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Kathy Hill, Skagit County Auditor
7/24/2000 Page 1 of 8 12:21:08PM

Return Address:

LAND TITLE COMPANY OF SKAGIT COUNTY P-93772

Document Title(s) (or transactions contained therein):

1. Notice of and Consent to Assignment³ of Lease
2. _____ 4.

Reference Number(s) of Documents assigned or released:

on page of _____ of document

Grantor(s) (Last name, First, Middle Initial)

1. Trelstad, Richard and Kay
2. _____
3. _____
4. _____ Additional names on page _____ of document.

Grantee(s) (Last name, First, Middle Initial)

1. Trelstad, Richard and Kay
2. _____
3. _____
4. _____ Additional names on page _____ of document.

Legal description: (Lot, block, plat name, section-township-range)

Lot 7 Burlington Hill Business Park
Tract 12 Plate 18 Tide and Shore lands
36-34-2

_____ Additional legal is on page _____ of document.

Assessor's Property Tax Parcel Account Number(s):

4129-018-012-0006
8017-000-007-0000

**STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
JENNIFER M. BELCHER
Commissioner of Public Lands
Olympia, Washington 98504**

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

NOTICE OF AND CONSENT TO ASSIGNMENT AGREEMENT NO. 22-002665

THIS AGREEMENT is made by and between RICHARD & KAY TRELSTAD, husband and wife, whose address is PO Box 801, LaConner, WA, 98257 and JOHN M. FLORA & JUNE M. FLORA, husband and wife ("Assignor") and RICHARD & KAY TRELSTAD, husband and wife, whose address is, PO Box 801, LaConner, WA, 98257 ("Assignee").

BACKGROUND

A. Lease No. 22-002665 entered into on the 1st day of March, 1987 (the "Commencement Date"), by and between RICHARD & KAY TRELSTAD AND JOHN M. & JUNE M. FLORA as Lessee and the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State").

B. Assignor desires to assign and Assignee desires to assume the rights, duties, and liabilities of Lessee under the Lease. Assignor acknowledges the receipt and adequacy of consideration given by Assignee for this assignment. The Lease prohibits an assignment without State's consent. State is willing to give its consent based upon the assurances and agreements made in this Agreement.

THEREFORE, the parties agree as follows:

1. NOTICE OF ASSIGNMENT

Assignor gives notice of its intent to assign all of its rights, title, and interest as Lessee under the Lease to Assignee effective the 1st day of July, 2000 (the "Effective Date"), for the balance of the lease term as provided in the Lease.

2. ACCEPTANCE AND INDEMNIFICATION

Assignee gives notice of its intent to assume the obligations as Lessee under the Lease, and agrees to faithfully perform and discharge those obligations according to the terms of the Lease.

3. NO RELEASE

State is not releasing Assignor from fully performing the provisions of the Lease. Assignor remains liable to State to the same extent as if no assignment had been made.



4. MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

Assignor agrees that State and Assignee may change, modify, or amend the Lease in any way, including the rent to be paid. The assignment and any modification or amendment to the Lease shall occur contemporaneously. Assignee acknowledges receipt of a copy of the Lease and any previous or contemporaneous amendments. Assignor acknowledges receipt of a copy of the amended Lease. Further assignments may be made, without notice to or consent of Assignor, and without in any manner releasing or relieving Assignor from liability under the Lease. Assignor shall remain liable under all the terms, covenants, and conditions of the Lease as originally executed to the end of the term of the Lease.

5. WARRANTIES

Assignor represents and warrants to State and to Assignee that (i) the Lease is in full force and effect; (ii) Assignor is not in default or breach of the Lease; (iii) Assignor has no knowledge of any claims, offsets, or defenses of any lessee under the Lease; (iv) rents due subsequent to this assignment have not been paid in advance by any lessee; and, (v) to the best of Assignor's knowledge, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws. Assignor shall defend, indemnify and hold State harmless from any breach of the foregoing warranties and from any claims or causes of action, known or unknown, of Assignor that have or may arise from circumstances that precede this assignment.

6. NOTICE

Assignor instructs State to send all future notices to Assignee. Assignee has the obligation to keep Assignor informed about the activities on the property and Assignee's performance of its obligations under the Lease. Assignee shall send to Assignor copies of any notices it receives or sends to State. Assignor has the obligation to remain informed of Assignee's activities on the property, Assignee's performance of its obligations under the Lease, and Assignee's financial condition. State has no obligation to provide Assignor any notice or information concerning the Lease or Assignee and Assignor shall not rely on State to inform Assignor.



THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

ASSIGNOR:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: Richard Trelstad
RICHARD TRELSTAD

Dated: 7-17-00

By: Kay Trelstad
KAY TRELSTAD

Dated: 7-17-00

ASSIGNEE:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: Richard Trelstad
RICHARD TRELSTAD

Dated: 7-17-00

By: Kay Trelstad
KAY TRELSTAD

Dated: 7-7-00

ASSIGNOR:

JOHN M. & JUNE M. FLORA,
Husband & Wife

By: John M. Flora
JOHN M. FLORA

Dated: 7-17-00

By: June M. Flora
JUNE M. FLORA

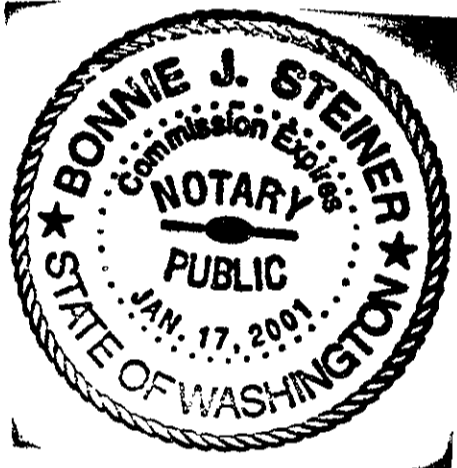
Dated: 7-17-00



STATE OF WASHINGTON)

COUNTY OF Skagit)
SS.

I certify that I know or have satisfactory evidence that RICHARD TRELSTAD is the person who appeared before me ("Assignor" & "Assignee"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that he is duly authorized to execute and acknowledge said instrument.



DATED: July 17, 2000

[Signature]

(Type/Print Name)

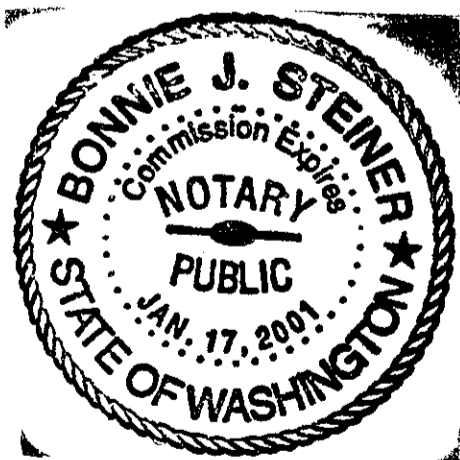
Notary Public in and for the State of Washington
residing at: Kalchner

My Commission Expires: 1-17-2001

STATE OF WASHINGTON)

COUNTY OF Skagit)
SS.

I certify that I know or have satisfactory evidence that KAY TRELSTAD is the person who appeared before me ("Assignor" & "Assignee"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that she is duly authorized to execute and acknowledge said instrument.



DATED: July 17, 2000

[Signature]

(Type/Print Name)

Notary Public in and for the State of Washington
residing at: Kalchner

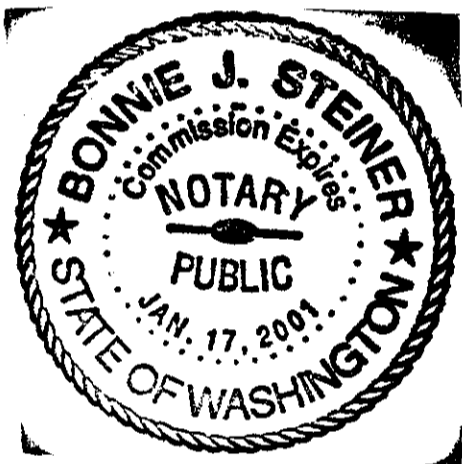
My Commission Expires: 1-17-2001



STATE OF WASHINGTON)

COUNTY OF SKAGIT)^{SS.}

I certify that I know or have satisfactory evidence that JOHN M. FLORA is the person who appeared before me ("Assignor"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that he is duly authorized to execute and acknowledge said instrument.



DATED: July 17-2000

[Signature]

(Type/Print Name)

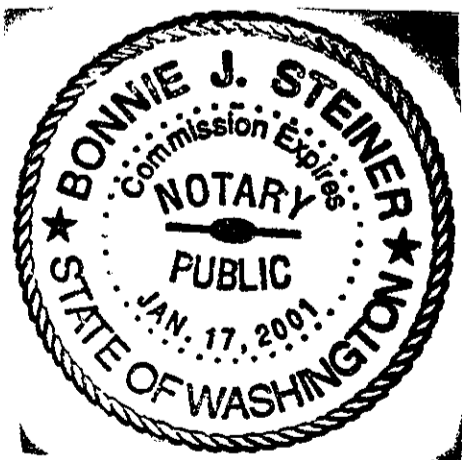
Notary Public in and for the State of Washington
residing at: Kalona

My Commission Expires: 1-17-2001

STATE OF WASHINGTON)

COUNTY OF SKAGIT)^{SS.}

I certify that I know or have satisfactory evidence that JUNE M. FLORA is the person who appeared before me ("Assignor"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that she is duly authorized to execute and acknowledge said instrument.



DATED: July 17-2000

[Signature]

(Type/Print Name)

Notary Public in and for the State of Washington
residing at: Kalona

My Commission Expires: 1-17-2001



STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
Brian J. Boyle
Commissioner of Public Lands
Olympia, Washington 98504

JERRY HENNING
SEA
710 101-3

AQUATIC LANDS LEASE NO. 22-002665

8904030065

BY THIS LEASE, by and between the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, hereinafter called the Lessor, and RICHARD TRELSTAD and KAY TRELSTAD, husband and wife; and JOHN M. FLORA and JUNE M. FLORA, husband and wife, hereinafter called the Lessee, the Lessor leases to the Lessee on the terms and conditions as hereinafter set forth, the following described aquatic lands situate in Skagit County, Washington, to wit:

All harbor area lying in front of the South 60 feet of the North 100 feet of Tract 12, Corrected Supplement to Plate 18, La Conner Tide Lands and bounded by the inner harbor line and a line running parallel with and 62 feet westerly when measured at right angles to said inner harbor line as shown on the 1986 Supplemental Map of La Conner Harbor on file in the office of the Commissioner of Public Lands at Olympia, Washington.

Note: The above lease contains a total of 3,720 square feet of which 2,200 square feet are designated as nonwater-dependent.

SECTION 1 OCCUPANCY

1.1 Term. This lease shall commence on the 1st day of March 1987 and continue to the 1st day of March 2017.

SECTION 2 USE OF PREMISES

2.1 Permitted Use. The Lessee shall have use of the leased premises for the purposes of building and maintaining wharves, docks and other structures for the convenience of navigation and commerce as shown on exhibits approved by the Lessor and on file in the office of the Lessor, including without limitation Exhibit "A" to this lease amendment, which exhibit is hereby incorporated by reference herein. Consistent with said Exhibit "A" the leased premises may be used for the purpose of conducting thereon the following businesses and activities:

- (1) Water-dependent commercial uses, including without limitation public access, walkways, moorage, or other water-dependent activity or facility;
- (2) Other commercial nonwater-dependent uses, including without limitation offices, establishments for retail sales and other sales of merchandise, related activities which are not inconsistent with development by Lessee of the harbor area and the real property adjacent thereto as approved by Lessor and owned by Lessee for a commercial use for subleasing purposes;
- (3) Any of the foregoing uses not reflected on said Exhibit "A", but hereafter contemplated by Lessee, shall be subject to the then prior written approval by Lessor;
- (4) The public access use must be signed to the satisfaction of the Lessor for it to be considered public access; also, if building access is added from the public access area, the public access use classification may be reexamined by the Lessor and converted to water-dependent or nonwater-dependent use class as may be then appropriate under existing law.

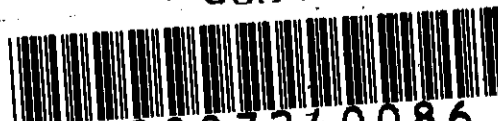
SECTION 3 PAYMENT

3.1 Rent.

- (1) Annual Rent. Annual rent for the initial three year period of this lease is as follows: 1st year \$880.00, 2nd year \$1,320.00, 3rd year \$1,320.00. These rents and subsequent annual rent, as determined by the Lessor in accordance with Chapter 221, Laws of 1984 (RCW 79.90.450 - .902), or as amended by subsequent legislation, is due and payable in advance by the Lessee to the Lessor and is the essence of this lease, and is a condition precedent to the continuance of this lease or any rights thereunder. Payment is to be to the Department of Natural Resources, Olympia, Washington 98504.
- (2) Inflation Adjustment. After payment of the initial rent, annual rent shall be adjusted each year thereafter, exclusive of the years in which rent is revalued under

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FIRST AMERICAN TITLE CO.