of its obligations under the Lease regarding the Premises. Tenant knows of no event or condition that, with the passage of time or the giving of notice or both, would constitute a breach or default by Tenant or Landlord under the Lease. Neither Tenant nor Landlord has exercised any option to terminate the Lease or taken any other action or received any notice with respect to termination of the Lease;

7.5 Tenant has no defense, claim of lien, or offset under the Lease or against the rental payable thereunder;

7.6 Upon receipt by Tenant of any written notice from Lender to do so, all rent shall be paid by Tenant directly to Lender until further notice from Lender in writing and any such payment shall constitute payment of rent under the Lease; and

7.7 Tenant has no claims to or interest in the Premises, legal or equitable, or any contract or option therefor, other than as a tenant under the Lease.

Tenant hereby agrees that it will promptly notify Lender in writing of and when any of the conditions of the Lease set forth in this Agreement should become untrue or incorrect in any material respect.

8. This Agreement shall bind and inure to the benefit of all parties hereto and their successors and assigns. As used herein, the term "Tenant" shall include Tenant and its successors and assigns, the words "foreclosure" and "foreclosure sale" shall be deemed to include the acquisition of Landlord's estate in the Premises by voluntary deed (or assignment) in lieu of foreclosure, and the word "Lender" shall include the Lender named specifically and any of its successors and assigns, including anyone who shall succeed to Landlord's interest in the Premises by, through, or under foreclosure of the Deed of Trust and other Loan Documents.

9. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed an original but all such counterpart together shall constitute but one and the same instrument.

10. This Agreement shall not be modified or amended except in writing signed by the parties hereto.

11. The use of the neuter gender in this Agreement shall be deemed to include any other gender, and words in the singular number shall be held to include the plural when the sense requires.

12. Notwithstanding any of the other provisions hereof, this Agreement is not intended to create and shall not be deemed to create any personal liability on the part of Tenant for repayment of the Loan.

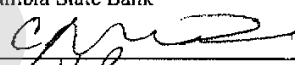
13. If any suit or action is commenced to enforce or interpret this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees at trial and in any appellate proceeding, receivership, or proceeding under the bankruptcy code and post-judgment attorney fees incurred in enforcing any judgment.

[signatures on next page]

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

Lender

Columbia State Bank

By 

Title _____

Tenant

Stabbert Marine & Industrial, LLC

By Stabbert Maritime Holdings, LLC, Sole Member

By Thetis, L.L.C., Managing Member

By _____

Lindsay A. Sckorohod, Manager and
Authorized Representative**Borrower/Landlord**

Guemes Channel Holdings, LLC

By Stabbert Yacht and Ship Holding, LLC, Sole Member

By Thetis, L.L.C., Managing Member

By _____

Lindsay A. Sckorohod, Manager and
Authorized Representative

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

Lender

Columbia State Bank

By _____
Title _____

Tenant

Stabbert Marine & Industrial, LLC

By Stabbert Maritime Holdings, LLC, Sole Member

By Thetis, L.L.C., Managing Member

By Lindsay A. Skerohod
Lindsay A. Skerohod, Manager and
Authorized Representative

Borrower/Landlord

Guemes Channel Holdings, LLC

By Stabbert Yacht and Ship Holding, LLC, Sole Member

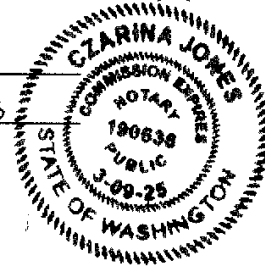
By Thetis, L.L.C., Managing Member

By Lindsay A. Skerohod
Lindsay A. Skerohod, Manager and
Authorized Representative

STATE OF WASHINGTON)
) ss.
 County of Pierce)

I certify that I know or have satisfactory evidence that Cl Mitchell is the person who appeared before me and acknowledged that she signed this instrument on February 16, 2023, and on oath stated that she is authorized to execute the instrument and acknowledged it as the Vice President of Columbia State Bank, a Washington state banking corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.


 Notary Public for Washington
 My commission expires 3-09-25



STATE OF WASHINGTON)
) ss.
 COUNTY OF _____)

I certify that I know or have satisfactory evidence that Lindsay A. Sekorohod, the manager and authorized representative of Thetis, L.L.C., a Washington limited liability company, the managing member of Stabbert Maritime Holdings, LLC, a Washington limited liability company, the sole member of Stabbert Marine & Industrial Holdings, LLC, a Washington limited liability company, is the person who appeared before me and acknowledged that the company signed this instrument on February __, 2023, and on oath stated that the company executed the instrument for the uses and purposes mentioned in the instrument.

 Notary Public for Washington
 My commission expires _____

STATE OF WASHINGTON)
) ss.
 COUNTY OF _____)

I certify that I know or have satisfactory evidence that Lindsay A. Sekorohod, the manager and authorized representative of Thetis, L.L.C., a Washington limited liability company, the managing member of Stabbert Yacht and Ship Holding, LLC, a Washington limited liability company, the sole member of Guemes Channel Holdings, LLC, a Washington limited liability company, is the person who appeared before me and acknowledged that the company signed this instrument on February __, 2023, and on oath stated that the company executed the instrument for the uses and purposes mentioned in the instrument.

 Notary Public for Washington
 My commission expires _____

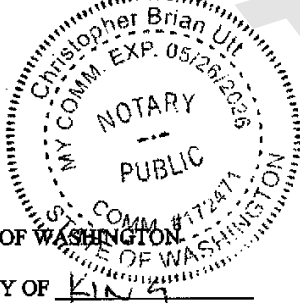
STATE OF WASHINGTON)
) ss.
 County of _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and acknowledged that s/he signed this instrument on February __, 2023, and on oath stated that s/he is authorized to execute the instrument and acknowledged it as the _____ of Columbia State Bank, a Washington state banking corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

 Notary Public for Washington
 My commission expires _____

STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

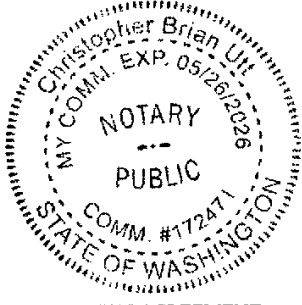
I certify that I know or have satisfactory evidence that Lindsay A. Skorohod, the manager and authorized representative of Thetis, L.L.C., a Washington limited liability company, the managing member of Stabbert Maritime Holdings, LLC, a Washington limited liability company, the sole member of Stabbert Marine & Industrial Holdings, LLC, a Washington limited liability company, is the person who appeared before me and acknowledged that the company signed this instrument on February 16, 2023, and on oath stated that the company executed the instrument for the uses and purposes mentioned in the instrument.



 Notary Public for Washington
 My commission expires 05/26/2026

STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

I certify that I know or have satisfactory evidence that Lindsay A. Skorohod, the manager and authorized representative of Thetis, L.L.C., a Washington limited liability company, the managing member of Stabbert Yacht and Ship Holding, LLC, a Washington limited liability company, the sole member of Guemes Channel Holdings, LLC, a Washington limited liability company, is the person who appeared before me and acknowledged that the company signed this instrument on February 16, 2023, and on oath stated that the company executed the instrument for the uses and purposes mentioned in the instrument.



 Notary Public for Washington
 My commission expires 05/26/2026

Exhibit A
Legal Description

Parcel "A":

Lots 4 to 9, inclusive, Block 501, and Lots 1 to 5, inclusive, Block 601, "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats, Page 9, records of Skagit County, Washington.

Situate in the City of Anacortes, County of Skagit, State of Washington.

Parcel "B":

That portion of Tract 2, Section 23, Township 35 North, Range 1 East, W.M., "Plate #7 Anacortes Tide and Shorelands" according to the Plat thereof on file in the office of the board of State land commissioners at Olympia, Washington, lying Westerly of the following described line:

BEGINNING at a point on the meander line of said Tract 2, Plate #1 at a point 437.07 feet South and 609.80 feet West of the initial point of said Tract 2;

Thence South 58° 55' West, 148.2 feet;

Thence South 56° 30' West, 11.8 feet to the true point of beginning of this description;

Thence from said true point of beginning North 22° West, 191.3 feet, more or less, to the Inner Harbor Line, and the terminal point of said line,

EXCEPT THEREFROM any portion of the above described premises lying South of the North line of the railroad right of way as Deed to the Seattle & Montana Railroad Company, by Deed dated May 29, 1907 and recorded July 16, 1907, under Auditor's file No. 63000,

Also except that portion lying West of a line running due North and South, 409 feet West of the Easterly boundary thereof measured along the meander line,

And also except that portion, if any, lying Easterly of the Westerly line of those premises conveyed to J. E. Trafton by Deed dated October 5, 1956, filed October 8, 1956, under Auditor's File No. 542605 and recorded in Volume 281 of Deeds, Page 770.

Situate in the city of Anacortes, County of Skagit, State of Washington.

Parcel "C":

That portion of Tract 2, of Plate No. 7, "Anacortes Tide Lands", as per Plat thereof, on file in the office of the board of State land commissioners at Olympia, Washington, lying within the following described Tract:

BEGINNING at a point 97.3 feet South and 203.3 feet West of the initial point of said Tract 2;

Thence North 22° West, 71 feet;

Thence South 70° 44' West, 209 feet to the true point of beginning;

Thence South 70° 44' West, 111 feet;

Thence South 19° 16' East, 100 feet;

Thence South 70° 44' West, 173 feet;

Thence South 22° East, 158 feet;

Thence North 58° 55' East, 82 feet;

Thence North 52° 10' East, 165 feet;

Thence North 46° 20' East, 64.3 feet, more or less, to a point that is South 27° 30' East, 165 feet from the true point of beginning;

Thence North 27° 30' West, 165 feet to the true point of beginning.

Situate in the City of Anacortes, County of Skagit, State of Washington.

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Parcel "D":

That portion of Tract 2, of Plate No. 7, "Tide and Shorelands", as per Plat thereof, on file in the office of the board of State land commissioners at Olympia, Washington, described Tract:

BEGINNING at a point on the inner line of said Tract 2, 437.07 feet South and 609.80 feet West of the initial point thereof;

Thence North 22° West, 158 feet, to the outer line of said Tract 2;

Thence South 70° 44' West along the outer line of said Tract 2, 97.88 feet;

Thence South 22° East, 178.9 feet to the inner line of said Tract 2;

Thence North 58° 55' East along said inner Tract line 100 feet to the point of beginning,

Except that portion thereof, if any, lying South of the North line of the railroad right of way as Deeded to the Seattle and Montana Railroad Company by Deed dated May 29, 1907 and recorded under Auditor's File No. 63000 in Volume 62 of Deeds, Page 462.

Situate in the City of Anacortes, County of Skagit, State of Washington.

Parcel "E":

That portion of Tract 2, of Plate No. 7, "Tide and Shorelands", as per Plat thereof, on file in the office of the board of State land commissioners at Olympia, Washington, described Tract:

BEGINNING at a point on the Southerly line of said Tract 2, 488.7 feet South and 695.44 feet West of the initial point of said Tract 2;

Thence South 58° 55' West, 48.2 feet;

Thence South 56° 30' West, 11.8 feet;

Thence North 22° 00' West, 191.3 feet to the inner harbor line;

Thence North 70° 44' East along said inner harbor line, 59.24 feet, more or less, to the Northwest corner of a Tract Deeded to J. E. Trafton by Deed dated December 31, 1946 and recorded under Auditor's File No. 401254;

Thence South 22° 00' East along the West line of the above Tract Deeded to J. E. Trafton, 178.9 feet to the point of beginning,

Except that portion thereof, if any, lying South of the North line of the railroad right of way as Deeded to the Seattle and Montana Railroad Company by Deed dated May 29, 1907 and recorded under Auditor's File No. 63000 in volume 62 of Deeds, Page 462.

Situate in the city of Anacortes, County of Skagit, State of Washington.

Parcel "F":

Lots 6 and 7, Block 601, "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats, Page 9, records of Skagit County, Washington.

Situate in the City of Anacortes, County of Skagit, State of Washington.

Parcel "G":

That portion of the following described tidelands lying West of a line running due North and South, 409 feet West of the Easterly boundary thereof measured along the meander line, said tidelands being described as follows:

That portion of Tract 2, Section 23, Township 35 North, Range 1 East, W.M., "Plate #7 Anacortes Tide and Shorelands", according to the Plat thereof on file in the office of the board of State land commissioners at Olympia, Washington, lying Westerly of the following described line:

BEGINNING at a point on the meander line of said Tract 2, Plate 7, at a point 437.07 feet South and 609.80 feet West of the initial point of said Tract 2;

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Thence South 58° 55' West, 148.2 feet;
 Thence South 56° 30' West, 11.8 feet to the true point of beginning of this description;
 Thence from said true point of beginning North 22° West, 191.3 feet, more or less, to the inner harbor line,
 except therefrom any portion of the above described premises lying South of the North line of the railroad right of
 way, as Deeded to the Seattle and Montana Railroad Company by Deed dated May 29, 1907, and recorded July 16,
 1907, under Auditor's File No. 63000.

Situate in the city of Anacortes, County of Skagit, State of Washington.

Parcel "H":

Lots 1, 2 and 3, Block 701, "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats,
 Page 9, records of Skagit County, Washington, Situate in the City of Anacortes, County of Skagit, State of
 Washington.

Parcel "I":

That portion of the Burlington Northern railroad right of way designated as Northern Pacific Railroad on the Plat
 Map of "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats, Page 9, records of
 Skagit County, Washington, being more particularly described as follows:

BEGINNING at the Southeast corner of Block 901, "Northern Pacific Addition to Anacortes,";
 Thence North 21° 36' 44" West along the Westerly right of way of Illinois Avenue, a distance of 185.00 feet to the
 true point of beginning;
 Thence North 21° 36' 44" West, a distance of 73.05 feet;
 Thence North 73° 40' 00" East, a distance of 98.74 feet;
 Thence North 67° 41' 20" East, a distance of 270.04 feet;
 Thence North 73° 40' 00" East, a distance of 250.00 feet;
 Thence East a distance of 100.00 feet;
 Thence North 73° 40' 00" East, a distance of 5.24 feet;
 Thence South 14° 38' 00" East, a distance of 7.00 feet to an Intersection with a curve having a radius point bearing
 North 11° 56' 47" West, a radial distance of 684.80 feet;
 Thence Easterly along the arc of said curve to the left through a central angle of 2° 51' 28", an arc distance of 34.16
 feet to the Intersection with a curve having a radius point bearing North 14° 48' 15" West, a radial distance of
 1,878.10 feet;
 Thence Easterly along the arc of said curve to the left through a central angle of 21° 22' 57", an arc distance of
 700.90 feet;
 Thence South 22° 00' 00" East, a distance of 27.44 feet;
 Thence North 58° 55' 00" East, a distance of 79.03 feet;
 Thence North 52° 10' 00" East, a distance of 165.00 feet;
 Thence North 46° 20' 00" East, a distance of 72.98 feet;
 Thence South 27° 30' 00" East, a distance of 133.25 feet;
 Thence South 54° 53' 24" West, a distance of 166.32 feet to the Northwesterly corner of Block 401 of said Plat;
 Thence South 50° 23' 01" West, a distance of 84.12 feet to the Northeasterly corner of Block 501 of said Plat;
 Thence South 54° 31' 45" West, a distance of 308.94 feet to the Northwesterly corner of said Block 501;
 Thence South 65° 01' 13" West, a distance of 170.24 feet to the Southeast corner of Block 601 of said Plat;
 Thence North 21° 36' 44" West along the Easterly line of said Block 601, a distance of 93.00 feet to the
 Northeasterly corner of said Block 601;
 Thence South 71° 37' 52" West, a distance of 210.34 feet to the Northwesterly corner of said Block 601;
 Thence South 73° 27' 34" West, a distance of 80.31 feet to the Northeasterly corner of Block 701 of said Plat;
 Thence South 73° 43' 15" West, a distance of 301.25 feet to the Northwesterly corner of said Block 701;
 Thence South 74° 05' 54" West, a distance of 80.40 feet to a point on the Easterly line of Block 801 of said Plat;
 Thence North 21° 36' 44" West along the Easterly line of said Block 801, a distance of 50.38 feet to the
 Northeasterly corner of said Block 801;
 Thence South 68° 05' 05" West, a distance of 299.96 feet to the Northwesterly corner of said Block 801;
 Thence South 21° 36' 44" East along the Westerly line of said Block 801, a distance of 18.80 feet;
 Thence South 73° 23' 18" West, a distance of 80.31 feet to the Northeasterly corner of Block 901 of said Plat;

Thence North 21° 36' 44" West along the Northwesterly projection of Illinois Avenue right of way, a distance of 73.05 feet to the true point of beginning.

Except that portion quieted in that certain "Stipulation and order of Settlement" entered July 9, 1991 in Skagit County Superior Court Cause No. 89-2-00399-2, more particularly described as follows:

BEGINNING at the Northwest corner of Lot 3 in Block 501, "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats, Page 9, records of Skagit County, Washington;

Thence Northerly a distance of 30 feet along an extension of the West line of Lot 3, Block 501;

Thence Northeasterly to a point along an extension of the West line of Lot 10 in Block 401, 5 feet beyond the Northwest corner of Lot 10, in Block 401, "Northern Pacific Addition to Anacortes,";

Thence Southerly a distance of 5 feet to the Northwest corner of the said Lot 10, Block 401;

Thence Southwesterly to the point of beginning.

TOGETHER WITH a non-exclusive easement for ingress, egress and utilities and matters incidental thereto over, under and across the existing roadway as depicted on that certain record of survey recorded March 21, 1989, under Auditor's File No. 8903210032, as conveyed by instrument recorded March 21, 1989, under Auditor's File No. 8903210033.

Also TOGETHER WITH a non-exclusive easement to provide sufficient space for passenger vehicles to turn around to access Oakes avenue over and across an existing driveway located on the following described property:

The West 1/2 of Lot 3, Block 501, "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats, Page 9, records of Skagit County, Washington, this easement shall be for the benefit of Lot 4, Block 501, "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats, Page 9, records of Skagit County, Washington.

Situate in the city of Anacortes, County of Skagit, State of Washington.

Parcel "J":

That portion of Georgia Avenue, lying Northerly of the North line of Oakes Avenue, and abutting upon Blocks 601 and 701, "Northern Pacific Addition to Anacortes," as per Plat recorded in Volume 2 of Plats, Page 9, records of Skagit County, Washington, as vacated Under Ordinance No. 2191, recorded July 5, 1991, under Auditor's File No. 9107050103, records of Skagit County, Washington.

Situate in the City of Anacortes, County of Skagit, State of Washington.

Parcel "K" (Leasehold):

That portion of the harbor area in front of Tract 2, Plate 7, Anacortes Tide Lands, described as follows:

Beginning at a point on the inner harbor line, which is South 71°56'58" West 449.71 feet from the Northeast corner of said Tract 2;

Continuing thence along said inner harbor line South 71°56'58" West 114.50 feet;

Thence South 18°03'02" East 99.95 feet;

Thence South 71°56'58" West 852.40 feet;

Thence North 18°03'02" West, across the harbor area, for a distance of 599.95 feet to the outer harbor line;

Thence North 71°56'58" East along said out harbor line for a distance of 966.90 feet;

Thence South 18°03'02" East, across the harbor area, for a distance of 500.00 feet to the inner harbor line and the Point of Beginning.

Situate in the City of Anacortes, County of Skagit, State of Washington.