



201501120103

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Document Title:Aquatic Lands Agreement
AmendmentReference Number:

200510110018

Grantor(s):☐ additional grantor names on page ____

1. WA State of, Dept of Natural Resources
- 2.

Grantee(s):☐ additional grantee names on page ____

1. Nell Thorn LLC
- 2.

Abbreviated legal description:☐ full legal on page(s) ____

36-34-2

Assessor Parcel / Tax ID Number:☐ additional tax parcel number(s) on page ____

P 74455

I, Susan Scharn, am hereby requesting an emergency non-standard recording for an additional fee provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document. Recording fee is \$72.00 for the first page, \$1.00 per page thereafter per document. In addition to the standard fee, an emergency recording fee of \$50.00 is assessed. This statement is to become part of the recorded document.

Signed

Susan Scharn

Dated

1/12/15

When recorded, return to:
Nell Thorn, LLC
PO Box ~~4250~~ 1563
La Conner, WA 98257



WASHINGTON STATE DEPARTMENT OF
Natural Resources
Peter Goldmark - Commissioner of Public Lands

AQUATIC LANDS AGREEMENT AMENDMENT

Lease No. 22-002689

Grantor: Washington State Department of Natural Resources
Grantee(s): Nell Thorn, LLC
Legal Description: Section 36, Township 34 North, Range 2 East, W.M.
Assessor's Property Tax Parcel or Account Number: P74455
Assessor's Property Tax Parcel or Account Number for Upland parcel used in conjunction with this Lease: P74455

THIS LEASE AMENDMENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and NELL THORN, LLC, a Washington Corporation (Lessee).

BACKGROUND

Lease No. 22-002689 was entered into on the 31st day of July, 1989, by and between B.A. Dvorak as Lessee and the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, as landlord ("State"), and recorded with the Skagit County Auditor's office under recording number 200510110018 (the "Agreement"). Copies of the Lease are attached as Exhibit A.

The Lease was previously amended by Amendment respectively dated the 16th day of September, 1993. Copies of the amendment are attached as Exhibit B.

Agreement Amendment

Lease No. 22-002689



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The Lease was previously amended by Assignment respectively dated the 23rd day of January, 1998. Copies of the assignment are attached as Exhibit C.

The Lease was previously amended by Amendment respectively dated the 18th day of April, 2005. Copies of the amendment are attached as Exhibit D.

The Lease was previously amended by Assignment respectively dated the 10th day of October, 2005. Copies of the assignment are attached as Exhibit E.

The Lease was previously amended by Assignment respectively dated the 12th day of October, 2011. Copies of the assignment are attached as Exhibit F.

The Lease was previously amended by Assignment respectively dated 4th day of September, 2013. Copies of the assignment are attached as Exhibit G.

Lessee now possesses the rights, duties, and liabilities under the Agreement as amended.

The parties now desire to amend this Agreement under the following terms and conditions:

THEREFORE, the parties agree as follows:

SECTION 1 AMENDMENTS

Section 1.1 of the Lease is amended to read as specified in Exhibit H attached hereto.

SECTION 2 EFFECTIVE DATE

The amended provisions shall become effective as of December 9, 2014.

SECTION 3 NO RELEASE

State is not releasing any previous Assignor from fully performing the provisions of the Agreement in effect at the time of such assignment or as otherwise agreed in writing between the State, previous Assignor, and the Grantee.



SECTION 4 WARRANTIES

Lessee represents and warrants to State that (i) the Agreement is in full force and effect; (ii) Lessee is not in default or breach of the Agreement; (iii) Lessee has no knowledge of any claims, offsets, or defenses of the Lessee under the Agreement; and (iv) to the best of Lessee knowledge, the Property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws.

SECTION 5 CONFIRMATION OF AGREEMENT

All other terms of the Agreement not inconsistent with this Amendment are hereby affirmed and ratified.

Agreement Amendment

Lease No. 22-002689



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SECTION 6 RECORDATION

At Lessee's expense and no later than thirty (30) days after receiving the fully-executed Agreement, Lessee shall record this Agreement in the county in which the Property is located. Lessee shall include the parcel number of the upland property used in conjunction with the Property, if any. Lessee shall provide State with recording information, including the date of recordation and file number. If Lessee fails to record this Agreement, State may record it and Lessee shall pay the costs of recording upon State's demand.

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

NELL THORN, LLC

Dated: 12/11, 2014 By: Joshua Casey Schanen
JOSHUA CASEY SCHANEN

Dated: 12/11/2014, 2014 By: Susan Schanen
SUSAN SCHANEN

Title: Members
Address: PO Box 1250
La Conner, WA 98257
Phone: 360-466-4261

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: 12/17, 2014 By: Peter Goldmark
PETER GOLDMARK

Title: Commissioner of Public Lands
Address: 1111 Washington Street SE
Olympia, WA 98504



Approved as to Form this
This 28 day of September 2011
Janis Snoey, Assistant Attorney General

Agreement Amendment

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Lease No. 22-002689



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KARLEE MICH
NOTARY
STATE OF W
COMMISSIO
JUNE 1

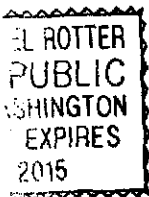
KARLEE MICH
NOTARY
STATE OF W
COMMISSIO
JUNE

REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that JOSHUA CASEY SCHANEN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Member of Nell Thorn, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 12/11/14



(Seal or stamp)

(Signature)

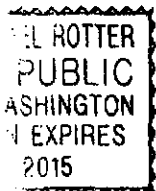
(Print Name)

Notary Public in and for the State of Washington,
residing at Heritage Bank
My appointment expires June 6, 2015

STATE OF WASHINGTON)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that SUSAN SCHANEN is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Member of Nell Thorn, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 12/11/14



(Seal or stamp)

(Signature)

(Print Name)

Notary Public in and for the State of Washington,
residing at Heritage Bank
My appointment expires June 6, 2015

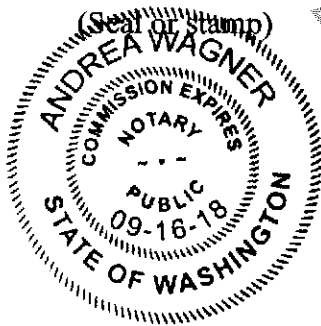


STATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
County of Thurston)

I certify that I know or have satisfactory evidence that PETER GOLDMARK is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Commissioner of Public Lands, and ex officio administrator of the Department of Natural Resources of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 12-17-14



Andrea Wagner
(Signature)
Andrea Wagner
(Print Name)

Notary Public in and for the State of Washington,
residing at Chynia
My appointment expires 9-16-18



Exhibit A

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

RECEIVED

JUL 6 1989

AQUATIC LANDS LEASE NO. 22-002689

OFFICE OF DAVID L. DAY

BY THIS LEASE, by and between the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, hereinafter called the Lessor, and B. A. DVORAK, an individual, 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 in front of that portion of Tract 6, lying north of the South 90 feet thereof, and street adjacent thereto on the north Corrected Plate 18, La Conner Tide Lands, bounded by the inner and outer harbor lines, the north line of the South 90 feet of said Tract 6 and the south line of Tract 5, La Conner Tide Lands, both produced to and across the harbor area to the outer harbor line, all as shown on the official maps of said tidelands on file in the office of the Commissioner of Public Lands at Olympia, Washington.

SECTION 1 OCCUPANCY

1.1 Term. This lease shall commence on the 9th day of December 1986 and continue to the 9th day of December 2016.

SECTION 2 USE OF PREMISES

2.1 Permitted Use. The Lessee shall have use of the leased premises for the purposes of providing a water-dependent ramp and float, and a non water-dependent restaurant and deck as shown on the attached exhibit and approved by the Lessor. Exhibit A. Lessee will complete the installation of the proposed ramp and float by December 9, 1989 as shown in Exhibit A.

SECTION 3 PAYMENT

3.1 Rent.

(1) Annual Rent. Annual rent for the first four year period of this lease is as follows: 1st year \$818.40, 2nd year \$1,488.48, 3rd year \$2,158.40, 4th year \$2,158.40. 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 Clause 3.3 hereof, according to the change in the Producer Price Index, as provided by regulations of the Department of Natural Resources.

(3) Interest Penalty for Past Due Rent Balances. A one percent charge, per month, shall be due to Lessor, from Lessee, on any rent balance which is more than thirty days past due.

(4) Rent Consequences for Failure to Construct Water-dependent Facilities. If Lessee does not complete the installation of the ramp and float, referred to in Section 2, Use of Premises, above, by December 9, 1989, on the proposed water-dependent lease area; then Lessee shall be liable to Lessor for the difference between any water-dependent rent paid for the proposed water-dependent lease area on Exhibit A and the rent which would have been due for that lease area if it had been put to a non water-dependent use from the commencement date of this lease until December 9, 1989. (The square foot rent until December 9, 1989 is \$.20 per square foot, 1986 - 1987; \$.40 per square foot, 1987 - 1988; \$.60 per square foot, 1988 - 1989.) The rent for the remainder of the lease term, if the December 9, 1989 deadline for installing water-dependent facilities is not met, shall be determined by the Lessor under this Section 3, but in no case shall the rent be less than the rent charged for the non water-dependent restaurant area; provided however, that if the proposed ramp and float is completed after December 9, 1989, or any portion of the

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lease area is converted to a water-dependent use, then the rent for that area after the date of completion or conversion shall be determined under subsection (1) of this Section 3.

3.2 Leasehold Tax. The Lessee shall pay to the Lessor at Olympia, Washington 98504, the leasehold tax, if applicable, as set forth in Chapter 61, Laws of 1976, 2nd Ex. Sess., or as may be amended. The tax shall be due and payable at the same time the rental charged herein is due and payable. Failure to pay said tax when due and payable shall be considered a breach of the provisions of this lease and the Lessor shall be entitled to all remedies they are entitled to by law, and the remedies provided herein for a breach of a provision of this lease. Any delinquent taxes shall be a debt to the Lessor and in the event the Lessor is subject to any penalties or interest because of the failure of the Lessee to pay such taxes, such penalties and interest shall be payable by the Lessee to the Lessor and shall be considered a debt to the Lessor. In the event the Lessor suffers any costs of whatsoever nature, including attorney fees, or other costs of litigation in collecting said tax, such costs shall be payable by the Lessee and shall be considered a debt due and owing to the Lessor by the Lessee.

3.3 Revaluation of Rent.

On December 9, 1990, and at intervals of not less than four (4) years thereafter, a new annual rental will be established. The new annual rental will be based on the fair market value of the Property times the Lessor's current capitalization rate used in other ground lease transactions at the date of reappraisal. The fair market value will be determined, exclusive of the Lessee's improvements, by the Lessor's appraiser. The fair market value will be appraised within ninety (90) days of a rental adjustment period. The appraisal shall consider the economic impacts associated with a historic district designation and other unusual maintenance costs unique to the leased premises. In the event that agreement cannot be reached between the parties on the fair market value of the Property, such valuation shall be submitted to a panel of three qualified appraisers (as defined in Section 3.4 below). One appraiser is to be selected by the Lessee and his expense shall be borne by the Lessee; one appraiser is to be selected by the Lessor and his expense shall be borne by the Lessor; these appraisers so selected shall mutually select a third appraiser and his expenses shall be shared equally by the Lessee and the Lessor. The majority decision of this panel of appraisers shall be binding on both parties. Notwithstanding submission of the evaluation to the appraisers, the Lessee shall pay the rental amount as proposed by the Lessor on the due dates as required if no decision by the panel of appraisers has been made. If additional payments or refunds are required as a result of this review, such monies shall be due and payable within thirty (30) days after such decision.

3.4 Qualified Appraiser Defined. A "qualified appraiser" shall mean a real estate appraiser who has a professional designation as an "MAI" or "SREA," or is a member of a similarly recognized professional organization.

SECTION 4 RESERVATIONS AND CONDITIONS OF USE

4.1 Discrimination. The Lessee covenants and agrees that in the performance of this lease agreement, the Lessee shall conduct its activities in a manner that will assure fair, equal and non-discriminatory treatment of all persons regardless of race, creed, sex, marital status or ethnic origin. Notwithstanding any exemption contained in state or federal law, the Lessee shall comply with all federal and state laws, rules or regulations concerning hiring and employment and assuring the service of all patrons, customers, members or invitees without discrimination as to any person's race, creed, sex, marital status or ethnic origin.

4.2 Improvements. No improvement in addition to those authorized by the Permitted Use clause herein, shall be placed upon the leased premises without the prior written authorization of the Lessor. Authorized improvements constructed or placed on the leased premises during the term of this lease by the Lessee, unless otherwise specified therein, are the property of the Lessee. Upon the cancellation or expiration of this lease, the Lessee agrees to sever, remove and dispose of those improvements on the premises designated by the Lessor within six months from date of termination or expiration. In those cases where the Lessor requires removal of improvements and such action is not taken by the Lessee, the Lessee agrees that the Lessor may remove such improvements and charge the Lessee for cost of removal and disposal. All improvements allowed to remain on the area herein described, upon termination, expiration, or cancellation of this lease, shall be the property of the Lessor.

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required insurance, the Lessor may, but is not required, to procure and maintain said insurance but may be reimbursed for such costs by the Lessee. The amount of insurance required may hereafter be increased or decreased, at the option of the Lessor, at the time that rental adjustments are made after reappraisal pursuant to Clause 3.3. Certificates evidencing such insurance which require a minimum of thirty (30) days' written notice to the Lessor prior to any change in the amount of coverage, expiration, or cancellation of said policies shall be furnished as herein provided. All policies of insurance to be provided by Lessee under this lease shall be effected under valid and enforceable policies, issued by insurers of recognized responsibility (Best's Guide A-AAAA) which are authorized to do business in the state of Washington.

5.4 Assessments. The Lessee shall pay all the annual payments on all assessments that may be legally charged, whether or not such assessments have been levied against the leasehold or the Lessor by the assessing agency.

5.5 Insolvency of Lessee. If the Lessee becomes insolvent, bankrupt, a receiver appointed, or his interest is transferred by operation of law, the Lessor may cancel this lease at its option. Insolvency as used herein, will mean the inability of the Lessee to meet obligations as they come due.

SECTION 6 MISCELLANEOUS

6.1 No Partnership. The Lessor is not a partner nor a joint venturer with the Lessee in connection with the business carried on under this lease and shall have no obligation with respect to the Lessee's debts or other liabilities.

6.2 Non-Waiver. Waiver by either party of strict performance of any provisions of this lease shall not be a waiver of, nor prejudice the party's right to require strict performance of the same provision or of any other provision in the future.

6.3 Attorneys' Fees. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to costs, such sum as the court may adjudge reasonable as attorneys' fees.

6.4 Succession. Subject to the limitations as stated in paragraph 5.1 on transfer of the Lessee's interest, this lease shall be binding upon, and inure to the benefit of the parties, their respective successors and assigns.

6.5 Notices. Any notice required or permitted under this lease shall be given when actually delivered or when deposited in the United States mail addressed as follows. To the Lessor: Department of Natural Resources, Mail Stop QW-21, Olympia, Washington 98504. To the Lessee: At the address given by the Lessee in the signature block, or as shown on later official documents of record with this lease.

6.6 Liens.

(1) No person shall have the right to file or place any lien of any kind or character upon the land or improvements within the leasehold premises without the prior written consent of the Lessor.

(2) In the event unauthorized liens or other charges are placed on the leasehold premises, including land or improvements, arising out of the Lessee's actions directly or indirectly, the Lessee shall immediately cause such liens or charges to be discharged. The Lessor may forthwith cancel this lease if Lessee fails to discharge such liens or charges after ten days' notice to do so by the Lessor. The Lessee shall pay and indemnify the Lessor for all costs, damages or charges of whatsoever nature, including attorneys' fees necessary to discharge such liens or charges, whether such costs, damages or charges are incurred prior or subsequent to any cancellation of this lease.

6.7 Default. If the Lessee shall violate or default any of the covenants and agreements contained herein, including the obligation to pay rent, then the Lessor may cancel this lease provided that the Lessee has been notified of the violation or default thirty days prior to such cancellation and such violation or default has not been corrected within such time. In the event the Lessor elects to cancel this lease, all improvements located thereon shall become the property of the State of Washington.

6.8 Lessor's Right to Cure Defaults.

(1) If the Lessee fails to perform any requirements or obligations under this lease, the Lessor shall have the option to correct any default of this lease by the Lessee after thirty days' written notice to the Lessee. All of the Lessor's expenditures to correct the default shall be reimbursed by the Lessee on demand, with interest at the rate of one

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percent per month accrued from the date of expenditure by the Lessor.

(2) In the event any violation or breach of the provisions of this lease is causing damage to the leasehold premises or the Lessee is utilizing the leasehold premises in a manner not permitted by the provisions of this lease, or in any case damages are occurring to the leasehold premises, the Lessor may immediately enter upon the leasehold premises and take such action as necessary to cease such damages or use. In the event the damage to the leasehold is occurring the Lessee shall be liable for all costs incurred by the Lessor if Lessor acts to cure such damages. The Lessor, at its option may send notice to the Lessee of such violations and the Lessee shall immediately cease such use or violation and correct and remedy such violations.

6.9 Security. The Lessee shall furnish a surety bond in such amount as may be determined by the Lessor from time to time in accordance with Title 79 RCW, as amended, as a guarantee of the faithful performance of the conditions and terms prescribed in this lease. Security other than a surety bond may be substituted if first approved in writing by Lessor. The amount of the surety bond as of the date of this lease shall be \$4,300.00.

6.10 Litigation. In the event this lease, its terms, its use, its occupation or it in any way becomes a matter of litigation, the Lessor shall be notified of such litigation 34 within fifteen days after such litigation is begun. Failure to notify the Lessor of such action shall be cause for cancellation or termination of this lease.

The Lessee expressly agrees to all covenants herein, and binds himself for the payment hereinbefore specified.

Executed this 31st day of July, 1989.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

[Signature]
JAMES A. STEARNS, Supervisor

Signed this 7th day of July, 1989.

[Signature]
B. A. DVORAK
2150 West Indian School Road
Phoenix, AZ 85015



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CERTIFICATE OF ACKNOWLEDGMENT
STAN BILES

STATE OF WASHINGTON)
County of Harrison) ss.

I certify that I know or have satisfactory evidence that Stan Biles
STAN BILES
signed this instrument, and oath stated that he was authorized to execute the instrument
and acknowledged it as the Deputy Supervisor of the Department of Natural Resources, to be
the free and voluntary act of such party for the uses and purposes mentioned in the
instrument.

Dated: July 31, 1989

Edith Y. Hume
Notary Public in and for
the state of Washington

(seal or stamp)

My appointment expires June

CERTIFICATE OF
CORPORATE ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Skagit) ss.

On this 7th day of July, 1989, before me
personally appeared B. A. Dvorak

to me known to be the Individual
~~corporation~~ that executed the within and foregoing instrument, Lease No. 22-002689, and
acknowledged said instrument to be the free and voluntary act and deed of ~~the corporation~~, him
for the uses and purposes therein mentioned, and on oath stated that (he was) (they were)
authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
the day and year first above written.

Susan M. Swanson
Notary Public in and for the state of
Washington My comm exp. 12-9-91



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STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
Jennifer M. Belcher
Commissioner of Public Lands
Olympia, Washington 98504

Exhibit B

AMENDMENT TO LEASE NO. 22-002689

WHEREAS, the Lessor has established a new property value for use in determining lease rentals in the Town of LaConner and agreed to a revised method of applying the new property value; it is therefore,

AGREED:

(1). 3.1 Rent

(1) Annual Rent. Annual rent for the first four-year period of this Lease, commencing October 2, 1990, is as follows: first year \$4,079.45, second year \$5,209.90, third year \$6,291.20, fourth year \$6,291.20. 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.

3.3 Revaluation of Rent. On October 2, 1994, and at intervals of not less than four (4) years thereafter, a new annual rental will be established. The new annual rental will be based on the Fair Market Value of the Property. The Lessor's current capitalization rate for water-dependent uses as described in RCW 79.90.480(2). The purpose of the use of the water-dependent capitalization rate is to recognize the economic impacts of the historic district designation and the maintenance costs associated with piling-supported structures. The review of annual rental established under this subsection shall be conducted in accordance with WAC 332-30-128.

WHEREAS, the Lessee requests a modification of the legal description of the Leasehold, and the state believes it is in our best interest to agree to the new legal description, it is therefore,

AGREED:

That the new legal description be as follows:

That portion of the Harbor Area as shown on Plate 18, tide and shorelands of Section 36, Township 34 North, Range 2 East, W.M., LaConner Harbor, described as follows:

Beginning at the northwest corner of Tract 6 of said Plate 18; thence South 17° 42' 27" West along the West line of said Tract 6 a distance of 108.15 feet; thence North 89° 43' 00" West a distance of 36.68 feet; thence North 17° 42' 28" East a distance of 140.45 feet; thence South 89° 43' 00" East a distance of 36.68 feet; thence South 17° 42' 28" West a distance of 32.29 feet to the Point of Beginning. Enclosing an area of 4,915 square feet.



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(2) All ~~amendments~~ and conditions of said lease be affected by these

The Lessee expressly agrees to all covenants herein and binds himself for any payments hereinbefore specified.

Executed this 16th day of September, 19 93.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

by James N. Stearns Notary
~~James N. Stearns Notary~~

Signed this 28th day of July, 19 93.
Kaleen Cottingham, Supervisor

DAN O'DONNELL, Acting in Capacity as
Agent for B.A. DVORAK

Dan O'Donnell

PO Box 447
LaConner, WA 98257

APPROVAL OF DOCUMENT TERMS	
	Lessee Admin.
	Section Mgr.
	Asst. Div. Mgr.
	Division Mgr.

PROOF READ

WAC 6/1/93

cag3/ji/22-002689



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CERTIFICATE OF ACKNOWLEDGMENT

STATE OF WASHINGTON

County of Thurston

ss.

On this 16th day of September, 19 93, personally appeared before me KALEEN COTTINGHAM, to me known to have signature authorization delegated to her to sign for JENNIFER BELCHER, the Commissioner of Public Lands, and ex officio administrator of the Department of Natural Resources of the State of Washington, the Department that executed the within and foregoing instrument on behalf of the State of Washington, and acknowledged said instrument to be the free and voluntary act and deed of the State of Washington for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed is the official seal of the Commissioner of Public Lands for the State of Washington.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

Ann M. Rutter Notary
Public in and for the State of Washington.

My appointment expires 4-12-97.

CERTIFICATE OF ACKNOWLEDGMENT

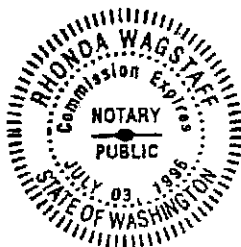
STATE OF Washington

County of SKAGIT

ss.

On this 28TH day of July, 1993, personally appeared before me DAN O'DONNELL, to me known to be the Acting Agent of 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, she was) (they were) authorized to execute said instrument for said corporation and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Rhonda Wagstaff
NOTARY PUBLIC in and for the
state of Washington
My commission expires 7-3-96



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

Exhibit C

NOTE CAREFULLY

The Commissioner of Public Lands will not approve or enter any assignment unless the lease or contract is in good standing. The original lease or contract must be submitted along with three (3) copies of this assignment form and a \$25.00 fee.

ASSIGNMENT OF AGREEMENT

FOR VALUE RECEIVED, the undersigned hereby assigns that certain Agreement No. 22-002689 (the "Agreement"), dated the 9th day of December, 1986, between the Washington State Department of Natural Resources (the "Department") as Assignor, and the undersigned as Assignee THE ESTATE OF MR. B. A. DVORAK, Ms. BETTS ROGERS, Executor, covering those certain premises situated in the County of Skagit, State of Washington, particularly described known as follows:

That portion of the Harbor Area as shown on Plate 18, tide and shorelands of Section 36, Township 34 North, Range 2 East, W.M., LaConner Harbor, described as follows:

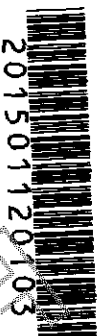
Beginning at the Northwest corner of Tract 6 of said Plate 18; and the TRUE POINT OF BEGINNING, thence South $17^{\circ} 42' 28''$ West along the West line of said Tract 6 a distance of 108.15 feet; thence North $89^{\circ} 43' 00''$ West a distance of 36.68 feet; thence North $17^{\circ} 42' 28''$ East a distance of 140.45 feet; thence South $89^{\circ} 43' 00''$ East a distance of 36.68 feet; thence South $17^{\circ} 42' 28''$ West a distance of 32.29 feet to the Point of Beginning. Enclosing an area of 4,915 square feet, as shown in red on the attached "Amended Exhibit A."

All right, title and interest in and to and under the said Agreement, to LINDA SU, d.b.a. WEST COAST LAND INVESTMENT INC., a Washington Corporation (the "Assignee"), whose address is 6300 Mill Creek Blvd. No. 103, Mill Creek, Washington, 98012, and said Assignee LINDA SU, d.b.a. WEST COAST LAND INVESTMENT INC., a Washington Corporation, hereby binds and obligates themselves to perform all the conditions and covenants of said lease or contract.

In consideration of this Assignment and of the consent of the Department, the undersigned Assignor and Assignee agree as follows:

1. The Assignee hereby assumes and agrees to make all the payments required under the Agreement, and to do and perform and be bound by all covenants, conditions, terms, stipulations, and agreements in the Agreement binding upon Assignor;
2. The Department, through its consent to this Assignment, hereby releases Assignor from any liability that may be incurred under the Agreement by the Assignee from and after the effective date of the Assignment;
3. The Assignment shall not modify any of the terms and conditions of the Agreement, except as provided in Exhibit A-1;
4. The Assignment shall not preclude the Department from exercising its right to consent to any further Assignment of the Agreement;
5. Assignor represents and warrants that to the best of its knowledge, after due and diligent inquiry, it is unaware of the presence or dispersal of any hazardous or toxic substance on the property;
6. Assignor represents and warrants that it has no knowledge, after due and diligent inquiry, of any state of facts which would give rise to claims against the Department or pending or threatened litigation or claims against the Department;
7. Assignor represents and warrants that it is not in default under the Agreement, and has no knowledge, after due and diligent inquiry, of any state of facts or events which, with the passage of time or the giving of notice thereof would constitute a default thereunder; and

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8. Ass...ents and warrants that to the best of its... after due and diligent inquiry, the property is in full... finance with all applicable federal, state, and local... governmental permits, rules, ordinances, laws, and statutes.

LESSOR/ASSIGNOR

THE ESTATE OF
BENJAMIN ANTHONY DVORAK

By: Beatrice E. Rogers
BEATRICE E. ROGERS
Title: Co-executor

Date: 7/15/97

6075 Lincoln Dr. #101
Edina, MN 55436

By: Mary J. Dvorak
MARY J. DVORAK
Title: Co-executor

Date: 7/15/97

5300 Malibu Drive
Edina MN. 55436

ASSIGNEE

WEST COAST LAND INVESTMENT INC.,
a Washington Corporation

By: Linda C. Su
LINDA SU
Title: President

Date: 7/11/97

16300 Mill Creek Blvd. #103
Mill Creek, WA 98012

CONSENT TO ASSIGNMENT

The Department consents to the Assignment of the above-mentioned Agreement unto WEST COAST LAND INVESTMENT INC., a Washington Corporation, upon the express conditions contained in said Assignment; and no further Assignment of said lease or subletting of said premises or any part thereof shall be made without the written consent of the Department.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Charles Baum
~~MAKEMCOITINGTAM~~ CHARLES BAUM
Department Supervisor

Date: 1/23/98



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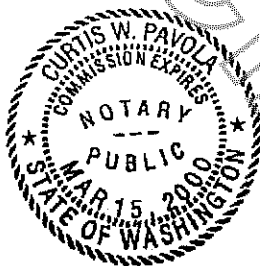
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STATE OF WASHINGTON)
COUNTY OF Thurston) ss.

On this 23rd day of January, 1998, personally appeared before me
CHARLES BAUM, to me known to have signature authorization delegated to him to sign for
JENNIFER M. BELCHER, Commissioner of Public Lands, and ex officio administrator of the
Department of Natural Resources of the State of Washington, the Department that executed the
within and foregoing instrument on behalf of the State of Washington, and acknowledged said
instrument to be the free and voluntary act and deed of the State of Washington for the uses and
purposes therein mentioned, and on oath stated that he was authorized to execute said instrument
and that the seal affixed is the official seal of the Commissioner of Public Lands for the State of
Washington.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the
day and year first above written.

SEAL



DATE: January 23, 1998
Curtis W. Pavola
(Type or Print Name)
Notary Public in and for the State of Washington
My Commission Expires 3-15-2000



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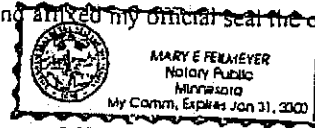


CERTIFICATE OF ACKNOWLEDGMENT
LESSEE/ASSIGNOR

STATE OF Minnesota)
) ss.
County of Hennepin)

On this 15th day of July, 1997, personally appeared before me BEATRICE E. ROGERS, to me known to be the Co-executor of THE ESTATE OF BENJAMIN ANTHONY DVORAK, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said ESTATE OF BENJAMIN ANTHONY DVORAK, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument for said estate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



SEAL

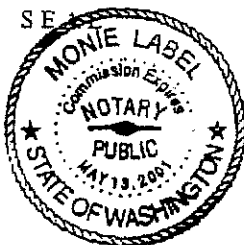
Mary E. Fekken
NOTARY PUBLIC in and for the
state of Minnesota
My commission expires Jan 31, 2000

CERTIFICATE OF ACKNOWLEDGMENT
CORPORATION
ASSIGNEE

STATE OF WA)
) ss.
County of King)

On this 11 day of July, 1997 personally appeared before me LINDA SU, to me known to be the President of the WEST COAST LAND INVESTMENT INC., a Washington 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 she was authorized to execute said instrument for said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Monie Label
NOTARY PUBLIC in and for the
state of WA
My commission expires 5-19-01

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CERTIFICATE OF ACKNOWLEDGMENT
LESSEE/ASSIGNOR

STATE OF Minnesota
County of Hennepin ss.

On this 15th day of July, 19 97, personally appeared before me MARY J. DVORAK, to me known to be the Co-executor of THE ESTATE OF BENJAMIN ANTHONY DVORAK, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said ESTATE OF BENJAMIN ANTHONY DVORAK, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument for said estate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Mary E. Felmeyer
NOTARY PUBLIC in and for the
state of Minnesota
My commission expires Jan 31, 2000



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[illegible]

My most sincere appreciation is hereby made by me to
 your division for co-operation with the report submitted
 by the Bureau regarding tax in the region of
DE. MEXICO
DE. MEXICO
 Enclosed herewith are 2 copies of the report
 submitted by the Bureau regarding tax in the region of
 DE. MEXICO

1. The first step is to identify the problem. This involves understanding the symptoms and the context in which they are occurring.

SECTION 36, TOWNSHIP 34 NORTH, RANGE 2 EAST
SURVEY IN
for DR. ANTHONY DYKMAN
LEONARD AND BOOTHGUT, INC.
CITIZ. DISTRICT and Lumber Yard
and Lumber Yard (Lumber Yard)

That portion of the Harbour Area as shown on Plate 19, Tide and Section 25, Township 24 North, Range 2 East, N.H., hereinafter referred to as follows:

Beginning at the Northeast corner of Tract 6 of said the true Point of Beginning, thence South 17° 42' 28" West a distance of 109.15 feet; thence North 89° 43' 00" East a distance of 16.65 feet; thence North 17° 42' 28" East a distance of 16.65 feet; thence South 89° 43' 00" East a distance of 16.65 feet; 42' 28" West a distance of 32.39 feet to the beginning area of 4,015 sq. ft.



EXHIBIT A-1

Paragraph 3.1(3) is modified to provide as follows:

3.1(3) Interest Penalty for Past-Due Rent and Other Sums Owed. Lessee shall pay interest at the rate of one percent (1%) per month (or at such higher rate as may be authorized by statute subsequent to the Commencement Date hereof), until paid, on Rent or other sums owing under the terms of this Lease commencing the next day after the date such Rent or other sum is due and payable. In the event State pays any sum or incurs any expense which Lessee is obligated to pay under this Lease, or which is made on behalf of Lessee, State shall be entitled to receive reimbursement thereof from Lessee upon demand, together with interest thereon from the date of expenditure at the rate stated above.

Paragraph 4.4 is modified to provide as follows:

4.4 Entry.

(a) State shall have access to the Property at all reasonable times for the purpose of inspecting the Property and securing compliance with the terms and conditions of this Lease. State shall exercise its right of access in a manner that will not unreasonably interfere with Lessee's permitted use of the Property.

(b) The right reserved in Subsection 4.4(a) above includes the right to perform or have performed such environmental tests, audits, surveys or investigations as State, in its sole discretion, deems appropriate. Such tests, audits, surveys, or investigations may include, but shall not be limited to, the determination of whether Lessee is improperly storing, handling or disposing of Hazardous Substances, as defined in Subsection 4.6(d) below, or of refuse, as defined in Subsection 4.6(b) below.

(c) This reserved right imposes no obligation upon State to make inspections, tests, audits, surveys, or investigations and shall impose no liability upon State for failure to do so. This reserved right is in addition to and separate from Lessee's obligation to test under Subsection 4.6(d)(3) below.

Paragraph 4.6 is modified to provide as follows:

4.6 Restrictions on Use.

(a) Conformance With Laws

1. Lessee shall, at its own expense, conform to all applicable laws, regulations, permits, orders or other directives of any public authority affecting the Property or Lessee's use or occupation of the Property.

2. Lessee shall, at its own expense, obtain all regulatory or proprietary consents or approvals required to be obtained from any public authority or third party in connection with any work on the Property (including, but not limited to, the construction, repair, or replacement of any improvements) or Lessee's use or occupation of the Property.

3. Upon the State's request, Lessee shall provide, at its own expense, evidence of compliance with Subsections 1 and 2 above (including, but not limited to, copies of permits, licenses, or orders).

4. Lessee shall correct, at Lessee's own expense, any failure of compliance with the terms of Subsections 1 through 3 above.

(b) Refuse. Lessee shall not make, or suffer to be made, any filling in of the Property or any deposit of rock, earth, ballast, refuse, garbage, waste matter (including chemical, biological or toxic wastes), hydrocarbons, any other pollutants, or other matter within or upon the Property, except as approved in writing by State. If Lessee shall fail to remove all nonapproved fill material, refuse, garbage, wastes or other of the above materials from the Property and restore the Property to its condition immediately prior to the deposition of the unauthorized material, Lessee agrees that State may remove such materials and charge Lessee for the cost of removal and disposal together with interest thereon from the date of expenditure at the rate specified in Subsection 3.1 (3) above.

(c) Waste. At all times during the Term, Lessee shall neither commit nor suffer waste

to be committed to the Property.

(d) Hazardous, Toxic, or Harmful Substances.

1. Lessee shall not keep, use, dispose, transport, generate, and/or sell on or about the Property, any substances now or hereinafter designated as, and/or containing components now or hereinafter designated as, and/or which are subject to regulation as, hazardous, toxic, dangerous, or harmful by any federal, state or local law, regulation, statute or ordinance, including but not limited to RCRA, CERCLA, SARA, and the Washington Model Toxic Control Act (hereinafter collectively referred to as "Hazardous Substances"), in violation of any such law, regulation, statute, or ordinance.

2. Lessee shall promptly notify State of all spills or releases of any Hazardous Substances, which are otherwise required to be reported to any federal, state, or local regulatory agency and, upon notice thereof, shall promptly notify State of all failures to comply with any federal, state, or local law, regulation or ordinance, as now enacted, or as subsequently enacted or amended, all inspections of the Property by any regulatory entity concerning the same, all regulatory orders or fines, and all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party on the Property.

3. Lessee agrees to conduct, at its own expense, all tests, audits, surveys, or investigations requested by State, in writing, during the Term of the Lease as are reasonable and necessary to ascertain the existence, scope, or effects of Hazardous Substances on the Property, adjacent property, or associated natural resources where State has reason to believe the Hazardous Substances result from or are associated with Lessee's use, occupation, or control of the Property or adjacent property by Lessee, any predecessor-in-interest of Lessee, or any entity related to Lessee, and to provide the results of such tests, audits, surveys, or investigations to State. If Lessee fails to conduct such tests, State may conduct such tests and State shall be entitled to receive full reimbursement from Lessee upon demand, together with interest thereon from the date of expenditure at the rate stated above.

4. Lessee shall be fully and completely liable to State, and shall waive any claims against State for contribution or otherwise, and shall indemnify, defend, and save harmless State and its agencies, employees, officers, directors, and agents with respect to any and all liability, damages (including damages to land, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs (including testing, auditing, surveying, and investigation costs), fees (including attorneys' fees and costs), penalties (civil and criminal), and response, cleanup, or remediation costs assessed against or imposed upon Lessee, State, or the Property, as a result of Lessee's control of the Property, or Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances or that of Lessee's employees, agents, assigns, sublessees, contractors, subcontractors, licensees, permittees, or invitees, and for any breach of this Subsection 4.6(d).

(e) Marine Plastics Act. Lessee shall, in addition to compliance with all other applicable laws and regulations, comply with the Marine Plastic Pollution Research and Control Act of 1987 (Public Law 100-220). Under that Act, Lessee may be required among other things to provide waste reception facilities, permit Coast Guard inspection of the adequacy of these facilities, and provide for waste handling and disposition.

(f) Lessee to Take Corrective Action. The parties expressly agree that Lessee will, at its own expense, upon any failure to comply with the above Subsections 4.6(a)-(e), and upon direction to do so by State, take corrective or remediation action measures satisfactory to State to restore the Property, as nearly as possible, to the condition the Property would have been in absence of such failure to comply (with lack of or failure to expend funds not to adversely affect the possibility of restoration). If Lessee fails to do so, Lessee agrees that State may take such corrective action and State shall be entitled to receive full reimbursement therefore from Lessee upon demand, together with interest thereon from the date of expenditure at the rate in Subsection 3.1 (3) above.

(g) Oil and Hazardous Substance Act. At its own expense, Lessee shall conform to all applicable laws, regulations, permits, orders or other directives of any public authority affecting the Property or the Lessee's use or occupation of the Property, including, but not limited to, Laws of 1991, Chapter 200 (an Act Relating to Oil and Hazardous Substances). If applicable, Lessee shall comply with all requirements of Laws of 1991, Chapter 200, including, but not limited to, operation in accordance with the required plan of operations and maintenance of concurrent plan of operation.

Paragraph 5.3 is modified to provide as follows:

5.3 LESSEE'S INDEMNITY, FINANCIAL SECURITY

5.3 Indemnity.

(a) Lessee shall indemnify and save harmless the State, its employees, officers, and agents from any and all liability, damages (including damages to land, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs, fees (including attorneys' fees and costs), penalties (civil, administrative, and criminal), or judgments, by any reason whatsoever caused, arising out of the use, occupation, or control of the Property by Lessee, its sublessees, invitees, agents, employees, licensees, or permittees except as may arise solely out of the willful or negligent act of the State or the State's elected officials, employees, or agents.

(b) To the extent that RCW 4.24.115 is applicable to any indemnification provision of this Lease, the State and Lessee agree that, that provision shall not require Lessee to indemnify and save the State harmless from the State's sole or concurrent negligence.

Paragraphs 5.6 and 5.7 are added to provide as follows:

5.6 Acquisition of Insurance Policies. At its own expense Lessee shall procure and maintain during the Term of this Lease, the insurance described in Subsections 5.6(a) and (b) below. This insurance shall be issued by an insurance company or companies licensed to do business in the state of Washington reasonably satisfactory to the State.

(a) Types of Required Insurance.

1. **Comprehensive General Liability Insurance.** Comprehensive General liability insurance covering all claims with respect to injuries to persons or damage to property sustained in or about the Property and any improvements. Limits of liability shall be not less than \$1,000,000.00 for each occurrence and not less than \$2,000,000.00 annual aggregate. Such limits may be achieved through the use of umbrella liability insurance. The limit of liability may be adjusted by the State:

- (i) At the same time as revaluation of the Rent,
- (ii) As a condition of approval of assignment or sublease of this Lease,
- (iii) Upon any breach of Subsections 4.6(a)-(d) above,
- (iv) Upon a change in the condition of any improvements, or
- (v) Upon a request by Lessee for a change in the Permitted Use.

New or modified insurance coverage shall be in place within thirty (30) calendar days after adjustment by the State of the limit of liability.

2. **Physical Property Damage Insurance.** Physical property damage insurance covering all real and personal property, excluding property paid for by sublessees or paid for by Lessee for which sublessees have reimbursed Lessee, located on or constituting a part of the Property in an amount equal to at least one hundred percent (100%) of replacement value of all such property, with commercially reasonable deductibles.

3. **Worker's Compensation Insurance.**

(i) State of Washington Worker's Compensation coverage, as applicable, with respect to any work by employees of Lessee on or about the Property and any improvements.

(ii) Longshore and Harbor Worker's Act and Jones Act coverage, as applicable, with respect to any work by employees of Lessee on or about the Property and any improvements.

4. **Builder's Risk Insurance.** Contingent liability and all builder's risk insurance in an amount reasonably satisfactory to the State during construction, or replacement or during material repair, alteration, maintenance, of the Property or improvements on the Property. Coverage shall be in place until such work is completed and evidence of completion is provided to the State.

(b) **Terms of Insurance.** The policies required under Subsection 5.6 shall name the State as an additional insured (except for State of Washington Worker's Compensation coverage) Lessee shall provide certificates of insurance and, if requested, copies of policies to the State. Receipt of such certificates or policies by the State does not constitute approval by the State of the terms of such policies. Further, all policies of insurance described in Subsection 5.6 shall:

- 1. Be written as primary policies not contributing with and not in excess of

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coverage that the State may carry;

2. Expressly provide that such insurance may not be materially changed, amended or canceled with respect to State except after forty-five (45) calendar days prior written notice from the insurance company to State;

3. In regard to physical property damage and builder's risk coverage, have an endorsement containing an express waiver of any right of subrogation by the insurance company against the State and the State's elected officials, employees or agents;

4. In regard to physical property damage and builder's risk coverage, expressly provide that the insurance proceeds of any loss will be payable notwithstanding any act or negligence of Lessee which might otherwise result in a forfeiture of said insurance;

5. Expressly provide that the State shall not be required to give notice of accidents or claims and that the State shall have no liability for premiums;

6. In regard to physical property damage and builder's risk coverage, expressly provide that all proceeds shall be paid jointly to the State and Lessee.

5.7 State's Acquisition of Insurance. If Lessee fails to procure and maintain the insurance described above, the State shall have the right to procure and maintain substitute insurance and to pay the premiums thereon. Lessee shall pay to the State upon demand the full amount paid by the State, together with interest thereon at the rate provided in Subsection 3.1 (3) from the date of such expenditure by the State until repayment thereof by Lessee.

Paragraph 6.9 is modified to provide as follows:

6.9 Bond or Other Security.

(a) At its own expense Lessee shall procure and maintain a corporate surety bond or provide other financial security satisfactory to the State (the "Bond") in an amount equal to \$15,000.00, which shall secure the full performance by Lessee of its obligations under this Lease. The Bond shall be in a form and issued by a surety company acceptable to the State. The amount of the Bond may be adjusted by the State:

1. At the same time as revaluation of the Rent,
2. As a condition of approval of assignment or sublease of this Lease,
3. Upon any breach of Subsections 4.6(a)-(d) above,
4. Upon a change in the condition of any improvements, or
5. Upon a request by Lessee for a change in the Permitted Use.

A new or modified Bond shall be delivered to the State within thirty (30) calendar days after adjustment by the State of the amount of the Bond.

(b) Upon any default by Lessee in its obligations under this Lease, any or all of the Bond may be appropriated by the State to offset the liability of Lessee to the State. The State's appropriation shall in no way limit the liability or other security or obligations of Lessee or the rights or remedies of the State nor shall such appropriation in any manner reinstate, cure or relieve Lessee from a termination of its rights under this Lease.

(c) Lessee's failure to have a Bond in force at all times during the Term in the full amount as required by this paragraph shall constitute a breach of this Lease.

Paragraphs 6.11, 6.12 and 6.13 are added to provide as follows:

6.11 Unapproved Holdover. Any holding over by Lessee without the express written consent of State shall not constitute a renewal or extension of this Lease or give Lessee any rights in or to the Property and this Lease shall terminate without further notice at the Termination Date. Such occupancy shall be subject to the same terms and conditions as set forth herein. At State's option, Rent may be charged for each month of occupancy, or any portion thereof, on a prorated basis, equal to one hundred sixty percent (160%) of the amount of full fair market Rent due for the last month of the term of this Lease.

6.12 Approved Holdover. If Lessee shall, with the written consent of State, holdover after the Termination Date, the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy,

Lessee shall pay State Rent as provided herein, unless a different rate shall be agreed upon, and shall be bound by all the terms of this Lease.

6.13 Survival. All obligations of Lessee to be performed after the Termination Date shall not cease upon the Termination of this Lease, and shall continue as obligations until fully performed. All clauses of this Lease which require performance beyond the Termination Date shall survive the Termination Date of this Lease.



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Exhibit "F"

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

STATE OF WASHINGTON LOAN SECURITY AGREEMENT

State lease(s) pledged for loan security is/are covered by Application No(s) 22-002689 is/are held by West Coast Land Investments, Inc., a Washington Corporation for use as ramp, float, restaurant & deck

Legal description of premises: See attached exhibit A

Section 36, all in Township 34 North, Range 2 East, W.M.

Mortgage Loan No. Promissory Note, Term of Loan Jan 1, 2006, Amount of Loan \$440,780.49

A The Mortgagee and Mortgagor agree to the following conditions pertaining to the covenants of the State lease(s):

1. Billing Statement, notice of default, if any, and all other notice will be mailed to Mortgagor.
2. Copies of billing Statement, copies of notice of default, if any, and all other notice will be mailed to Mortgagee.
3. Copies of all Statements, notice of default, if any, and correspondence will be sent to the appropriate Department of Natural Resources field office responsible for the lease(s) covered by this agreement.
4. If control of the mortgage covered by this agreement for loan security shall be transferred by sale, assignment, bequest, inheritance, operation of law, or other disposition so as to result in a change in the present control of the mortgage by the Mortgagee, such change shall require written notice to the Department of Natural Resources.

The Mortgagee and Mortgagor further agree that the State shall be notified of any default, potential default, or any action which may have adverse effect on the loan agreement.

B The records on file in the office of the Department of Natural Resources have been noted for the loan security; and further, the State of Washington, Department of Natural Resources, agrees to:

1. Notify the Mortgagee, in addition to the Mortgagor, of any failure of the lessee to meet the terms and conditions of the lease(s). On receipt of such notice the Mortgagee may:
 - a. Correct the terms and conditions of the lease(s) within thirty (30) days of notice.
 - b. Take no action which may result in the forfeiture of the lease(s).
2. Notify the Mortgagee of any request by the Mortgagor for transfer assignment or encumbrance of the above-described tract during the period of this agreement.
3. Recognize the loan security assignment, Exhibit A, attached, and by this reference made a part hereto, and transfer of the lease(s) to the Mortgagee by the filing, by the Mortgagee, of either of the following:
 - a. Voluntary surrender of all rights to the lease(s) in favor of the Mortgagee; or
 - b. Court Order ordering transfer of the lease(s) to the Mortgagee.

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C. It is agreed by all parties:

1. Should the lease be transferred under the conditions set forth in Section B.3(a) and (b) to the Mortgagee, the Mortgagee shall become obligated to all the provisions of the lease(s) and the obligations and performances required therein, including security and deposits.
2. Should the State's lessee (Mortgagor) default on the lease(s) the State reserves the first right for claim against any performance bonds, either cash or through a bonding company to collect whatever amount is due the State whether the lease(s) is/are forfeited or taken over by the Mortgagee. However, the Mortgagee may pay those amounts due to the State preventing a claim being filed against the performance bonds.
3. Execution of this agreement by the State does not waive any rights to insist upon strict performance of the terms of the lease(s) or any other right the State may have.

Beatrice E. Rogers & Mary J. Dvorak

MORTGAGEE

6075 Lincoln Dr. #101

(Type Name & Address)

Edina, MN 55436

West Coast Land Inv., Inc.,

MORTGAGOR A Washington Corp.

16300 Mill Creek Blvd., #103

(Type Name & Address)

Mill Creek, WA 98012

Executed this 6 day of February, 19 98

State OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES


WILLIAM J. WALLACE, REGION MANAGER



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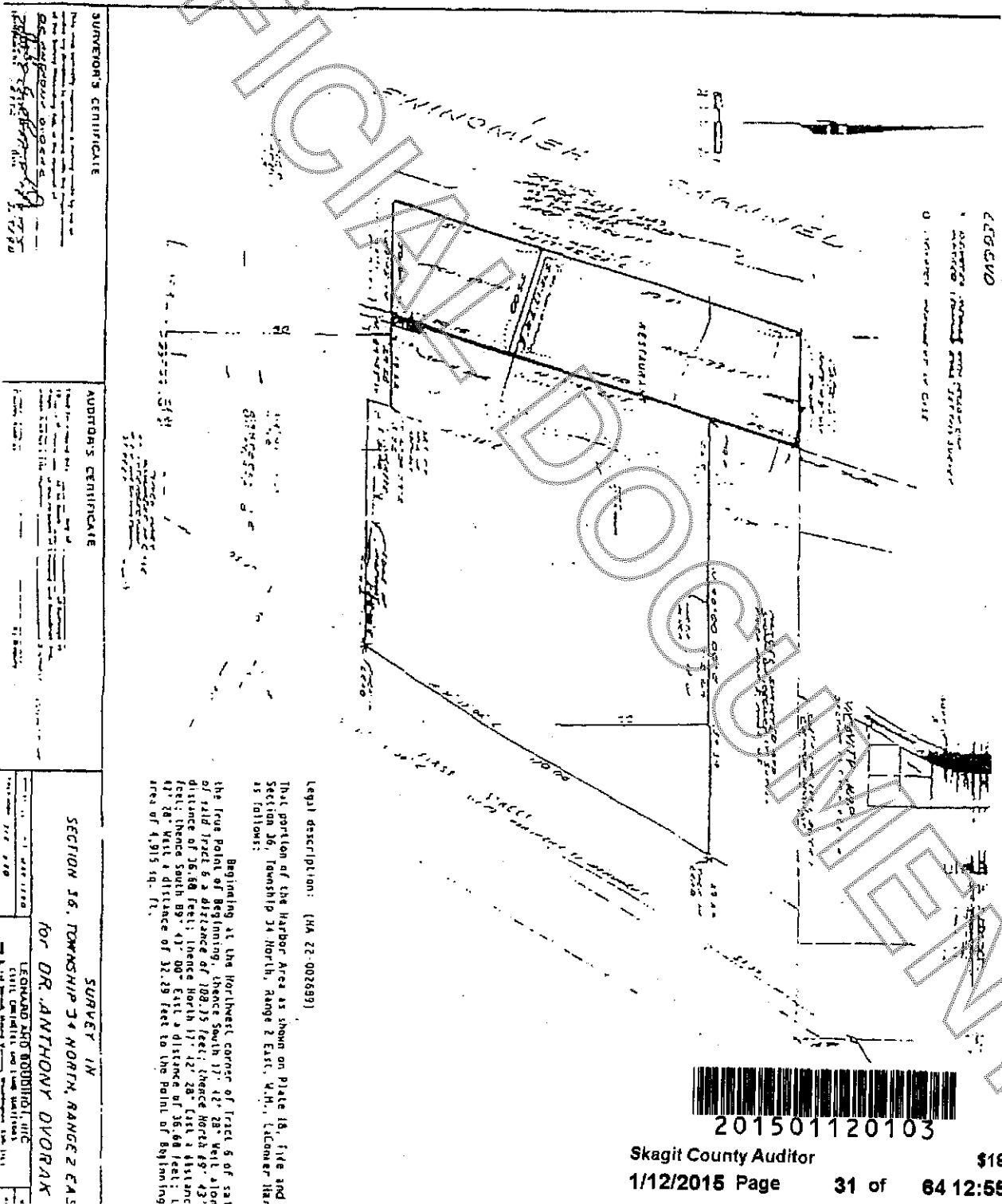
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EXHIBIT A

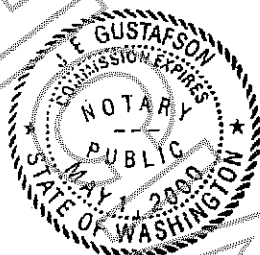


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STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that WILLIAM J. WALLACE is the person who appeared before me, and is the Northwest Region Manager of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES. I further certify that said person acknowledged the foregoing to be the free and voluntary act of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES for the uses and purposes mentioned in the instrument, and on oath stated that he is duly authorized to execute and acknowledge said instrument.

SEAL



DATE: 2-6-98

J.E. Gustafson
J.E. GUSTAFSON
(Type or Print Name)

NOTARY PUBLIC in and for the
state of Skagit County, Washington
My commission expires on 5-1-00
2000



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Skagit County Auditor

\$185.00

1/12/2015 Page

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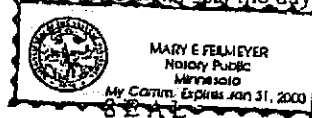


CERTIFICATE OF ACKNOWLEDGMENT
MORTGAGEE

State OF Minnesota)
) ss.
County of Hennepin)

On this 15th day of July, 19 97 personally appeared before me
Nancy J. Divak & Beatrice E. Kager to me known to be the Co-executors of the estate of Benjamin A. Divak
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/she was) (they were) authorized to execute said instrument for said estate and that the seal affixed is
the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first
above written.



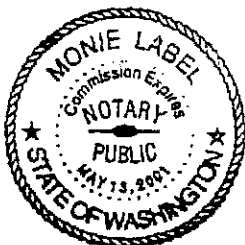
Mary E. Fellmeyer
NOTARY PUBLIC in and for the
State of Minnesota
My commission expires Jan 31, 2000

CERTIFICATE OF ACKNOWLEDGMENT
MORTGAGOR

State OF WA)
) ss.
County of King)

On this 11 day of July, 19 97 personally appeared before me
Linda C. Su, to me known to be the President of 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/she was) (they were) authorized to execute said instrument for said corporation and that the seal affixed is
the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first
above written.



SEAL

Monie Label
NOTARY PUBLIC in and for the
State of WA
My commission expires 5-15-01

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State OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Jennifer M. Belcher
Commissioner of Public Lands
Olympia, Washington 98504

NOTE CAREFULLY

The Commissioner of Public Lands will not approve or enter any assignment unless the lease or contract is in good standing. The original lease or contract must be submitted along with three (3) copies of this assignment form and a \$25.00 fee.

Lease Assignment - Loan Security

For and in consideration of the sum of \$440,780.49

the hereinafter named assignor West Coast Land Investments, Inc., a Washington Cor
hereby assign(s), set(s) over and transfer(s), all of (his/her) (their) right, title, and interest in and to that
portion of the lease or contract No. 22-002689, herein described:

See attached exhibit B

unto: Beatrice E. Rogers & Mary J. Dvorak

whose address is: 6075 Lincoln Dr. #101

Edina, MN

(Street Address - PO Box)

MN

55436

(City)

(State)

(Zip)

and said assignee Beatrice E. Rogers & Mary J. Dvorak

hereby binds and obligates (himself/herself) (themselves) to perform all the conditions and covenants of
said lease or contract.

In the event the assignee is a corporation, and if at any time during the term of this lease any part
or all of the corporate shares of the assignee be transferred by sale, assignment, bequest, inheritance,
operation of law, or other disposition so as to result in a change in the present control of the assignee by
the person or persons now owning a majority of the corporate shares, such change shall be deemed an
assignment of this lease, which, to become legally effective, requires the prior written approval of the
Department of Natural Resources.

Dated this 11 day of July, 1997

Approval of this assignment by the department is not a
discharge of the assignor or assignor's surety from any
or all liabilities, obligations, or duties incurred
under the contract or lease prior to the date of consent
of this assignment.

Assignment Approved: for Loan Security as Set forth in
Agreement dated 12/19/96

Date 2/6/98

Linda C. Su

Assignor

Beatrice E. Rogers

Assignor

Mary J. Dvorak

Assignee

Assignee

By William J. Wallace
WILLIAM J. WALLACE, MANAGER

EXHIBIT "A"

The Assignor's signature must be notarized. Use appropriate form on reverse side
does not need to be notarized. If Assignee is a corporation, complete appropriate

Skagit County Auditor

\$185.00

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EXHIBIT B

SURVEYOR'S CERTIFICATE

I, the undersigned, being duly sworn, depose and say that the foregoing is a true and correct copy of the original survey as the same appears in the records of the Auditor of Skagit County, Washington, and that the same is a true and correct copy of the original survey as the same appears in the records of the Auditor of Skagit County, Washington.

John A. Doudoroff
John A. Doudoroff, Surveyor

AUDITOR'S CERTIFICATE

I, the undersigned, being duly sworn, depose and say that the foregoing is a true and correct copy of the original survey as the same appears in the records of the Auditor of Skagit County, Washington, and that the same is a true and correct copy of the original survey as the same appears in the records of the Auditor of Skagit County, Washington.

John A. Doudoroff
John A. Doudoroff, Auditor

LEGAL DESCRIPTION (MA 22-002659)

That portion of the Harbor Area as shown on Plate 18, 11d, and 51 Section 35, Township 34 North, Range 2 East, W.H., L'Comber Harbor as follows:

Beginning at the Northwest corner of Tract 6 of said of said Tract 6 a distance of 108.15 feet; thence North 87° 43' 10" East a distance of 127.28 feet; thence North 87° 43' 10" East a distance of 127.28 feet; thence North 87° 43' 10" East a distance of 127.28 feet; thence North 87° 43' 10" East a distance of 127.28 feet to the Point of Beginning. Area of 4,915 sq. ft.

SURVEY IN

SECTION 36, TOWNSHIP 34 NORTH, RANGE 2 EAST

FOR DR. ANTHONY DUDORAK

LEONARD AND DOUDOROFF, INC.

112 220

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Skagit County Auditor \$185.00

1/12/2015 Page 35 of 64 12:55PM

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that WILLIAM J. WALLACE is the person who appeared before me, and is the Northwest Region Manager of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES. I further certify that said person acknowledged the foregoing to be the free and voluntary act of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES for the uses and purposes mentioned in the instrument, and on oath stated that he is duly authorized to execute and acknowledge said instrument.

SEAL



DATE: February 6, 1998

J.E. Gustafson
J.E. GUSTAFSON
(Type or Print Name)

NOTARY PUBLIC in and for the
state of Secon (Holloway) Washington
My commission expires on 5-1-2000



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Skagit County Auditor

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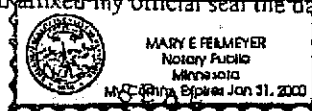


CERTIFICATE OF ACKNOWLEDGMENT
ASSIGNEE

State of Minnesota)
County of Hennepin) ss.

On this 15th day of July, 1997, personally appeared before me Mary J. Dvork & Brian R. Rogers, to me known to be the Co-owners of the stock of Brigman and Dvork 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/she was) (they were) authorized to execute said instrument for said ~~corporation~~ estate and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Mary E. Felmeyer
NOTARY PUBLIC in and for the

State of Minnesota
My commission expires Jan 31, 2000

CERTIFICATE OF ACKNOWLEDGMENT
ASSIGNOR

State of WA)
County of) ss.

On this 11 day of July, 1997, personally appeared before me Linda C. Su, to me known to be the President of 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/she was) (they were) authorized to execute said instrument for said corporation and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



SEAL

Moniek Label
NOTARY PUBLIC in and for the

State of WA
My commission expires 5-13-01

Skagit County Auditor
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\$165.00

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
DOUG SUTHERLAND, Commissioner of Public Lands

LEASE AMENDMENT

AQUATIC LANDS LEASE AMENDMENT NO. 22-002689

THIS LEASE AMENDMENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and LINDA SU d.b.a WEST COAST LAND INVESTMENTS INC., a Washington Corporation (Lessee).

BACKGROUND

- A. Lease No. 22-002689 was entered into on the 9th day of December, 1986, by and between B. A. DVORAK as Lessee and the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, as landlord (the Lease). A copy of the Lease is attached as Exhibit "C".
- B. The lease was previously amended by Amendment respectively dated September 16, 1993. A copy of the Amendment is attached as Exhibit "D".
- C. The lease was previously assigned by Assignment respectively dated January 23, 1998. A copy of the Assignment is attached as Exhibit "E".
- D. The lease currently has a Loan Security Agreement and a Consent to Assign for Loan Security Purposes Agreement dated February 6, 1998. Copies of the Agreements are attached as Exhibit "F".
- E. Lessee now possesses the rights, duties, and liabilities under the Lease as amended and assigned.
- F. The parties now desire to amend this Lease under the following terms and conditions:

THEREFORE, the parties agree as follows:

SECTION 1 AMENDMENTS

Exhibit's "A" and "B" of the Lease are amended to read as specified in Exhibit "A" (survey) and Exhibit "B" (Plan of Operations and Maintenance) attached hereto



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SECTION 2 EFFECTIVE DATE

The amended provisions shall become effective as of the 9th day of December, 2004.

SECTION 3 NO RELEASE

State is not releasing any previous Assignor from fully performing the provisions of the Lease in effect at the time of such assignment or as otherwise agreed in writing between the State, previous Assignor, and the Lessee.

SECTION 4 WARRANTIES

Lessee represents and warrants to State that (i) the Lease is in full force and effect; (ii) Lessee is not in default or breach of the Lease; (iii) Lessee has no knowledge of any claims, offsets, or defenses of the Lessee under the Lease; and (iv) to the best of Lessee's knowledge, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws.

SECTION 5 CONFIRMATION OF LEASE

All other terms of the Lease not inconsistent with this Lease Amendment are hereby affirmed and ratified.

SECTION 6 RECORDATION

Lessee shall record this Lease or a memorandum documenting the existence of this Lease in the county in which the Property is located, at Lessee's sole expense. The memorandum shall, at a minimum, contain the Property description, the names of the parties to the Lease, the State's lease number, and the duration of the Lease. Lessee shall provide State with recording information, including the date of recordation and file number. Lessee shall have thirty (30) days from the date of delivery of the final executed agreement to comply with the requirements of this subsection. If Lessee fails to record this Lease, State may record it and Lessee shall pay the costs of recording upon State's demand.



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Skagit County Auditor

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County Auditor

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

LINDA SU
d.b.a WEST COAST LAND INVESTMENTS INC.
a Washington Corporation

Dated: April 13th, 2005 By: Arthur Circo
ARTHUR CIRCO

Title: Secretary of West Coast Land Investments
Inc.

Address: 16300 Mill Creek
Mill Creek, WA 98012
425-742-6633

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: April 18, 2005 By: David Roberts
DAVID ROBERTS

Title: Aquatic Lands Assistant Region Manager
Address: 919 N. Township
Sedro Woolley, WA 98284

Standard Lease Amendment
Approved as to Form in October 2003
by Mike Grossmann
Assistant Attorney General
State of Washington



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REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF Snohomish)

I certify that I know or have satisfactory evidence that ARTHUR CIRCO is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 4-12-2005

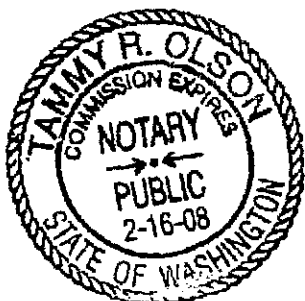
[Signature]
Ami C Smith
(Type/Print Name)

Notary Public in and for the State of
Washington residing at Mill Creek
My Commission Expires 8 26 07

STATE OF WASHINGTON)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that DAVID ROBERTS personally appeared before me, and is the Aquatic Region Assistant Region Manager of the Department of Natural Resources, a state agency. I further certify that said person acknowledged the foregoing to be the free and voluntary act and deed of said agency, for the uses and purposes mentioned in the instrument, and on oath stated that he is duly authorized to execute and acknowledge said instrument.

DATED: 4-18-05



Tammy R Olson
Tammy R Olson
(Type/Print Name)
Notary Public in and for the State of Washington
residing at Sedro-Woolley
My Commission Expires 2-16-08

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RECORD OF SURVEY

RECORD OF SURVEY
AQUATIC LANDS LEASE NO. 22-002689

WEST COAST LAND INVESTMENTS

WEST COAST LAND INVESTMENTS
A PORTION OF THE EAST 1/2 OF SECTION 36, TOWNSHIP 34 NORTH, RANGE 2 EAST, W.1M.
R.10N. K.V.C./B.L.K.



BAYVIEW SURVEYING INC.
PROFESSIONAL LAND SURVEY SERVICES

SHEET NO. 2 OF 2

OF

ALON KRYN HONG

[illegible]

PLASTIC MAIL AND BRASS TAG
UNWEARABLE HELD FOR IDENTIFICATION

Only 15% of the world's population has access to the Internet. In the U.S., 40% of the population has access to the Internet. In the U.S., 40% of the population has access to the Internet.

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Exhibit "B"

Plan of Operations and Maintenance Aquatic Harbor Lease Number 22-002689

The applicants are proposing to redevelop the property formerly known as "the Channel Landing Restaurant". This property is located at 116 South First Street in LaConner, Washington. The project property area totals about 20,019 square feet. The proposed lease area involving State-Owned Aquatic Lands is almost 38 percent of this area (7,540.02 square feet). About 2/3rds of the existing 3,292 square foot building is located on State owned land.

This project proposes to transform the existing run down and unoccupied building into a freshly remodeled and vital community business. This renovated property will become the home of a new business called the La Conner Fresh Fruit and Produce Market (Market). This application is for an amendment to enlarge the leasehold for the current Aquatic Lease Number 22-002689.

The Market will specialize in fresh fruit and vegetable produce and will include a snack bar-restaurant with dinning areas inside and on the deck outside. In addition to the fresh produce there will also be retail and novelty items geared toward serving seasonal tourism, local businesses and residents.

Customers will be able to park in front of the building off of South 1st Street and enter through the covered entry of the building. Walk in customers will also come from the South 1st Street entrance.

The community connection through the boardwalk will bring foot traffic in front of the market. The walkways will lead to the large expansive deck, which sits over the water and allow for public access during business hours and provide a wonderful place for residents and tourists to view the waterfront or enjoy food from the market. Public Access credit maybe allowed only if the area meets WAC 332-30-131 Public Use and Access statute.

A fence enclosing the trash collection bin is provided on site. The collection bins will be located on the upland private property and the waste will be properly disposed of including any cleaning solvents and detergents.

The 869.23 square feet of state land between tract 5 and 6 will be conditioned so that the area not being used for the foot print of the building will be maintained as Public Access for employees and the general public. Landscaping with small plants is allowed around the perimeter of the walkway.



201501120103

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
DOUG SUTHERLAND, Commissioner of Public Lands

Exhibit E

NOTICE OF AND CONSENT TO ASSIGNMENT OF 22-002689

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3. NO RELEASE	2
4. MODIFICATION OF LEASE AT TIME OF ASSIGNMENT	2
5. WARRANTIES	2
6. NOTICE	2
CONSENT TO ASSIGNMENT BY STATE.....	4



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**STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
DOUG SUTHERLAND, Commissioner of Public Lands**

NOTICE OF AND CONSENT TO ASSIGNMENT OF 22-002689

NOTICE OF AND CONSENT TO ASSIGNMENT AGREEMENT NO. 22-002689

THIS AGREEMENT is made by and between LINDA SU, d.b.a. WEST COAST LAND INVESTMENTS INC., a Washington Corporation, whose address is 16300 Mill Creek, Mill Creek, WA 98012 ("Assignor") and LACONNER FRUIT & PRODUCE MARKET, a Limited Liability Company, whose address is 18820 NE 159th St., Woodinville, WA 98072.

BACKGROUND

- A. Lease No. 22-002689 was entered into on the 9th day of, December 1986, by and between B. A. DVORAK as Lessee and the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State") (the Lease). A copy of the Lease and the listed Amendments and Assignments are attached as Exhibit "A".
1. The Lease was previously amended by Amendment respectively dated April 18, 2005.
 2. The lease was previously amended by Amendment respectively dated September 16, 1993.
 3. The lease was previously assigned by Assignment respectively dated January 23, 1998, by and between the Estate of Benjamin Anthony Dvorak and Linda Su, d.b.a West Coast Land Investment Inc.
 4. The lease currently has a Loan Security Agreement and a Consent to Assign for Loan Security Purposes Agreement dated February 6, 1998.
- B. Lessee now possesses the rights, duties, and liabilities under the Lease as amended and assigned.
- C. The parties now desire to amend this Lease under the following terms and conditions:
- D. 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.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

THEREFORE, the parties agree as follows:

OCT 11 200



SECTION 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 10th day of October, 2005, for the balance of the lease term as provided in the Lease.

SECTION 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.

SECTION 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.

SECTION 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 amended to the end of the term of the Lease.

SECTION 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.

SECTION 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: LINDA SU
d.b.a. WEST COAST LAND INVESTMENTS INC.
a Washington Corporation

Dated: 10-6-05

By: Arthur Circo
ARTHUR CIRCO

Title: Secretary of West Coast land Investments Inc.
Address: 16300 Mill Creek
Mill Creek, WA 98012
425-742-6633

ASSIGNEE:
LACONNER FRUIT & PRODUCE MARKET L.L.C.
a Limited Liability Company

Dated: 10/5/05

By: Robert E. Alfano
ROBERT E. ALFANO

Title: Manager
Address: 18820 NE 159th St.
Woodinville, WA 98072
425-788-2097



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Skagit County Auditor

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CONSENT TO ASSIGNMENT BY STATE

In consideration of the foregoing, State consents to the Assignment of the Lease to Assignee. However, State expressly conditions this consent on the understanding that neither State's consent nor its collection of rent from Assignee shall be a waiver of the covenant against future assignments or subletting. Furthermore, State's acceptance of Assignee as Lease shall not be construed as releasing Assignor from full performance of the provisions of the Lease. Except as set forth in this Agreement, no provision of this consent alters or modifies any of the terms and conditions of the Lease, including the requirement that the written consent of the State be obtained before any further assignment of the Lease or subletting of the property occurs.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Date: 10/10/05

By: David Roberts

DAVID ROBERTS

Title: Aquatic Lands Assistant Region Manager
Address: 919 N. Township
Sedro Woolley, WA 98284
360-856-3500

Approved as to Form January 2004
by Mike Grossmann
Assistant Attorney General
State of Washington



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Skagit County Auditor

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200510110018

REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)

County of Snohomish) ss

I certify that I know or have satisfactory evidence that ARTHUR CIRCO is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Secretary of West Coast Land Investments Inc. of the Corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10-06-05

[Signature]
(Signature)
Hmi C. Smith
(Print Name)

Notary Public in and for the State of
Washington, residing at
Mill Creek

My appointment expires 08/20/07

STATE OF WASHINGTON)

County of Skagit) ss

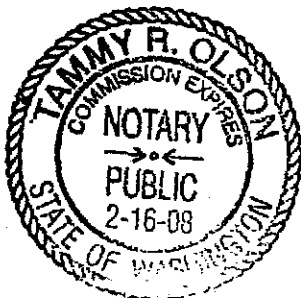
I certify that I know or have satisfactory evidence that ROBERT E. ALFANO is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of LaConner Fruit & Produce Market LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10-5-05

Tammy R Olson
(Signature)
Tammy R Olson
(Print Name)

Notary Public in and for the State of
Washington, residing at

Sedro-Woolley
My appointment expires 2-16-08



201501120103

STATE OF WASHINGTON)
)ss
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that DAVID ROBERTS personally appeared before me, as is the Aquatic Region Assistant Region Manager of the Department of Natural Resources, a state agency. I further certify that said person acknowledged the foregoing to be the free and voluntary act and deed of said agency, for the uses and purposes mentioned in the instrument, and on oath stated that he is duly authorized to execute and acknowledge said instrument.

DATED: 10-10-05

Tammy R Olson

Tammy R Olson

(Type/Print Name)

Notary Public in and for the State of Washington,
residing at Sedro Woolley

My appointment expires 2-16-08



201501120103

Skagit County Auditor

\$185.00

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WASHINGTON STATE DEPARTMENT OF
Natural Resources
Peter Goldmark - Commissioner of Public Lands

INVOLUNTARY ASSIGNMENT OF 22-002689

Lease No. 22-002689

THIS AGREEMENT is made by and between the STATE OF WASHINGTON acting through the Department of Natural Resources ("State"), and WELLS FARGO BANK, NA, a Washington Corporation, whose address is 4101 Wiseman Blvd., 205 MACT 7419-018, San Antonio, TX 78251 ("Assignee").

BACKGROUND

- A. Lease No. 22-002689 was entered into on the 9th day of December, 1986, by and between B.A. DVORAK as Lessee and the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State"), and recorded with the Skagit County Auditor's office under recording number 200510110018 (the "Lease"). Copies of the Lease are attached as Exhibit 1.
- B. The lease was previously amended by Amendment respectively dated the 16th day of September, 1993. Copies of the Amendment are attached as Exhibit 2.
- C. The lease was previously amended by Assignment respectively dated the 23rd day of January, 1998. Copies of the amendment are attached as Exhibit 3.
- D. The lease was previously amended by Amendment respectively dated the 18th day of April, 2005. Copies of the Amendment are attached as Exhibit 4.
- E. The lease was previously amended by Assignment respectively dated the 10th day of October, 2005, by and between Linda Su, d.b.a. West Coast Land Investments, Inc. and LaConner Fruit & Produce Market. Copies of the amendment are attached as Exhibit 5.
- F. This amended Lease was assigned to Assignee by virtue of Lease Foreclosure Proceedings. The Lease prohibits an assignment without State's consent. Assignee desires to assume the rights, duties, and liabilities of Lessee under the amended Lease. State is willing to give its consent based upon the assurances and agreements made in this Agreement.



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THEREFORE, the parties agree as follows:

SECTION 1 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.

SECTION 2 NO RELEASE

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.

SECTION 3 MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

State releases Assignor from the obligation to perform under the provisions of the Lease to the extent such obligations arise after the effective date of the assignment. Assignor remains liable to State to the same extent as if no assignment had been made with regard to any obligations that accrued prior to the effective date of the assignment.

SECTION 4 WARRANTIES

Assignee represents and warrants to State that;

- (i) The Lease is in full force and effect;
- (ii) Any breaches or defaults under the lease that existed at the time the Lease was involuntary assigned to Assignee have been fully cured and Assignee is not in default or breach of the Lease;
- (iii) Assignee has no knowledge of any claims, offsets, or defenses of the Assignee or of any previous lessee under the Lease;
- (iv) Rents due subsequent to this assignment have not been paid in advance by the Assignee or by any previous lessee; and,
- (v) To the best of Assignee's knowledge, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws. Assignee shall defend, indemnify and hold State harmless from any claims or causes of action, known or unknown, of the Assignee that have or may arise from circumstances that precede this assignment, or for any breach of the foregoing warranties.



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SECTION 5 CONSENT TO ASSIGNMENT BY STATE

In consideration of the foregoing, State consents to the Assignment of Lease to Assignee. However, State expressly conditions this consent on the understanding that neither State's consent nor its collection of rent from Assignee shall be a waiver of the covenant against future assignments or subletting. Furthermore, State's acceptance of Assignee as Lessee shall not be construed as releasing any previous Lessee from full performance of the provisions of the Lease.

Except as set forth in this Agreement, no provision of this consent alters or modifies any of the terms and conditions of the Lease, including the requirement that the written consent of the State be obtained before any further assignment of the Lease or subletting of the property occurs.

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

WELLS FARGO BANK, NA
a Washington Corporation

Dated: September 27, 2011

By: Beatrice B. Rizo, Officer
BEATRICE B. RIZO

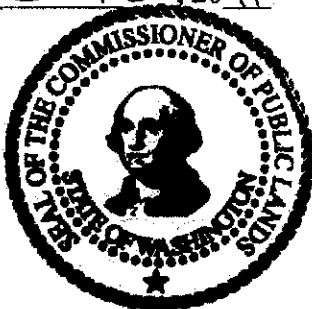
Title: Officer
Address: 4101 Wiseman Blvd.
San Antonio, TX 78251
Phone: 210-856-6185

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: October 12, 2011

By: Peter Goldmark
PETER GOLDMARK

Title: Commissioner of Public Lands
Address: 1111 Washington St. SE
Olympia, WA 98504-7027



Approved as to form this
October, 2003
Mike Grossmann, Assistant Attorney General
Involuntary Assignment of Lease

Skagit County Auditor \$185.00
1/12/2015 Page 54 of 64 12:55PM

STATE OF WASHINGTON)
COUNTY OF Texas) ss.
Bexar)

I certify that I know or have satisfactory evidence that BEATRICE B. RIZO is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Officer of Wells Fargo Bank, NA to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: September 27, 2011

(Seal or stamp)



Traci M. Gonzales
(Signature)

Traci M. Gonzales
(Print Name)

Notary Public in and for the State of Texas Washington,

residing at San Antonio

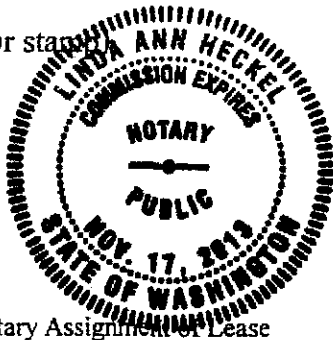
My appointment expires October 18, 2011

STATE OF WASHINGTON)
County of Thurston) ss.

I certify that I know or have satisfactory evidence that PETER GOLDMARK is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Commissioner of Public Lands, and ex officio administrator of the Department of Natural Resources of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10-12-11

(Seal or stamp)



Linda Heckel
(Signature)

Linda Heckel
(Print Name)

Notary Public in and for the State of Washington,

residing at Olympia

My appointment expires 11-17-13



Exhibit G



WASHINGTON STATE DEPARTMENT OF
Natural Resources
Peter Goldmark - Commissioner of Public Lands

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

Lease No. 22-002689

I. NOTICE OF ASSIGNMENT

This Notice of Assignment ("Agreement") is made by and between WELLS FARGO BANK, NA, a Washington corporation, whose address is MAC C 7300-079, 1700 Lincoln St., 7th Floor, Denver, CO 80601 ("Assignor") and NELL THORN, LLC, a Washington Corporation, whose address is PO Box 1250, La Conner, WA 98221 ("Assignee").

BACKGROUND

Lease No. 22-002689 was entered into on the 31st day of July, 1989, by and between B.A. Dvorak as Lessee and the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State"), and recorded with the Skagit County Auditor's office under recording number 200510110018 (the "Lease"). Copies of the Lease are attached as Exhibit A.

The Lease was previously amended by Amendment respectively dated the 16th day of September, 1993. Copies of the amendment are attached as Exhibit B.

The Lease was previously amended by Assignment respectively dated the 23rd day of January, 1998. Copies of the assignment are attached as Exhibit C.

The Lease was previously amended by Amendment respectively dated the 18th day of April, 2005. Copies of the amendment are attached as Exhibit D.

The Lease was previously amended by Assignment respectively dated the 10th day of October, 2005. Copies of the assignment are attached as Exhibit E.

The Lease was previously amended by Assignment respectively dated the 12th day of October, 2011. Copies of the assignment are attached as Exhibit F. Assignor now possesses the rights, duties, and liabilities under the Lease as previously amended. The term "Lease" in this Agreement includes all amendments to the Lease previous to the date of this Agreement.

Assignor desires to assign and Assignee desires to assume the rights, duties, and liabilities of Lessee under the Lease. 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, Assignor and Assignee agree as follows:

SECTION 1 NOTICE OF INTENT TO ASSIGN

Assignor gives notice of its intent to assign Lease to Assignee. Assignor warrants to State and Assignee that Assignor will assign all of its rights, title, and interest as Lessee under the Lease to Assignee effective the 31st day of August, 2013, for the balance of the term as provided in the Lease upon State's consent to the assignment.

SECTION 2 NOTICE OF INTENT TO ASSUME

Assignee gives notice of its intent to assume all the duties and liabilities of Lessee under the Lease for the balance of the Lease term as provided in the Lease effective the 31st day of August, 2013. By signing this Agreement, Assignee also guarantees faithful performance and discharge of the duties and liabilities of Lessee according to the terms of the Lease, even in the event that no assignment occurs.

SECTION 3 NO RELEASE

State does not release Assignor from fully performing the provisions of the Lease. Assignor agrees that State and Assignee may change, modify, or amend the Lease in any way, including the rent to be paid. Any change, modification, or amendment of the Lease shall not release Assignor from fully performing the provisions of the Lease. Assignor retains the right to re-enter the premises if Assignee violates any term of the Lease. Assignor remains liable to State to the same extent as if no assignment had been made.

SECTION 4 MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

The assignment and any change, modification, or amendment to the Lease shall occur contemporaneously. Assignee has the obligation to obtain a copy of the Lease and any contemporaneous amendments. Assignee has the further obligation to provide Assignor with a copy of any contemporaneous amendments.



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SECTION 5 FURTHER ASSIGNMENTS

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 to the end of the term of the Lease. Further assignment shall not be made without prior written consent of State.

SECTION 6 WARRANTIES

Assignor represents and warrants to State and to Assignee that:

- (a) The Lease is in full force and effect;
- (b) Assignor is not in default or breach of the Lease;
- (c) Assignor has no knowledge of any claims, offsets, or defenses of any Lessee under the Lease;
- (d) Rents due subsequent to this assignment have not been paid in advance by any Lessee; and
- (e) 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.

SECTION 7 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. Assignee and Assignor shall not rely on State to inform Assignor.

SECTION 8 RECORDATION

Assignor agrees to provide written notice to State that the assignment has been executed. Such assignment must occur within 60 days of the date upon which this Agreement is executed. Written notice may consist of providing State with a copy of the assignment document, recording the assignment document in the county in which the property resides, or recording a memorandum of assignment with the county in which the property resides.



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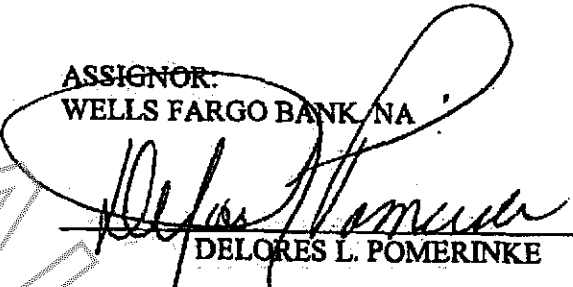
SECTION 9 CONSTRUCTION

This Agreement shall be construed under the laws of the State of Washington. In the event of conflict between any term, condition, or provision of any agreement between the Assignor and Assignee, and the terms of this Agreement or the Lease, the terms of this Agreement and the Lease shall control. In the event of conflict between any term, condition, or provision of this Agreement and the Lease, this Agreement shall control.

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

ASSIGNOR:
WELLS FARGO BANK, NA

Dated: August 29, 2013


DELORES L. POMERINKE

Title: Officer
Address: MAC C 7300-079
1700 Lincoln St., 7th Floor
Denver, CO 80601
Phone: 303-863-5307

ASSIGNEE:
NELL THORN, LLC
a Washington Corporation

Dated: August 30, 2013


JOSHUA CASEY SCHANEN

Dated: August 30, 2013


SUSAN SCHANEN

Title: Members
Address: PO Box 1250
La Conner, WA 98257
Phone: 360-466-4261



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CONSENT TO ASSIGNMENT BY STATE

In consideration of the foregoing Agreement, State consents to the Assignment of the Lease to Assignee. However, State expressly conditions this consent on the understanding that neither State's consent nor its collection of rent from Assignee shall be a waiver of the covenant restricting future assignments or subletting. Furthermore, State's acceptance of Assignee as Lessee shall not be construed as releasing Assignor from full performance of the provisions of the Lease. Except as set forth in the foregoing Agreement, no provision of the Agreement or this consent alters or modifies any of the terms and conditions of the Lease, including the requirement that the written consent of State be obtained before any further assignment of the Lease or subletting of the property occurs.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: September 4, 2013

By: Peter Goldmark

Name: **PETER GOLDMARK**

Title: **Commissioner of Public Lands**

Address: **PO Box 47027
Olympia, WA 98504-7027**



Approved as to Form
This 22 day of May 2012 by
Jennifer Morey, Assistant Attorney General



REPRESENTATIVE ACKNOWLEDGMENT

STATE OF Colorado)
) ss.
COUNTY OF Denver)

I certify that I know or have satisfactory evidence that DELORES L. POMERINKE is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Officer of WELLS FARGO BANK, NA to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 8-29-2013

(Seal or stamp)

ROBERT CORY HOLLOWAY
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134035429
MY COMMISSION EXPIRES JUNE 18, 2017

Robert Cory Holloway
(Signature)
Robert Cory Holloway
(Print Name)
Notary Public in and for the State of Colorado ~~Washington~~,
residing at 1700 Lincoln St Denver CO 80203
My appointment expires June 19, 2017

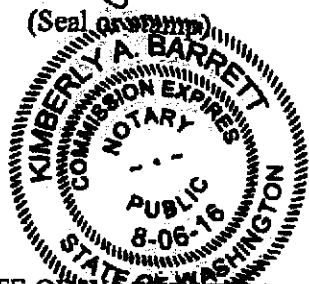


REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

I certify that I know or have satisfactory evidence that JOSHUA CASEY SCHANEN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a member of Nell Thorn, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Aug. 30, 2013



STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

(Signature)

(Print Name)

Notary Public in and for the State of Washington,
residing at Oak Harbor
My appointment expires Aug. 6, 2016

I certify that I know or have satisfactory evidence that SUSAN SCHANEN is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a member of Nell Thorn, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Aug 30, 2013



Notice of and Consent to Assignment of Lease Page 7 of 8

(Signature)

(Print Name)

Notary Public in and for the State of Washington,
residing at Oak Harbor
My appointment expires Aug. 6, 2016



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Skagit County Auditor

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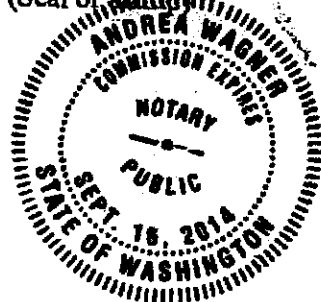
STATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
County of Thurston) ss

I certify that I know or have satisfactory evidence that PETER GOLDMARK is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Commissioner of Public Lands, and ex-officio administrator of the Department of Natural Resources of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 9-4, 2013

(Seal or Stamp)



(Signature)

(Print Name)

Notary Public in and for the State of Washington,
residing at Empire
My appointment expires 9-16-14



EXHIBIT H

Section 1.1 of the lease is amended to read as specified below:

1.1 Term. This Lease shall commence on the 9th day of December, 1986 and continue to the 9th day of December, 2014.



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