

RETURN TO:  
SKAGIT STATE BANK  
P O BOX 285  
BURLINGTON WA 98233



200104170021

Skagit County Auditor

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COLLATERAL ASSIGNMENT OF LEASE  
(Assignment of Lessee's Interest)

Date: MARCH 13, 2001

SKAGIT COUNTY WASHINGTON  
Real Estate Excise Tax  
PAID

Lender: SKAGIT STATE BANK

APR 10 2001

Lessee: FRONTIER INDUSTRIES, INC.

Amount Paid \$ 0  
Skagit County Treasurer  
By: Deputy

Lessor: MIKE JOHNSON & TERRY JOHNSON

Lessee leases certain real property and/or improvements from Lessor. Lender has extended or will extend credit to Lessee, and as a condition of such financing, is requiring that Lessee assign its interest in the lease identified below.

NOW, THEREFORE, the parties agree as follows:

1. "Lease" means that certain lease between Lessor and Lessee dated MARCH 1, 2001 covering real property and improvements located at: LTS 8-10, BLK 5, HENSLER'S FIRST ADD 909 26TH ST., ANACORTES WA 98221 (copy attached). "Assignee" means Lender, and its successors or assigns. TAX PARCEL NO. 3794-005-010-0001

2. For valuable consideration received, Lessee hereby assigns to Assignee all of Lessee's right, title and interest in, to and under the Lease as security for all of Lessee's obligations to Lender, now existing and hereafter incurred, including but not limited to all amounts owed by Lessee to Lender under (describe loan) LOAN NO. 3629717075

3. Lessee warrants that the copy of the Lease attached hereto is a true and complete copy, including all modifications and extensions (if any), that there are no other agreements, arrangements or understandings between Lessor and Lessee concerning or affecting the Lease or the leased premises and that the Lease is in good standing.

4. Lessee agrees that Lessee will: (i) faithfully perform all of its obligations under the Lease, and indemnify Assignee and hold it harmless from any claim or liability asserted by any third party with regard to the Lease and the leased premises; (ii) give Assignee prompt notice of any default by either Lessee or Lessor under the Lease, and will immediately provide Assignee with a copy of any written notice or communication received from Lessor asserting the existence of any default; (iii) without Assignee's prior written consent (which may be withheld for any reason), not permit any modification, alteration or termination of the Lease, or consent to an assignment or sublease, or waive, release or discharge Lessor from any obligation under the Lease.

5. This Assignment is intended to be a present, active assignment, but shall impose no duties or obligations on Assignee under the Lease unless and until Assignee elects (in its sole discretion) to assume the Lease. So long as Lessee is not in default with regard to its obligations to Lender, Lessee shall be entitled to occupy the leased premises and enjoy all benefits under the Lease. If Lessee defaults in its obligations to Lender, or if Lessee defaults under the Lease, Assignee may (but shall not be required to) at any time, and from time to time, take any action Assignee deems necessary or proper with regard to the Lease (including without limitation, curing any default of Lessee under the Lease, ejectment of Lessee from the premises, re-letting of the premises to an assignee or sublessee, modification of the Lease, etc). Lessee consents to all such action and agrees that no such action will be deemed to waive or impair Assignee's rights and remedies against Lessee. Lessee authorizes and directs Lessor, on receipt of a written statement from Assignee stating that Lessee is in default to Lender, to permit Assignee to exercise any and all of its rights under this Assignment, and agrees that Lessor shall rely solely on such notice with no duty to inquire or investigate the alleged default regardless of any notice from or claim of Lessee to the contrary, and that Lessor shall have no liability to Lessee for doing so.

6. Assignee shall be entitled to further assignments of its rights and interest hereunder without notice to or consent of Lessee or Lessor. This Assignment shall be binding on Lessee, its successors and assigns, and

all parties claiming through them. Lessee agrees to pay Assignee's attorneys' fees and costs incurred in enforcement or protection of Assignee's rights under this Assignment.

LESSEE: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: LESSEE

LESSEE: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF WASHINGTON  
COUNTY OF SKAGIT } SS

On this day personally appeared before me Mike Johnson and Terry Johnson  
to me known to be the individuals described in and who executed the within and foregoing instrument, and  
acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes  
therein mentioned.

GIVEN under my hand and official seal this 15<sup>th</sup> day of March, 2001

Rachael J. Reed  
Notary Public in and for the State of Washington  
residing at Circumference  
My appointment expires on 10-15-04



LESSOR'S CONSENT AND AGREEMENT

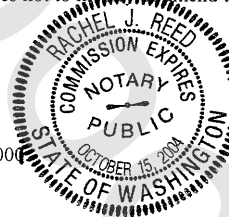
Lessor hereby consents to the above Assignment and agrees that: (i) Lessor will not terminate the Lease without first giving Assignee at least thirty (30) days notice specifying the particular default, and giving Assignee the right to cure the stated default(s) during such period, if Assignee elects to do so; (ii) Any restrictions on transfer, assignment or sublease set forth in the Lease (including those that may require the consent of Lessor) shall not be binding on Assignee, and the Assignee shall be entitled, whether it assumes the Lease or not, to cure defaults and effect any assignment or sublease to a third party, provided such third party is reasonably acceptable as to financial strength; (iii) Assignee shall have no liability under the Lease unless and until Assignee elects to enter into possession of the leased premises and assume the Lease; (iv) Lessor disclaims all right, title and interest in and to all leasehold improvements, buildings, personal property, and appurtenance that have been placed on the leased premises by Tenant under the Lease, and waives any right of landlord's distraint; and (v) Lessor hereby subordinates to Assignee any presently held or subsequently acquired lien on the personal property, furniture, supplies and equipment of Tenant.

Lessor warrants to Assignee that the Lease is in good standing and that the copy attached hereto is accurate and complete, and that there are no other agreements, arrangements or other understandings between Lessor and Tenant concerning the lease terms or the leased premises. Lessor agrees not to modify or amend the Lease with Assignor's prior written consent so long as this Assignment is in effect.

LESSOR: \_\_\_\_\_  
Name: Mike Johnson  
Title: President

GIVEN under my hand and official seal this 15<sup>th</sup> day of March, 2001

Rachael J. Reed  
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