

After recording return to:

John S. Ludwigson
P. O. Box 399
Bellingham, WA 98227

9804150035

P-84484
LAND TITLE COMPANY OF SKAGIT COUNTY

ASSIGNMENT OF SUB-LEASE FOR SECURITY PURPOSES

Abbreviated Legal: Lot 810, "Amended Survey of
Shelter Bay, Division No. 5,
Tribal and Allotted Lands of
Swinomish Indian Reservation"

Tax Parcel No.: 5100-005-810-000 (L84807)

THIS ASSIGNMENT dated this 9 day of April, 1998, is by
and between JAMES H. FOSTER and BETTY J. FOSTER, husband and
wife, hereinafter referred to as "Assignors", and HORIZON BANK,
a savings bank, hereinafter referred to as "Assignee".

1. RECITALS.

Assignors are sub-lessees by virtue of a previous Assignment
of Lease by and between Donald C. Bassett and Barbara G. Bassett,
husband and wife, as Assignors, and James H. Foster and Betty J.
Foster, husband and wife, as Assignees. The Fosters are sub-
lessees under a Sub-Lease by and between Fidalgo, Inc., a
Washington corporation, appearing as lessor, and Donald C.
Bassett and Barbara J. Bassett, husband and wife, appearing as
lessee, which Lease was dated June 20, 1978 and recorded under
Auditor's File No. 8710230084, records of Skagit County,
Washington. By virtue of the Assignment of Lease from Bassetts
to Fosters the Lessees' interest in and to the subject property
is now held by the Fosters pursuant to Assignment dated June 18,

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1996 and recorded under Auditor's File No. 9606180052.

The Fosters have entered into a Borrower / Lender relationship with Horizon Bank (Assignee hereunder), and to secure the Promissory Note evidencing such loan the Fosters (Assignors hereunder) have executed a Deed of Trust in favor of Horizon Bank.

As a further condition to Assignee entering into a Loan Agreement with Assignors, Assignee herein requires Assignors to conditionally assign their interest in and to the afore-described Lease to Assignees as additional security.

2. ASSIGNMENT.

For good and valuable consideration Assignors do hereby assign and set over to Horizon Bank as Assignee, for additional security purposes only, all of Assignors' right, title and interest in and to the afore-mentioned Lease on the afore-described property.

3. ASSIGNEE'S RIGHT TO POSSESSION.

Assignee acknowledges that this Assignment is for additional security purposes only and is made and executed contemporaneously with Assignors' execution of a promissory note and deed of trust relating to their leasehold interest and improvements thereon located on the afore-described Lot 810, "Amended Survey of Shelter Bay Division No. 5."

In the event that Assignors are in default under the terms and conditions of the promissory note or deed of trust executed in favor of Assignee to secure Assignors' obligation to Assignee, and in the event that Assignee is required to foreclose or forfeit Assignors' interest in and to the afore-described real property, then it is agreed and understood that at such time as Assignee takes possession of the property this Assignment of Lease shall immediately become effective and all of Assignors' right, title and interest to the Lease shall vest in Assignee, and Assignee shall be entitled to all rights, benefits and obligations of Assignor under such Lease included but not limited to the right of possession of the premises.

DATED the day and year first above written.

ASSIGNORS:

James H. Foster
James H. Foster

Betty J. Foster
Betty J. Foster

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
Paid

APR 15 1998

Amount Paid \$
By: [Signature] Skagit County Treasurer Deputy

ASSIGNEE:

Horizon Bank

By

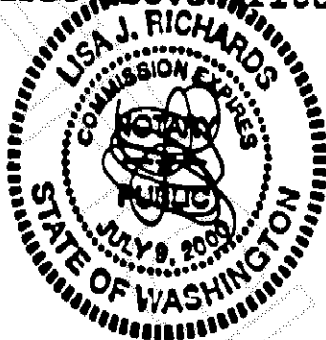
Claudia B. Jonas

Its: Assistant Vice President

STATE OF WASHINGTON)
 SKagit) ss.
COUNTY OF WHATECOM)

On this 10 day of April, 1998, before me, the under-
signed, a Notary Public in and for the State of Washington, duly
commissioned and sworn, personally appeared JAMES H. FOSTER and
BETTY J. FOSTER, to me known to be the individuals that executed
the foregoing instrument, and acknowledged the said instrument to
be their free and voluntary act and deed, for the uses and
purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and
year first above written.

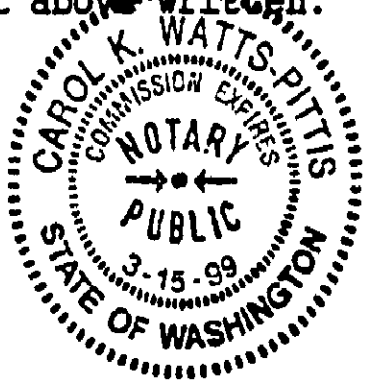


Lisa J. Richards
NOTARY PUBLIC in and for
the State of Washington,
residing at Bellingham.
My appointment expires: July 9, 2000

STATE OF WASHINGTON)
COUNTY OF ~~WHATCOM~~ ^{Skagit}) ss.

On this 14th day of April, 1998, before me, the under-
signed, a Notary Public in and for the State of Washington, duly
commissioned and sworn, personally appeared Claudia
Jonas, to me known to be the Asst Vice President of
HORIZON BANK, a savings bank, the entity that executed the
foregoing instrument, and acknowledged the said instrument to be
the free and voluntary act and deed of HORIZON BANK, for the uses
and purposes therein mentioned, and on oath stated that he/she
is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and
year first above written.



Carol K. Watts-Pittis
Notary Public in and for
the State of Washington,
residing at Bellingham, Anacortes
My appointment expires: 3-15-99

CONSENT TO CONDITIONAL ASSIGNMENT

Shelter Bay Company, successor to Fidalgo, Inc., a Washington
corporation, hereby consents to the conditional Assignment for Security
Purposes by and between JAMES H. FOSTER and BETTY J. FOSTER as Assignors
and Horizon Bank as Assignee.

Dated this 13th day of April, 1998.

SHELTER BAY COMPANY, a Washington
corporation:

By

Allan F. Osberg
Allan F. Osberg, President