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Skagit County Auditor

\$208.00

5/4/2015 Page

1 of

85 12:42PM

Document Title: AQUATIC LANDS AGREEMENT AMENDMENT

Reference Number: 8904030065

Lease No: 82-002665

Grantor(s): additional grantor names on page ___

1. WA STATE DEPT. OF NATURAL RESOURCES

2.

Grantee(s): additional grantee names on page ___

1. RICHARD TRELSTAD

2. KAY TRELSTAD

Abbreviated legal description: full legal on page(s) ___

36/34/2

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

P 74463

I, RICHARD TRELSTAD, 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, Richard Trelstad Dated 5-4-15

When recorded, return to:
Richard & Kay Trelstad
PO Box 801
La Conner, WA 98257



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

AQUATIC LANDS AGREEMENT AMENDMENT

Lease No. 22-002665

Grantor: Washington State Department of Natural Resources
Grantee(s): Richard & Kay Trelstad
Legal Description: Section 36, Township 34 North, Range 2 East, W.M.
Assessor's Property Tax Parcel or Account Number: N/A
Assessor's Property Tax Parcel or Account Number for Upland parcel used in conjunction with this Lease: P74463

THIS LEASE AMENDMENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and RICHARD & KAY TRELSTAD, a marital community (Lessee).

BACKGROUND

Lease No. 22-002665 was entered into on the 10th day of January, 1989, by and between Richard & Kay Trelstad and John M. & June M. Flora as Lessee and the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, as landlord ("State"). Copies of the Lease are attached as Exhibit A.

The Lease was previously amended by Amendment, respectively dated 19th day of November, 1990. Copies of the Amendment are attached as Exhibit B.

The Lease was previously amended by Assignment the 17th day of July, 2000. Copies of the Assignment are attached as Exhibit C.

The Lease was previously amended by Amendment the 20th day of August, 2009. Copies of the Amendment are attached as Exhibit D.

The Lease currently has a Loan Security Agreement and a Consent to Assign for Loan Security Purposes agreement dated the 16th day of July, 2009. Copies of the Agreement are attached as Exhibit E.

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 F attached hereto.

SECTION 2 EFFECTIVE DATE

The amended provisions shall become effective as of March, 1, 2015

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.

UNOFFICIAL DOCUMENT

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.

RICHARD & KAY TRELSTAD

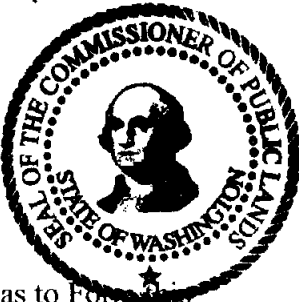
Dated: 4-18, 2015 By: Richard Trelstad
RICHARD TRELSTAD

Dated: 4-18, 2015 By: Kay Trelstad
KAY TRELSTAD

Title: Husband and Wife
Address:
Phone:

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: April 22, 2015 By: Peter Goldmark
PETER GOLDMARK



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

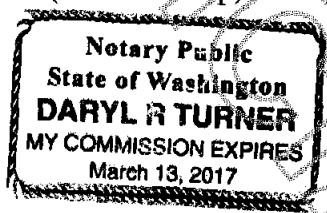
Title: Commissioner of Public Lands
Address: 1111 Washington Street SE
Olympia, WA 98504

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that RICHARD TRELSTAD 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: 4/14/15
(Seal or stamp)

[Signature]
(Signature)
Daryl Turner
(Print Name)



Notary Public in and for the State of Washington,
residing at Conway
My appointment expires March 13, 2017

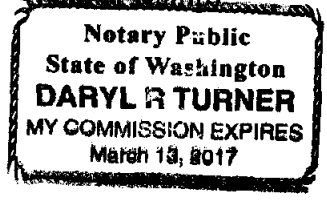


STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that KAY TRELSTAD is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 4/18/15
(Seal or stamp)

[Signature]
(Signature)
Daryl Turner
(Print Name)



Notary Public in and for the State of Washington,
residing at Conway
My appointment expires March 13, 2017

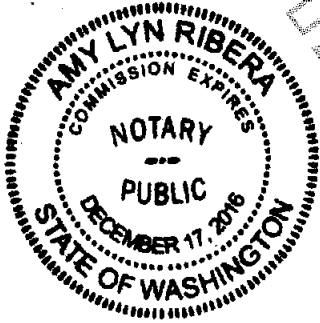
STATE OF WASHINGTON)

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: 4.22.15

(Seal or stamp)



[Signature]
(Signature)

Amylyn Ribera
(Print Name)

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

My appointment expires 12.17.16

UNRECORDED ORIGINAL DOCUMENT

Exhibit A

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

AQUATIC LANDS LEASE NO. 22-002665

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

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

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

SECTION 1 OCCUPANCY

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

SECTION 2 USE OF PREMISES

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

(1) Water-dependent commercial uses, including without limitation public access, walkways, moorage, or other water-dependent activity or facility;

(2) Other commercial nonwater-dependent uses, including without limitation offices, establishments for retail sales and other sales of merchandise, related activities which are not inconsistent with development by Lessee of the harbor area and the real property adjacent thereto as approved by Lessor and owned by Lessee for a commercial use for subleasing purposes;

(3) Any of the foregoing uses not reflected on said Exhibit "A", but hereafter contemplated by Lessee, shall be subject to the then prior written approval by Lessor;

(4) The public access use must be signed to the satisfaction of the Lessor for it to be considered public access; also, if building access is added from the public access area, the public access use classification may be reexamined by the Lessor and converted to water-dependent or nonwater-dependent use class as may be then appropriate under existing law.

SECTION 3 PAYMENT

3.1 Rent.

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

(2) Inflation Adjustment. After payment of the initial rent, annual rent shall be adjusted each year thereafter, exclusive of the years in which rent is revalued under

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.

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 March 1, 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.

4.3 Unauthorized Improvements. All improvements made on or to the premises without the written consent of the Lessor shall immediately become the property of the Lessor. The Lessor may, at its option, require the Lessee to remove and dispose of any or all unauthorized improvements, and in those instances where such action is not taken by the Lessee, the Lessor may remove such improvements, charging the Lessee for the cost of the removal and disposal, and cancel the lease.

4.4 Entry. The Lessor shall have access to the premises at all reasonable times for the purpose of securing compliance with the terms and conditions of this lease.

4.5 Access. The Lessor reserves the right of access to and across the leasehold premises for all purposes and further reserves the right to grant easements and other land uses on the premises to others when the easement or other land uses applied for will not unduly interfere with the use to which the Lessee is putting the premises or interfere unduly with the approved plan of development for the premises. No easement or other land uses shall be granted to third parties until payment for damages to the leasehold have been paid to the Lessee or a waiver of damages is signed by the Lessee.

4.6 Restrictions on Use. In connection with use of the premises, the Lessee shall:

(1) Conform to applicable laws, regulations, permits, or order of any public authority affecting the premises and the use thereof, and correct at the Lessee's own expense any failure of compliance created through the Lessee's fault or by reason of the Lessee's use.

(2) Remove no valuable material without prior written consent of the Lessor.

(3) Not make, or suffer to be made, any filling in of the leased area or any deposit of rock; earth; ballast; refuse; garbage; waste matter; chemical, biological or other toxic wastes; hydrocarbons, any other pollutants; or other matter within such area except as approved in writing by the Lessor.

SECTION 5 REQUIREMENTS

5.1 Assignment and Sublease. This lease, or any portion thereof, may not be assigned, mortgaged, sublet or otherwise transferred without the prior written consent of the Lessor. In granting such consent the Lessor reserves the right to change the terms and conditions of this lease as it may affect the assignee. Further, if the Lessee is a corporation or partnership and if at any time during the term of this lease any part or all of the corporate shares or partnership interests of the Lessee 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 corporation or partnership by the person or persons now owning a majority of the shares, or change in the holding of the corporate or partnership interest, the same shall constitute an assignment of this lease and as such shall require prior written consent of the Lessor. Failure to obtain written approval of any assignment defined in this lease shall be grounds for cancellation.

5.2 Maintenance.

(1) The Lessee, at its sole cost and expense, shall at all times keep, or cause all improvements regardless of ownership to be kept, in as good condition and repair as originally constructed or as hereafter put, except for reasonable use.

(2) The Lessee shall not allow debris or refuse to accumulate on the leased premises, caused either by itself or any person on the premises. Failure to comply with this provision shall be cause to permit the Lessor to remove the debris and refuse and collect the cost of such removal from the Lessee and/or cancel this lease.

5.3 Condition of Premises and Liability. The premises have been inspected by the Lessee and are accepted in their present condition. Lessee will protect, save and hold harmless the Lessor, its authorized agents and employees, from all claims, costs, damages, or expenses of any nature whatsoever arising out of or in connection with the use of the site. Further the Lessee will be responsible for the payment of any fines or penalties charged against the site as a result of its action in not complying with laws or regulations affecting the site. Prior to starting developmental work on the site, the Lessee shall at Lessee's expense, obtain and keep in force during the term of this lease a policy of Combined Single Limit Bodily Injury and Property Damage Insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy, or maintenance of the site and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than \$1,000,000. The policy shall contain gross liability endorsements and shall insure performance by Lessee of the indemnity provisions of this section. The limits of the required insurance shall not limit potential liability of the Lessee pursuant to the terms of this lease. An insurance certificate evidencing such amount shall be sent to the Lessor. If Lessee shall fail to procure and maintain the

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

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 ~~\$3,000.00~~ \$2,600.00 *MS*

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 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 10th day of January, 1987.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

James A. Stearns
JAMES A. STEARNS, Supervisor

Signed this 29 day of April, 1988

Richard Trelstad
RICHARD TRELSTAD

Kay Trelstad
KAY TRELSTAD

John M. Flora
JOHN M. FLORA

June M. Flora
JUNE M. FLORA
PO Box 801
La Conner, WA 98257

CERTIFICATE OF
DEPARTMENTAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

On this 10th day of January, 19 89, before me personally appeared James A. Stearns, to me known to be the Supervisor of the Department of Natural Resources that executed the within and foregoing instrument, No. 22-002665, and he acknowledged said instrument to be the free and voluntary act and deed of the department for the uses and purposes therein mentioned, and on oath stated that he was 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.

Ann M. Rector
Notary Public in and for the state of
Washington

My appointment expires 2-1-89

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
) ss
COUNTY OF Snohomish)

On this day personally appeared before me KAY TRELSTAD

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Kay Trelstad signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 19 88

Betty J. Nelson
Notary Public in and for the state of
Washington

My appointment expires 6/15/88

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
) ss
COUNTY OF Snohomish)

On this day personally appeared before me Rick Trelstad

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Rick Trelstad signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 19 88

Betty J. Nelson
Notary Public in and for the state of
Washington

My appointment expires 6/15/88

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Inchamona) ss

On this day personally appeared before me Mel Flora

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Mel Flora signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 19 88.

Ruth G. Nelson
Notary Public in and for the state of
Washington

My appointment expires 6/15/88

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Inchamona) ss

On this day personally appeared before me Jane Flora

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Jane Flora signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 19 88.

Ruth G. Nelson
Notary Public in and for the state of
Washington

My appointment expires 6/15/88

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

Exhibit B

AMENDMENT TO LEASE NO. 22-002665

WHEREAS, the Lessor has established a new property value for use in determining lease rentals in the Town of La Conner 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~~ ^{MAR. 1, 1990}, is as follows: first year \$1,826.00, second year \$2,332.00, third year \$2,816.00, fourth year \$2,816.00. These rents and subsequent annual rent, as determined by the Lessor in accordance with Chapter 221, Laws of 1984 (RCW 79.90.450 - .902) or as amended by subsequent legislation, is due and payable in advance by the Lessee to the Lessor and is the essence of this Lease, and is a condition precedent to the continuance of this Lease or any rights thereunder. Payment is to be to the Department of Natural Resources, Olympia, Washington 98504.

3.3 Revaluation of Rent.

On ~~October 2, 1994~~ ^{MAR. 1, 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 times 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.

(2) All other terms and conditions of said lease shall not be affected by these amendments.

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

Executed this 19th day of November, 1990.

STATE OF WASHINGTON
 DEPARTMENT OF NATURAL RESOURCES

James A. Stearns
 JAMES A. STEARNS, Supervisor

Signed this _____ day of _____, 19 _____

APPROVAL OF OFFER	
<u>JFH</u>	Trust Agent
<u>n/a</u>	Trustee
<u>RTE</u>	Trust Beneficiary
<u>AM</u>	Trustee

Richard Trelstad
 MR. RICHARD TRELSTAD, a Marital Community

Mrs. Kay Trelstad
 MRS. KAY TRELSTAD, a Marital Community

John M. Flora
 MR. JOHN M. FLORA, a Marital Community

Mrs. June M. Flora
 MRS. JUNE M. FLORA, a Marital Community
 PO Box 801
 La Conner, WA 98257

OF READ de
 13/22002665.amd

2-002665

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF WASHINGTON)
County of Thurston) ss.

On this 19th day of November, 1990, personally appeared before me JAMES A. STEARNS, to me known to have signature authorization delegated to him to sign for BRIAN J. BOYLE, 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 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

Ann M. Reuter
NOTARY PUBLIC in and for the
state of Washington

My commission expires 2-1-93

CERTIFICATE OF ACKNOWLEDGMENT
INDIVIDUAL

STATE OF WASHINGTON)
County of SKAGIT) ss

On this day personally appeared before me KAY TRELSTAD, to me known to be the individual _____ described in and who executed the within and foregoing instrument and acknowledged that ~~he/she/they~~ signed the same as ~~his/her/their~~ free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of OCTOBER, 1990.

Carrie R. Allen
Notary Public in and for the State of
Washington, residing at MOUNT VERNON

My appointment expires 5-15-92

Exhibit C

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

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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

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

BACKGROUND

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

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

THEREFORE, the parties agree as follows:

1. NOTICE OF ASSIGNMENT

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

2. ACCEPTANCE AND INDEMNIFICATION

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

3. NO RELEASE

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

4. MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

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

5. WARRANTIES

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

6. NOTICE

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

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

ASSIGNOR:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: *Richard Trelstad*
RICHARD TRELSTAD

Dated: 7-17-00

By: *Kay Trelstad*
KAY TRELSTAD

Dated: 7-17-00

ASSIGNEE:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: *Richard Trelstad*
RICHARD TRELSTAD

Dated: 7-17-00

By: *Kay Trelstad*
KAY TRELSTAD

Dated: 7-7-00

ASSIGNOR:

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

By: *John M. Flora*
JOHN M. FLORA

Dated: 7-17-00

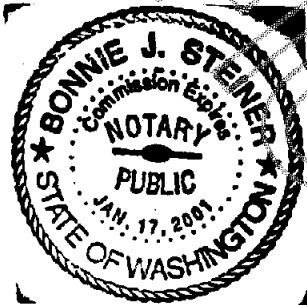
By: *June M. Flora*
JUNE M. FLORA

Dated: 7-17-00

STATE OF WASHINGTON)

COUNTY OF SKAGIT)
SS.

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



DATED: July 17-2000

[Signature]

(Type/Print Name)

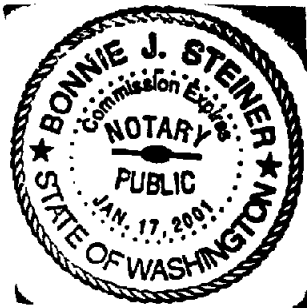
Notary Public in and for the State of Washington
residing at: Kalona

My Commission Expires: 1-17-2001

STATE OF WASHINGTON)

COUNTY OF SKAGIT)
SS.

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



DATED: July 17-2000

[Signature]

(Type/Print Name)

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

My Commission Expires: 1-17-2001

Exhibit D



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

LEASE AMENDMENT

Lease No. 22-002665

THIS LEASE AMENDMENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and RICHARD and KAY TRELSTAD, a Community Property.

BACKGROUND

A. Lease No. 22-002665 (the "Lease"), was entered into on the 1st day of March, 1987, by and between Richard and Kay Trelstad and John M. and June M. Flora as Tenant 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 200007240086.

B. The lease was previously Amended, respectively dated November 19, 1990.

C. The lease was previously Assigned from Richard and Kay Trelstad and John M. and June M. Flora to Richard and Kay Trelstad on July 17, 2000.

D. A current Loan Security Assignment was dated April 11, 2005, to Peoples Bank.

Copies of the Lease, Amendment and Assignments are attached as Exhibits A, B, C, D & E. Richard and Kay Trelstad now possess the rights, duties, and liabilities under the Lease as amended.

Exhibit "A" of Aquatic Lease 22-002665 is being replaced with a new Exhibit "A" dated December 21, 2004, with a recording number 200506150089. A copy is attached as Exhibit "A" to the Amendment.

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

THEREFORE, the parties agree as follows:

SECTION 1 AMENDMENTS

Section 2.1 of the Lease is amended to read as specified in Exhibit "A" attached hereto.

SECTION 2 EFFECTIVE DATE

The amended provisions shall become effective as of the 1st of May, 2009.

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 Tenant.

SECTION 4 WARRANTIES

Tenant represents and warrants to State that (i) the Lease is in full force and effect; (ii) Tenant is not in default or breach of the Lease; (iii) Tenant has no knowledge of any claims, offsets, or defenses of the Tenant under the Lease; and (iv) to the best of Tenant'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

Tenant shall record this Lease or a memorandum documenting the existence of this Lease in the county in which the Property is located, at Tenant'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. Tenant shall provide State with recording information, including the date of recordation and file number. Tenant shall have thirty (30) days from the date of delivery of the final executed agreement to comply with the requirements of this subsection. If Tenant fails to record this Lease, State may record it and Tenant 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.

RICHARD TRELSTAD,
a Marital Community

Dated: 7-22, 2009 Richard Trelstad

KAY TRELSTAD,
a Marital Community

Dated: July 22, 2009 Kay Trelstad
Address: PO Box 801
LaConner, WA 98257

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: 8 | 20, 2009 J. S. Young
By: LEONARD YOUNG
Title: Department Supervisor
Address: PO Box 47027
Olympia, WA 98504-7027

Approved as to Form this
October, 2003
Mike Grossmann, Assistant Attorney General



INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
County of Skagit) ss

I certify that I know or have satisfactory evidence that RICHARD TRELSTAD is the person who appeared before me, 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: July 22, 2009
(Seal or stamp)

[Signature]
(Signature)

Barb K. Weymouth
(Print Name)



Notary Public in and for the State of Washington, residing at Mt Vernon
My appointment expires 8/15/12

INDIVIDUAL ACKNOWLEDGMENT

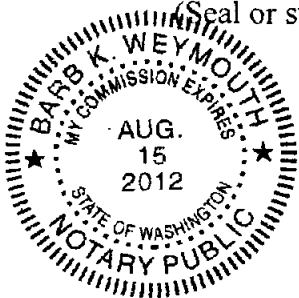
STATE OF WASHINGTON)
County of Skagit) ss

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

Dated: July 22, 2009
(Seal or stamp)

[Signature]
(Signature)

Barb K. Weymouth
(Print Name)



Notary Public in and for the State of Washington, residing at Mt Vernon
My appointment expires 8/15/12

STATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of _____)

I certify that I know or have satisfactory evidence that LEONARD YOUNG 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 DEPARTMENT SUPERVISOR 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: 8-20-09

(Seal or stamp)

Roni J. Pettit
(Signature)

Roni J. Pettit
(Print Name)

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

614 Maple WA
My appointment expires 6-28-10



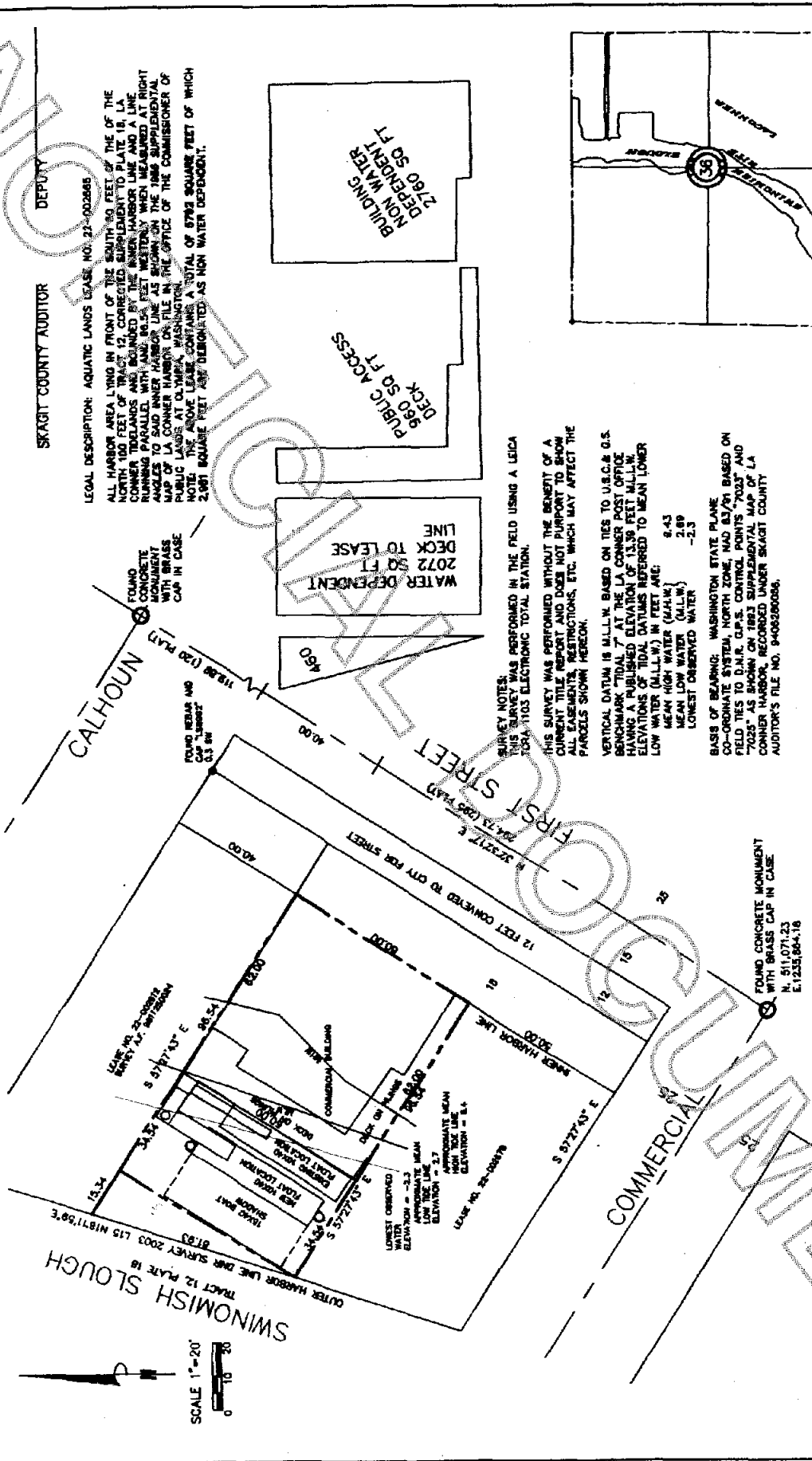
EXHIBIT "A"

SURVEY OF HARBOR LEASE NO. 22-002665, PLATE NO. 18, LA CONNER HARBOR, SE 1/4 SEC. 36, T 34N, R. 2E, W.M.

THIS IS A CORRECTION SURVEY TO THAT SURVEY FILED UNDER A.F. 200412230128
 OUTER HARBOR LINE DISTANCE HAS BEEN CHANGED
 USURP AREAS HAVE BEEN ADDED

AUDITORS CERTIFICATE FILED FOR RECORD AT
 THE REQUEST OF SCHEMMER ENGINEERING INC.

AF 200506150089



LEGAL DESCRIPTION: AQUATIC LANDS LEASE NO. 22-002665
 ALL HARBOR AREA LYING IN FRONT OF THE SOUTH 90 FEET OF THE OF THE NORTH 100 FEET OF TRACT 12, CORRECTED SUPPLEMENT TO PLATE 18, LA CONNER TIDALANDS AND BOUNDARY BY THE INNER HARBOR LINE AND A LINE RUNNING PARALLEL WITH AND 80.05 FEET WESTERLY WHEN MEASURED ALONG ANGLES TO CORNER POINTS OF THE TRACT 12, CORRECTED SUPPLEMENT TO PUBLIC LANDS AT OLYMPIA, WASHINGTON.
 NOTE: THE ABOVE LEASE CONTAINS A TOTAL OF 5793 SQUARE FEET OF WHICH 2,981 SQUARE FEET ARE DESIGNATED AS NON WATER DEPENDENT.

SKAGIT COUNTY AUDITOR
 DEPUTY

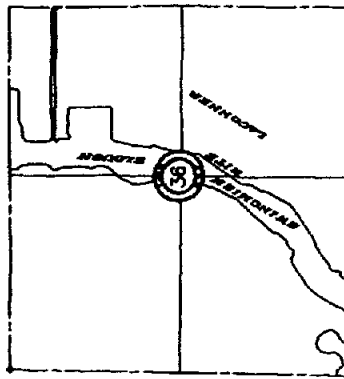
SURVEY NOTES:
 THIS SURVEY WAS PERFORMED IN THE FIELD USING A LEICA TOTAL STATION ELECTRONIC TOTAL STATION.

THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A CURRENT TITLE REPORT AND DOES NOT PURPORT TO SHOW ALL EASEMENTS, RESTRICTIONS, ETC. WHICH MAY AFFECT THE PARCELS SHOWN HEREON.

VERTICAL DATUM IS M.L.L.W. BASED ON TIES TO U.S.C. & G.S. BENCHMARK "TIDAL 7" AT THE LA CONNER POST OFFICE HAVING A PUBLISHED ELEVATION OF 13.39 FEET M.L.L.W. ELEVATIONS OF TIDAL DATUMS REFERRED TO MEAN LOWER LOW WATER (M.L.L.W.) IN FEET ARE:
 MEAN HIGH WATER (M.H.W.) 9.43
 MEAN LOW WATER (M.L.W.) 2.89
 LOWEST OBSERVED WATER -2.3

BASES OF BEARING: WASHINGTON STATE PLANE
 CO-ORDINATE SYSTEM, NORTH ZONE, NAD 83/91 BASED ON FIELD TIES TO D.M.P. G.P.S. CONTROL POINTS "7023" AND "7025" AS SHOWN ON 1983 SUPPLEMENTAL MAP OF LA CONNER HARBOR, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 9408290056.

FOUND CONCRETE MONUMENT
 WITH BRASS CAP IN CASE
 N. 511.071.23
 E. 1235.864.18



DESIGNED	DRAWN	BBB	BY

VICINITY MAP

CAD FILE: LA-14R PLOT DATE: 12/21/04

SURVEYORS CERTIFICATE
 This map correctly represents a survey made by me or under my direction in conformance with the Survey Recording Act.

Paul E. Monohan CERT#25871
 Date

SCHEMMER ENGINEERING INC.
 317 COMMERCIAL AVENUE, SUITE 101
 ANACORTES, WA 98221 (360) 283-8006

RECORD OF SURVEY
 RICHARD TRELSTAD
 P.O. BOX 8011
 LA CONNER, WA 98257

JOB NO. 04-042
 SHEET 1 OF 1

EXHIBIT "B"

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

AQUATIC LANDS LEASE NO. 22-002665

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

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

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

SECTION 1 OCCUPANCY

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

SECTION 2 USE OF PREMISES

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

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

SECTION 3 PAYMENT

3.1 Rent.

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

(2) Inflation Adjustment. After payment of the initial rent, annual rent shall be adjusted each year thereafter, exclusive of the years in which rent is revalued under

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.

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 March 1, 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.

4.3 Unauthorized Improvements. All improvements made on or to the premises without the written consent of the Lessor shall immediately become the property of the Lessor. The Lessor may, at its option, require the Lessee to remove and dispose of any or all unauthorized improvements, and in those instances where such action is not taken by the Lessee, the Lessor may remove such improvements, charging the Lessee for the cost of the removal and disposal, and cancel the lease.

4.4 Entry. The Lessor shall have access to the premises at all reasonable times for the purpose of securing compliance with the terms and conditions of this lease.

4.5 Access. The Lessor reserves the right of access to and across the leasehold premises for all purposes and further reserves the right to grant easements and other land uses on the premises to others when the easement or other land uses applied for will not unduly interfere with the use to which the Lessee is putting the premises or interfere unduly with the approved plan of development for the premises. No easement or other land uses shall be granted to third parties until payment for damages to the leasehold have been paid to the Lessee or a waiver of damages is signed by the Lessee.

4.6 Restrictions on Use. In connection with use of the premises, the Lessee shall:

(1) Conform to applicable laws, regulations, permits, or order of any public authority affecting the premises and the use thereof, and correct at the Lessee's own expense any failure of compliance created through the Lessee's fault or by reason of the Lessee's use.

(2) Remove no valuable material without prior written consent of the Lessor.

(3) Not make, or suffer to be made, any filling in of the leased area or any deposit of rock; earth; ballast; refuse; garbage; waste matter; chemical, biological or other toxic wastes; hydrocarbons, any other pollutants; or other matter within such area except as approved in writing by the Lessor.

SECTION 5 REQUIREMENTS

5.1 Assignment and Sublease. This lease, or any portion thereof, may not be assigned, mortgaged, sublet or otherwise transferred without the prior written consent of the Lessor. In granting such consent the Lessor reserves the right to change the terms and conditions of this lease as it may affect the assignee. Further, if the Lessee is a corporation or partnership and if at any time during the term of this lease any part or all of the corporate shares or partnership interests of the Lessee 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 corporation or partnership by the person or persons now owning a majority of the shares, or change in the holding of the corporate or partnership interest, the same shall constitute an assignment of this lease and as such shall require prior written consent of the Lessor. Failure to obtain written approval of any assignment defined in this lease shall be grounds for cancellation.

5.2 Maintenance.

(1) The Lessee, at its sole cost and expense, shall at all times keep, or cause all improvements regardless of ownership to be kept, in as good condition and repair as originally constructed or as hereafter put, except for reasonable use.

(2) The Lessee shall not allow debris or refuse to accumulate on the leased premises, caused either by itself or any person on the premises. Failure to comply with this provision shall be cause to permit the Lessor to remove the debris and refuse and collect the cost of such removal from the Lessee and/or cancel this lease.

5.3 Condition of Premises and Liability. The premises have been inspected by the Lessee and are accepted in their present condition. Lessee will protect, save and hold harmless the Lessor, its authorized agents and employees, from all claims, costs, damages, or expenses of any nature whatsoever arising out of or in connection with the use of the site. Further the Lessee will be responsible for the payment of any fines or penalties charged against the site as a result of its action in not complying with laws or regulations affecting the site. Prior to starting developmental work on the site, the Lessee shall at Lessee's expense, obtain and keep in force during the term of this lease a policy of Combined Single Limit Bodily Injury and Property Damage Insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy, or maintenance of the site and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than \$1,000,000. The policy shall contain gross liability endorsements and shall insure performance by Lessee of the indemnity provisions of this section. The limits of the required insurance shall not limit potential liability of the Lessee pursuant to the terms of this lease. An insurance certificate evidencing such amount shall be sent to the Lessor. If Lessee shall fail to procure and maintain the

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

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

~~\$3,000.00.~~
\$2,600.00. *CP (1) SMS*

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 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 10th day of January, 1989.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

James A. Stearns

JAMES A. STEARNS, Supervisor

Signed this 29 day of April, 1988.

Richard Trelstad

RICHARD TRELSTAD

Kay Trelstad

KAY TRELSTAD

John M. Flora

JOHN M. FLORA

June M. Flora

JUNE M. FLORA
PO Box 801
La Conner, WA 98257

CERTIFICATE OF DEPARTMENTAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

On this 10th day of January, 19 89, before me personally appeared James A. Stearns, to me known to be the Supervisor of the Department of Natural Resources that executed the within and foregoing instrument, No. 22-002665, and he acknowledged said instrument to be the free and voluntary act and deed of the department for the uses and purposes therein mentioned, and on oath stated that he was 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.

Ann M. Reiter
Notary Public in and for the state of Washington

My appointment expires 2-1-89

CERTIFICATE OF INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
) ss
COUNTY OF Snohomish)

On this day personally appeared before me KAY TRELSTAD

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Kay Trelstad signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 19 88

Betty J. Nelson
Notary Public in and for the state of Washington

My appointment expires 6/15/88

CERTIFICATE OF INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
) ss
COUNTY OF Snohomish)

On this day personally appeared before me Rick Trelstad

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Rick Trelstad signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 19 88

Betty J. Nelson
Notary Public in and for the state of Washington

My appointment expires 6/15/88

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Spokane) ss

On this day personally appeared before me McI Flora

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that McI Flora signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 1988.

Betty E. Nelson
Notary Public in and for the state of

Washington

My appointment expires 4/15/88

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Spokane) ss

On this day personally appeared before me Jane Flora

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Jane Flora signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 1988.

Betty E. Nelson
Notary Public in and for the state of

Washington

My appointment expires 4/15/88

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

EXHIBIT "C"

AMENDMENT TO LEASE NO. 22-002665

WHEREAS, the Lessor has established a new property value for use in determining lease rentals in the Town of La Conner 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~~ ^{MAR. 1, 1990}, is as follows: first year \$1,826.00, second year \$2,332.00, third year \$2,816.00, fourth year \$2,816.00. These rents and subsequent annual rent, as determined by the Lessor in accordance with Chapter 221, Laws of 1984 (RCW 79.90.450 - .902) or as amended by subsequent legislation, is due and payable in advance by the Lessee to the Lessor and is the essence of this Lease, and is a condition precedent to the continuance of this Lease or any rights thereunder. Payment is to be to the Department of Natural Resources, Olympia, Washington 98504.

3.3 Revaluation of Rent. ^{MAR. 1, 1994} On ~~October 2, 1994~~ ^{RS 98 MF KMS}, 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 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.

(2) All other terms and conditions of said lease shall not be affected by these amendments.

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

Executed this 19th day of November, 19 90

STATE OF WASHINGTON
 DEPARTMENT OF NATURAL RESOURCES

James A. Stearns
 JAMES A. STEARNS, Supervisor

Signed this _____ day of _____, 19 _____.

APPROVAL OF OFFER	
<u>JAH</u>	Lease Admin
<u>n/a</u>	Section Mgr
<u>RELL</u>	Asst. Dir. Mgr.
<u>AM</u>	Division Mgr

Richard Trelstad
 MR. RICHARD TRELSTAD, a Marital Community

Mrs. Kay Trelstad
 MRS. KAY TRELSTAD, a Marital Community

John M. Flora
 MR. JOHN M. FLORA, a Marital Community

Mrs. June M. Flora
 MRS. JUNE M. FLORA, a Marital Community
 PO Box 801
 La Conner, WA 98257

de13/22002665.amd

22-002665

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
County of Thurston)

On this 19th day of November, 1990, personally appeared before me JAMES A. STEARNS, to me known to have signature authorization delegated to him to sign for BRIAN J. BOYLE, 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 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

Ann M. Becker
NOTARY PUBLIC in and for the
state of Washington

My commission expires 2-1-93

CERTIFICATE OF ACKNOWLEDGMENT
INDIVIDUAL

STATE OF WASHINGTON)
) ss.
County of SUBOT)

On this day personally appeared before me KAY TRELSTAD, to me known to be the individual _____ described in and who executed the within and foregoing instrument and acknowledged that ~~he/she/they~~ signed the same as ~~his/her/their~~ free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of OCTOBER, 1990

Carrie R. Allen
Notary Public in and for the State of
Washington, residing at MOUNT VERNON

My appointment expires 5-15-92

CERTIFICATE OF ACKNOWLEDGMENT
INDIVIDUAL

STATE OF WASHINGTON)
) ss
County of SKAGIT)

On this day personally appeared before me JUNE M. FLORA, to me known to be the individual _____ described in and who executed the within and foregoing instrument and acknowledged that ~~he/she/they~~ signed the same as ~~his/her/their~~ free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of OCTOBER, 1990.

Arrie R. Allen
Notary Public in and for the State of
Washington, residing at Mount Vernon

My appointment expires 5-15-92

CERTIFICATE OF ACKNOWLEDGMENT
INDIVIDUAL

STATE OF WASHINGTON)
) ss
County of SKAGIT)

On this day personally appeared before me JOHN M. FLORA, to me known to be the individual _____ described in and who executed the within and foregoing instrument and acknowledged that ~~he/she/they~~ signed the same as his/her/their free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of OCTOBER, 1990.

Arrie R. Allen
Notary Public in and for the State of
Washington, residing at Mount Vernon

My appointment expires 5-15-92

EXHIBIT "D"

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

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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

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

BACKGROUND

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

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

THEREFORE, the parties agree as follows:

1. NOTICE OF ASSIGNMENT

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

2. ACCEPTANCE AND INDEMNIFICATION

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

3. NO RELEASE

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

4. MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

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

5. WARRANTIES

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

6. NOTICE

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

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

ASSIGNOR:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: *Richard Trelstad*
RICHARD TRELSTAD

Dated: 7-17-00

By: *Kay Trelstad*
KAY TRELSTAD

Dated: 7-17-00

ASSIGNEE:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: *Richard Trelstad*
RICHARD TRELSTAD

Dated: 7-17-00

By: *Kay Trelstad*
KAY TRELSTAD

Dated: 7-7-00

ASSIGNOR:

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

By: *John M. Flora*
JOHN M. FLORA

Dated: 7-17-00

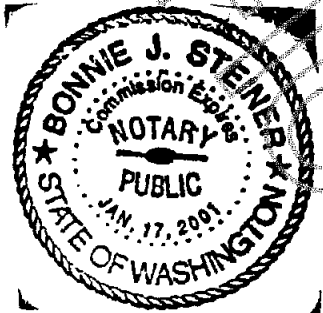
By: *June M. Flora*
JUNE M. FLORA

Dated: 7-17-00

STATE OF WASHINGTON)

COUNTY OF SKAGIT)
SS.

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



DATED: July 17-2000

[Signature]

(Type/Print Name)

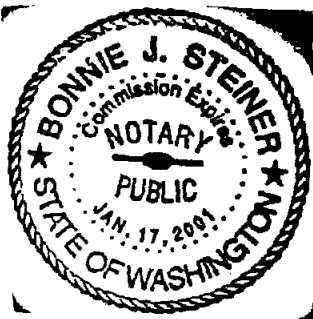
Notary Public in and for the State of Washington
residing at: Kal Corner

My Commission Expires: 1-17-2001

STATE OF WASHINGTON)

COUNTY OF SKAGIT)
SS.

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



DATED: July 17-2000

[Signature]

(Type/Print Name)

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

My Commission Expires: 1-17-2001

EXHIBIT "E"

DEPARTMENT OF NATURAL RESOURCES
DOUG SUTHERLAND, Commissioner of Public Lands
Olympia, Washington 98504

LOAN SECURITY AGREEMENT 22-002665 TABLE OF CONTENTS

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STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
DOUG SUTHERLAND, Commissioner of Public Lands
Olympia, Washington 98504

LOAN SECURITY AGREEMENT

LOAN SECURITY AGREEMENT NO. 22-002665

THIS AGREEMENT is made by and between RICHARD & KAY TRELSTAD, husband and wife ("Tenant"), and PEOPLES BANK, a Washington Corporation ("Lender").

BACKGROUND

A. Tenant entered into a lease, known as Lease No. 22-002665, dated the 1st day of March, 1987, (the "Lease"), and recorded with the Skagit County Auditor's office under recording number 200007240086 (the "Lease"), with the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State").

B. Tenant desires to obtain a loan from Lender for refinancing on the property, described in the Lease. Lender, is making a loan ("Loan") in the amount of Four Hundred Thousand Dollars (\$400,000.) to Tenant, which Loan is evidenced by a promissory note. To induce Lender to make the Loan, Tenant has agreed to grant to Lender a security interest in all Tenant's interest in the Lease. State consents to the assignment for security purposes, based upon the assurances and Agreements set forth in this Agreement.

Therefore, the parties agree as follows:

SECTION 1 SECURITY INTEREST

For valuable consideration, Tenant hereby grants to Lender a security interest in all of Tenant's rights, title, and interest in the Lease.

SECTION 2 SECURED OBLIGATIONS

The security interest granted in this Agreement is given to secure payment of a promissory note executed by Tenant in favor of Lender.

SECTION 3 TRANSFER OR ASSIGNMENT OF THE LEASE

A transfer of Tenant's interest to Lender shall occur on either of: (i) the voluntary surrender of all rights or (ii) a court order requiring transfer. In the event of a transfer or assignment of the Lease to Lender pursuant to this Agreement, Lender shall assume the obligations as Tenant under the Lease, including curing any prior curable defaults. Lender shall also faithfully perform and discharge Tenant's obligations according to the terms of the Lease. State will acknowledge the transfer upon a reaffirmation by the Lender at the time of the transfer that Lender has assumed the obligations as Tenant under the Lease, including curing any prior defaults, and has posted a new bond or other security.

SECTION 4 TRANSFER OR ASSIGNMENT OF MORTGAGE

Tenant shall promptly provide written notice to State of any transfer of control of the mortgage (or deed of trust) covered by this Agreement, including transfers by sale, assignment, bequest, inheritance, operation of law, or other disposition.

SECTION 5 NOTICE OF DEFAULT

Lender, upon providing Tenant notice of: (i) default under the loan documents, (ii) default under this Agreement, or (iii) demand to remedy a claimed default, shall contemporaneously provide a copy of that notice to State.

SECTION 6 NOTICE OF DEFAULT UNDER THE LEASE

State, upon providing Tenant notice of: (i) default under the Lease, (ii) an intention to terminate the Lease, or (iii) demand to remedy a claimed default, shall make a good faith effort to contemporaneously provide a copy of that notice to Lender. From and after the time notice has been given to Lender, Lender shall have the same period of time for remedying any default or causing the same to be remedied as is given Tenant under the Lease. State shall accept the performance of the Lender as if performed by the Tenant. All written notification shall be sent via certified mail to the addresses indicated in this Agreement, unless the parties designate otherwise in writing.

SECTION 7 PERFORMANCE BONDS

In the event of a default under the Lease, the State reserves the first right for claim against any bond or other security posted by Tenant to guarantee performance of its obligations under the Lease. However, Lender may pay those amounts due to State; and prevent a claim from being filed against the bond(s). In the event that Lender assumes the obligations of Tenant under the Lease, Lender shall post a new performance bond or other security to guarantee performance of its obligations under the Lease.

SECTION 8 WAIVER

Execution of this Agreement by State does not waive any rights to insist upon strict performance by Tenant of the terms of the Lease or any other right State may have.

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

TENANT:

RICHARD & KAY TRELSTAD,
Husband and Wife

Dated: 4-7, 2005 By: Richard Trelstad
RICHARD TRELSTAD

Dated: April 7, 2005 By: Kay Trelstad
KAY TRELSTAD

Address: PO Box 801
LaConner, WA 98257

Phone: 360-466-4146

LENDER:

PEOPLES BANK
a Washington Corporation

Dated: 4/7, 2005

By: Bryan McDonald
BRYAN MCDONALD

Title: Senior Vice President

Address: 19020 33rd Ave. W Suite 215
Lynnwood, WA 98036
Phone: 425-673-2606

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: 4-11-, 2005

By: David Roberts
DAVID ROBERTS

Title: Aquatic Lands Assistant Region Manager

Address: 919 N. Township St.
Sedro Woolley, WA 98284
Phone: 360-856-3500

Approval as to form this
1st day of June, 1998
Michael S. Grossmann,
Assistant Attorney General

CERTIFICATE OF ACKNOWLEDGMENT

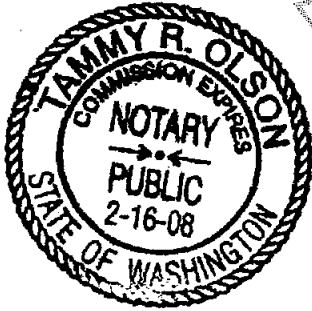
STATE OF WASHINGTON)

ss.

COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that DAVID ROBERTS is the person who appeared before me, and is the Aquatic Lands Assistant 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/she] is duly authorized to execute and acknowledge said instrument.

DATED: 4-11-05



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

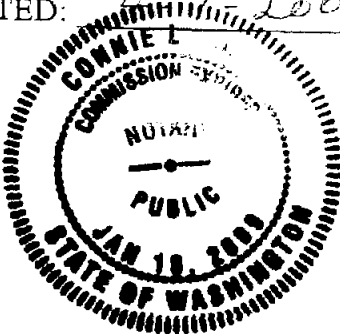
STATE OF WASHINGTON)

ss.

COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that BRYANT MCDONALD is the person who appeared before me, and is the Senior Vice President of PEOPLES BANK, a Washington Corporation ("Lender"). I further certify that said person acknowledged the foregoing instrument to be the free and voluntary act of the Tenant for the uses and purposes mentioned in the instrument, and on oath state that he is duly authorized to execute and acknowledge said instrument.

DATED: 4-17-2005



Connie L. Cox
Connie L. Cox
(Type/Print Name)

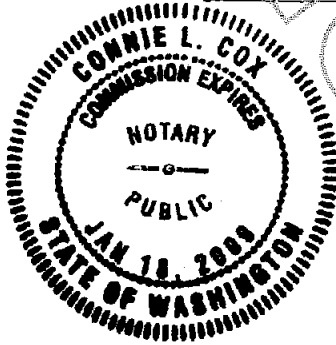
Notary Public in and for the State of Washington residing at: Sedro Woolley
My Commission Expires: 1-18-2009

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that RICHARD TRELSTAD is the person who appeared before me. I further certify that said person acknowledge the foregoing instrument to be his/her free and voluntary act for the uses and purposes mentioned in the instrument

DATED: 4-7-2005

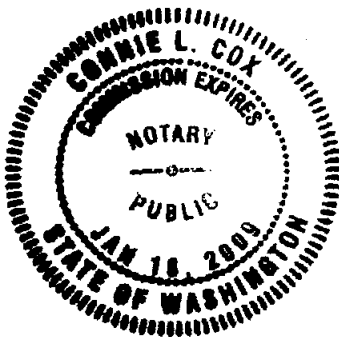


Connie L. Cox
Connie L. Cox
(Type/Print Name)
Notary Public in and for the State of Washington
residing at Sedro Woolley
My Commission Expires 1-18-2009

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that KAY TRELSTAD is the person who appeared before me. I further certify that said person acknowledge the foregoing instrument to be his/her free and voluntary act for the uses and purposes mentioned in the instrument

DATED: 4-7-2005



Connie L. Cox
Connie L. Cox
(Type/Print Name)
Notary Public in and for the State of Washington
residing at Sedro Woolley
My Commission Expires 1-18-2009

Exhibit E



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

CONSENT TO ASSIGNMENT OF LEASE FOR SECURITY PURPOSES

Lease No. 22-002665

THIS CONSENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources (the "State"), and RICHARD & KAY TRELSTAD, a marital community ("Tenant"), and WHIDBEY ISLAND BANK, a Washington corporation ("Lender").

BACKGROUND

- A. Tenant entered into a lease, known as Lease No. 22-02665, dated the 1st day of March, 1987, and recorded with the Skagit County Auditor's office under recording number 200007240086 (the "Lease").
- B. Lender has agreed to make a loan to Tenant in the amount of Five Hundred Thousand Dollars (\$500,000) (the "Loan"). Part of the security for payment of the Loan is an assignment of the Lease. The Lease prohibits such an assignment without State's consent. State is willing to give its consent based upon the assurances and agreements made in this Agreement.

Therefore, the parties agree as follows:

SECTION 1 TENANT'S REPRESENTATIONS

Tenant represents and warrants to State and to Lender that (i) the Lease is in full force and effect, (ii) Tenant is not in default or breach of the Lease, (iii) Tenant has no knowledge of any claims, offsets or defenses under the Lease or against State, (iv) the rents due subsequent to the assignment have not been paid in advance, (v) to the best of its knowledge, the property which is described in the Lease is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws, and (vi) the Lease, a copy of which is attached, represents the entire agreement between State and Tenant and has not been modified or amended except as follows: previously amended, respectively dated November 19, 1990, and previously assigned from Richard & Kay Trelstad and John M. & June M. Flora to Richard & Kay Trelstad, respectively dated July 17, 2000.

SECTION 2 STATE CONSENTS TO THE ASSIGNMENT OF LENDER

In the event of foreclosure of the Lender's security interest or delivery of an assignment of lease in lieu of foreclosure and upon Lender notifying State of the completion of such foreclosure or assignment in lieu of foreclosure, the Lease shall continue in full force and effect as a direct lease between Lender and State. Lender shall be fully liable for all obligations of Tenant under the Lease. The notice to State shall specifically confirm that Lender has acquired Tenant's interest in the Lease and that it is assuming the Tenant's obligations under the Lease, including curing any prior defaults. Prior to such foreclosure or assignment and notification as set forth above, Lender shall not be liable for any of the obligations of Tenant under the Lease. This Consent shall not apply to any assignee of Lender or any purchaser of Tenant's interest other than Lender.

SECTION 3 NOTIFICATION OF DEFAULT

State will exercise a good faith effort to send to Lender a copy of any notices of default it issues to Tenant. Failure to provide notices to Lender shall not relieve Tenant of its obligations under the Lease nor extend the time in which Tenant has the right to cure the default. State grants to Lender the same time to cure any default as is provided to Tenant under the Lease. This time to cure shall commence upon State's provision of notice of the default to Lender. If Tenant's interest has been terminated because of the default before Lender has had an opportunity to cure the default, then State will grant Lender an option to enter into a new Lease on the same terms and conditions provided Lender cures the default of Tenant within the time permitted in the Lease.

SECTION 4 COLLECTION ON BONDS

If Tenant defaults on the Lease, State reserves the right to collect on any bonds posted by Lender for the benefit of State. Lender acknowledges that its interest in the bonds are inferior to those of State. Lender will post a new bond in favor of State in accordance with the terms of the Lease if it acquires Tenant's interest as a result of a foreclosure or assignment in lieu of foreclosure.

SECTION 5 NOTICE

Any notice to Lender shall be to the following address or other address as may be designated by Lender in writing to State and shall be deemed to have been given on the date delivered in the case of personal delivery, or if mailed, three (3) days after the postmark thereof.

DEPARTMENT OF NATURAL RESOURCES
Northwest Region Office
919 N. Township Street
Sedro-Woolley, WA 98284

SECTION 6 CONSENT OF LENDER

No agreement between State and Tenant modifying, canceling, or surrendering the Lease shall be effective without the prior written consent of Lender.

SECTION 7 RATIFICATION OF LEASE

Except as expressly modified herein, the lease remains in effect as is hereby ratified and confirmed.

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

RICHARD & KAY TRELSTAD,
a marital community

Dated: 7-1, 2009

Richard Trelstad

By: RICHARD TRELSTAD

Title: Owner

Address: PO Box 801

LaConner, WA 98257

Phone: 206-510-5778

Dated: 7-1, 2009

Kay Trelstad

By: KAY TRELSTAD

Title: Owner

Address: PO Box 801

LaConner, WA 98257

WHIDBEY ISLAND BANK,
a Washington corporation

Dated: 7-1, 2009

Bryan Mc Donald, sup

By: BRYAN MCDONALD

Title: Commercial Banking Manager

Address: 425 E. George Hopper Rd

Burlington, WA 98233

Phone: 360-757-5057

UNOFFICIAL DOCUMENT

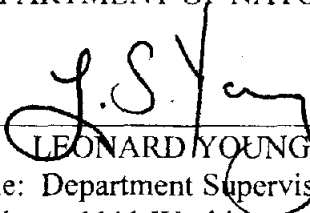
CONSENT TO ASSIGNMENT BY STATE

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 Lessee 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

Dated: _____

7/16, 20 09


By: LEONARD YOUNG
Title: Department Supervisor
Address: 1111 Washington St SE
PO Box 47027
Olympia, WA 98504-7027

Approved as to form this
October, 2003
Mike Grossmann, Assistant Attorney General

INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of Skagit)

I certify that I know or have satisfactory evidence that RICHARD TRELSTAD 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: July 1, 2009 Joanne Bruland
(Signature)

(Seal or stamp)



Joanne Bruland
(Print Name)

Notary Public in and for the State of Washington, residing at Burlington
My appointment expires 4/1/10

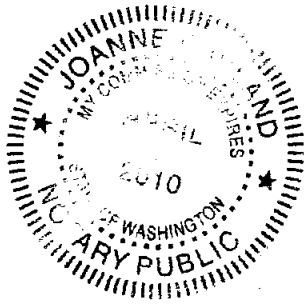
INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of Skagit)

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

Dated: July 1, 2009 Joanne Bruland
(Signature)

(Seal or stamp)



Joanne Bruland
(Print Name)

Notary Public in and for the State of Washington, residing at Burlington
My appointment expires 4/1/10

REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of Stagit)

I certify that I know or have satisfactory evidence that BRYAN MCDONALD 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 Commercial Banking Manager of Whidbey Island Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 1, 2009 [Signature]
(Signature)

(Seal or stamp)

Joanne Bruland
(Print Name)



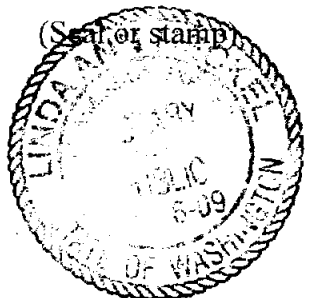
Notary Public in and for the State of
Washington, residing at
Burlington
My appointment expires 4/1/10

STATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of Inuicator)

I certify that I know or have satisfactory evidence that LEONARD YOUNG 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 Department 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: 7-16, 2009 [Signature]
(Signature)



Linda Heckel
(Print Name)
Notary Public in and for the State of
Washington, residing at [Address]
My appointment expires 11-16-09



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

LOAN SECURITY AGREEMENT

Lease No. 22-002665

THIS AGREEMENT is made by and between RICHARD & KAY TRELSTAD, a marital community ("Tenant"), and WHIDBEY ISLAND BANK, a Washington Corporation ("Lender").

BACKGROUND

- A. Tenant entered into a lease, known as Lease No. 22-002665, dated the 1st day of March, 1987 and recorded with the Skagit County Auditor's office under recording number 200007240086 (the "Lease"), with the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State").
- B. Tenant desires to obtain a loan from Lender for refinancing on the property described in the Lease. Lender is making a loan ("Loan") in the amount of Five Hundred Thousand Dollars (\$500,000) to Tenant, which Loan is evidenced by a promissory note. To induce Lender to make the Loan, Tenant has agreed to grant to Lender a security interest in all Tenant's interest in the Lease. State consents to the assignment for security purposes, based upon the assurances and agreements set forth in this Agreement.

Therefore, the parties agree as follows:

SECTION 1 SECURITY INTEREST

For valuable consideration, Tenant hereby grants to Lender a security interest in all of Tenant's rights, title, and interest in the Lease.

SECTION 2 SECURED OBLIGATIONS

The security interest granted in this Agreement is given to secure payment of a promissory note executed by Tenant in favor of Lender.

SECTION 3 TRANSFER OR ASSIGNMENT OF THE LEASE

A transfer of Tenant's interest to Lender shall occur on either of: (i) the voluntary surrender of all rights or (ii) a court order requiring transfer. In the event of a transfer or assignment of the Lease to Lender pursuant to this Agreement, Lender shall assume the obligations as Tenant under the Lease, including curing any prior curable defaults. Lender shall also faithfully perform and discharge Tenant's obligations according to the terms of the Lease. State will acknowledge the transfer upon a reaffirmation by the Lender at the time of the transfer that Lender has assumed the obligations as Tenant under the Lease, including curing any prior defaults, and has posted a new bond or other security.

SECTION 4 TRANSFER OR ASSIGNMENT OF MORTGAGE

Tenant shall promptly provide written notice to State of any transfer of control of the mortgage (or deed of trust) covered by this Agreement, including transfers by sale, assignment, bequest, inheritance, operation of law, or other disposition.

SECTION 5 NOTICE OF DEFAULT

Lender, upon providing Tenant notice of: (i) default under the loan documents, (ii) default under this Agreement, or (iii) demand to remedy a claimed default, shall contemporaneously provide a copy of that notice to State.

SECTION 6 NOTICE OF DEFAULT UNDER THE LEASE

State, upon providing Tenant notice of: (i) default under the Lease, (ii) an intention to terminate the Lease, or (iii) demand to remedy a claimed default, shall make a good faith effort to contemporaneously provide a copy of that notice to Lender. From and after the time notice has been given to Lender, Lender shall have the same period of time for remedying any default or causing the same to be remedied as is given Tenant under the Lease. State shall accept the performance of the Lender as if performed by the Tenant. All written notification shall be sent via certified mail to the addresses indicated in this Agreement, unless the parties designate otherwise in writing.

SECTION 7 PERFORMANCE BONDS

In the event of a default under the Lease, the State reserves the first right for claim against any bond or other security posted by Tenant to guarantee performance of its obligations under the Lease. However, Lender may pay those amounts due to State, and prevent a claim from being filed against the bond(s). In the event that Lender assumes the obligations of Tenant under the Lease, Lender shall post a new performance bond or other security to guarantee performance of its obligations under the Lease.

SECTION 8 WAIVER

Execution of this Agreement by State does not waive any rights to insist upon strict performance by Tenant of the terms of the Lease or any other right State may have.

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

RICHARD & KAY TRELSTAD,
a marital community

Dated: 7-1, 2009

Richard Trelstad
By: RICHARD TRELSTAD
Title: Owner
Address: PO Box 801
LaConner, WA 98257
Phone: 206-510-5778

Dated: 7-1, 2009

Kay Trelstad
By: KAY TRELSTAD
Title: Owner
Address: PO Box 801
LaConner, WA 98257
Phone: 206-510-5778

WHIDBEY ISLAND BANK,
a Washington corporation

Dated: 7-1, 2009

Bryan McDonald
By: BRYAN MCDONALD
Title: Commercial Banking Manager
Address: 425 E. George Hopper Rd.
Burlington, WA 98233
Phone: 360-757-5057

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: 7/16, 2009

L.S. Young
By: LEONARD YOUNG
Title: Department Supervisor
Address: 1111 Washington St.
PO Box 47027
Olympia, WA 98504-7027

Approved as to form this
October, 2003
Mike Grossmann, Assistant Attorney General
Loan Security Agreement

INDIVIDUAL ACKNOWLEDGMENT

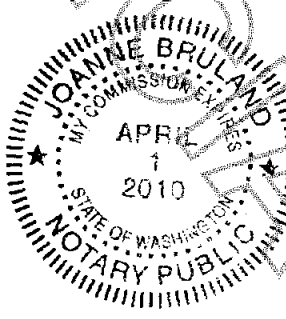
STATE OF WASHINGTON)
) SS
County of Skagit)

I certify that I know or have satisfactory evidence that RICHARD TRELSTAD 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: July 1, 2009 Joanne Bruland
(Signature)

(Seal or stamp)

Joanne Bruland
(Print Name)



Notary Public in and for the State of Washington, residing at Burlington
My appointment expires 4/1/10

INDIVIDUAL ACKNOWLEDGMENT

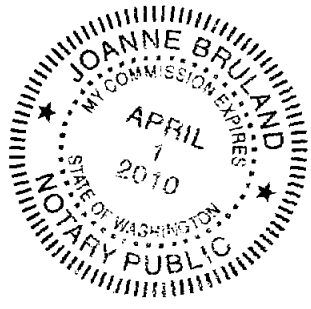
STATE OF WASHINGTON)
) SS
County of Skagit)

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

Dated: July 1, 2009 Joanne Bruland
(Signature)

(Seal or stamp)

Joanne Bruland
(Print Name)



Notary Public in and for the State of Washington, residing at Burlington
My appointment expires 4/1/10

REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of Snohomish)

I certify that I know or have satisfactory evidence that BRYAN MCDONALD 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 Commercial Banking Manager of Whidbey Island Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 1, 2009 Joanne Bruland
(Signature)

(Seal or stamp) Joanne Bruland
(Print Name)



Notary Public in and for the State of Washington, residing at Burlington
My appointment expires 4/1/10

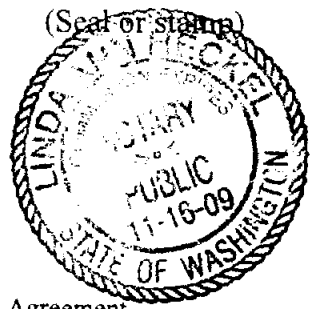
STATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of Island)

I certify that I know or have satisfactory evidence that LEONARD YOUNG 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 Department 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: 7-16, 2009 Linda Heckel
(Signature)

(Seal or stamp) Linda Heckel
(Print Name)



Notary Public in and for the State of Washington, residing at Clayton
My appointment expires 11-16-09

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

AQUATIC LANDS LEASE NO. 22-002665

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

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

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

SECTION 1 OCCUPANCY

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

SECTION 2 USE OF PREMISES

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

(1) Water-dependent commercial uses, including without limitation public access, walkways, moorage, or other water-dependent activity or facility;

(2) Other commercial nonwater-dependent uses, including without limitation offices, establishments for retail sales and other sales of merchandise, related activities which are not inconsistent with development by Lessee of the harbor area and the real property adjacent thereto as approved by Lessor and owned by Lessee for a commercial use for subleasing purposes;

(3) Any of the foregoing uses not reflected on said Exhibit "A", but hereafter contemplated by Lessee, shall be subject to the then prior written approval by Lessor;

(4) The public access use must be signed to the satisfaction of the Lessor for it to be considered public access; also, if building access is added from the public access area, the public access use classification may be reexamined by the Lessor and converted to water-dependent or nonwater-dependent use class as may be then appropriate under existing law.

SECTION 3 PAYMENT

3.1 Rent.

(1) Annual Rent. Annual rent for the initial three year period of this lease is as follows: 1st year \$880.00, 2nd year \$1,320.00, 3rd year \$1,320.00. These rents and subsequent annual rent, as determined by the Lessor in accordance with Chapter 221 Laws of 1984 (RCW 79.90.450 - .502), 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.

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 March 1, 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.

4.3 Unauthorized Improvements. All improvements made on or to the premises without the written consent of the Lessor shall immediately become the property of the Lessor. The Lessor may, at its option, require the Lessee to remove and dispose of any or all unauthorized improvements, and in those instances where such action is not taken by the Lessee, the Lessor may remove such improvements, charging the Lessee for the cost of the removal and disposal, and cancel the lease.

4.4 Entry. The Lessor shall have access to the premises at all reasonable times for the purpose of securing compliance with the terms and conditions of this lease.

4.5 Access. The Lessor reserves the right of access to and across the leasehold premises for all purposes and further reserves the right to grant easements and other land uses on the premises to others when the easement or other land uses applied for will not unduly interfere with the use to which the Lessee is putting the premises or interfere unduly with the approved plan of development for the premises. No easement or other land uses shall be granted to third parties until payment for damages to the leasehold have been paid to the Lessee or a waiver of damages is signed by the Lessee.

4.6 Restrictions on Use. In connection with use of the premises, the Lessee shall:

(1) Conform to applicable laws, regulations, permits, or order of any public authority affecting the premises and the use thereof, and correct at the Lessee's own expense any failure of compliance created through the Lessee's fault or by reason of the Lessee's use.

(2) Remove no valuable material without prior written consent of the Lessor.

(3) Not make, or suffer to be made, any filling in of the leased area or any deposit of rock; earth; ballast; refuse; garbage; waste matter; chemical, biological or other toxic wastes; hydrocarbons, any other pollutants; or other matter within such area except as approved in writing by the Lessor.

SECTION 5 REQUIREMENTS

5.1 Assignment and Sublease. This lease, or any portion thereof, may not be assigned, mortgaged, sublet or otherwise transferred without the prior written consent of the Lessor. In granting such consent the Lessor reserves the right to change the terms and conditions of this lease as it may affect the assignee. Further, if the Lessee is a corporation or partnership and if at any time during the term of this lease any part or all of the corporate shares or partnership interests of the Lessee 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 corporation or partnership by the person or persons now owning a majority of the shares, or change in the holding of the corporate or partnership interest, the same shall constitute an assignment of this lease and as such shall require prior written consent of the Lessor. Failure to obtain written approval of any assignment defined in this lease shall be grounds for cancellation.

5.2 Maintenance.

(1) The Lessee, at its sole cost and expense, shall at all times keep, or cause all improvements regardless of ownership to be kept, in as good condition and repair as originally constructed or as hereafter put, except for reasonable use.

(2) The Lessee shall not allow debris or refuse to accumulate on the leased premises, caused either by itself or any person on the premises. Failure to comply with this provision shall be cause to permit the Lessor to remove the debris and refuse and collect the cost of such removal from the Lessee and/or cancel this lease.

5.3 Condition of Premises and Liability. The premises have been inspected by the Lessee and are accepted in their present condition. Lessee will protect, save and hold harmless the Lessor, its authorized agents and employees, from all claims, costs, damages, or expenses of any nature whatsoever arising out of or in connection with the use of the site. Further the Lessee will be responsible for the payment of any fines or penalties charged against the site as a result of its action in not complying with laws or regulations affecting the site. Prior to starting developmental work on the site, the Lessee shall at Lessee's expense, obtain and keep in force during the term of this lease a policy of Combined Single Limit Bodily Injury and Property Damage Insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy, or maintenance of the site and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than \$1,000,000. The policy shall contain gross liability endorsements and shall insure performance by Lessee of the indemnity provisions of this section. The limits of the required insurance shall not limit potential liability of the Lessee pursuant to the terms of this lease. An insurance certificate evidencing such amount shall be sent to the Lessor. If Lessee shall fail to procure and maintain the

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

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

~~\$2,000.00~~
~~\$2,600.00~~ *dp (R) SMS*

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 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 10th day of January, 1989.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

James A. Stearns

JAMES A. STEARNS, Supervisor

Signed this 29 day of April, 1988.

Richard Trelstad

RICHARD TRELSTAD

Kay Trelstad

KAY TRELSTAD

John M. Flora

JOHN M. FLORA

June M. Flora

JUNE M. FLORA
PO Box 801
La Conner, WA 98257

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Grays Harbor) ss

On this day personally appeared before me Mel Flora

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that Mel Flora signed the same as hus free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of April, 1988.

Betty J. McLean
Notary Public in and for the state of
Washington

My appointment expires 4/15/88

CERTIFICATE OF
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Grays Harbor) ss



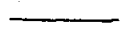

On this day personally appeared before me June Flora

to me known to be the individual(s) described in and who executed the within and foregoing instrument, Lease No. 22-002665, and acknowledged that June Flora signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

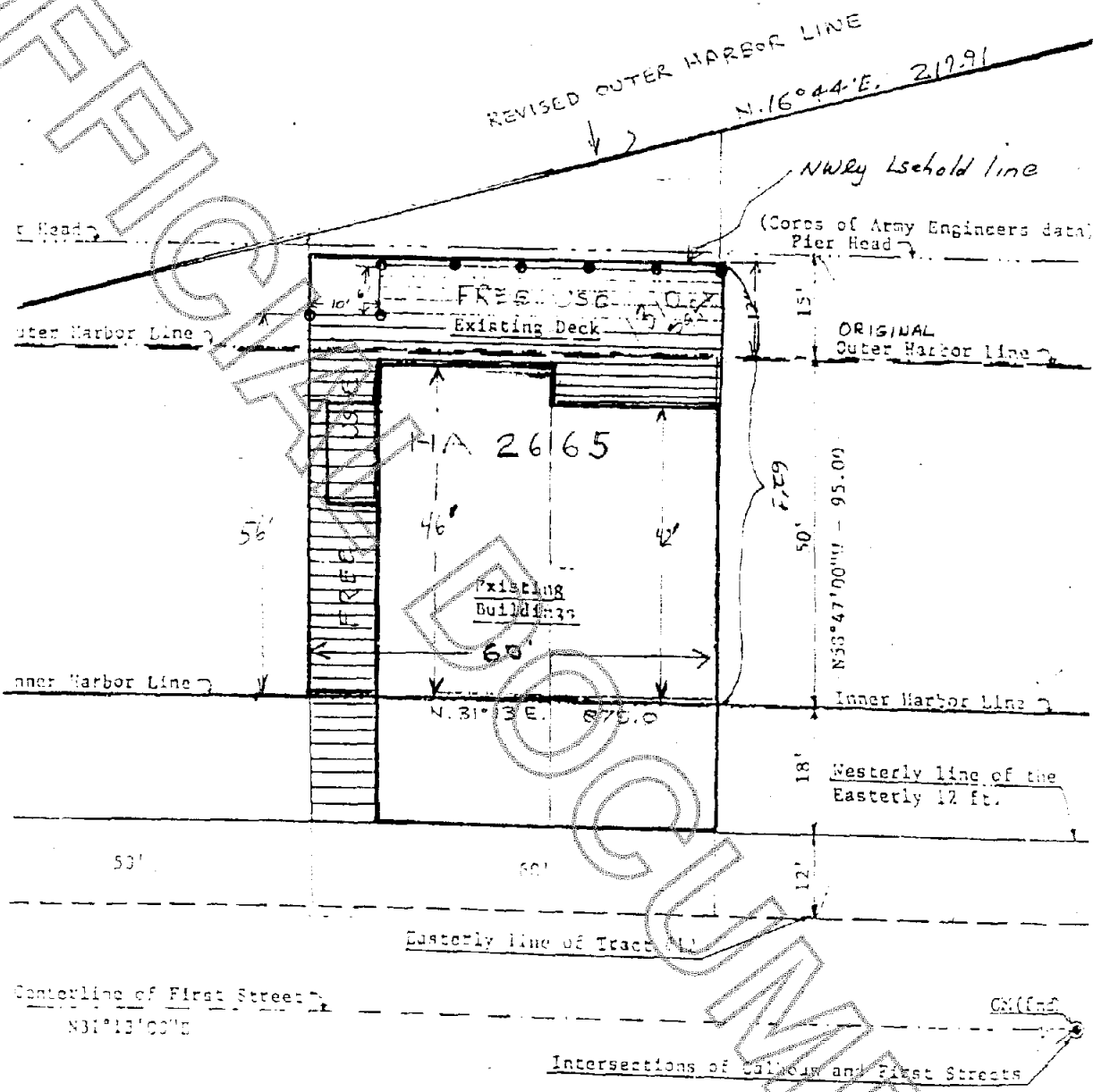
Given under my hand and official seal this 29th day of April, 1988.

Betty J. McLean
Notary Public in and for the state of
Washington

My appointment expires 6/15/88

-  INNER & OUTER HARBOR LINES
-  FORMER OUTER HARBOUR LINE
-  PRESENT LEASE BOUNDARY - NON-WATER DEPENDANT
-  LEASE BOUNDARY - FREE USE

****EXHIBIT A***



UNOFFICIAL DOCUMENT

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

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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

NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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

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

BACKGROUND

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

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

THEREFORE, the parties agree as follows:

1. NOTICE OF ASSIGNMENT

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

2. ACCEPTANCE AND INDEMNIFICATION

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

3. NO RELEASE

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

4. MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

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

5. WARRANTIES

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

6. NOTICE

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

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

ASSIGNOR:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: *Richard Trelstad*
RICHARD TRELSTAD

Dated: 7-17-00

By: *Kay Trelstad*
KAY TRELSTAD

Dated: 7-17-00

ASSIGNEE:

RICHARD & KAY TRELSTAD,
Husband and Wife

By: *Richard Trelstad*
RICHARD TRELSTAD

Dated: 7-17-00

By: *Kay Trelstad*
KAY TRELSTAD

Dated: 7-7-00

ASSIGNOR:

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

By: *John M. Flora*
JOHN M. FLORA

Dated: 7-17-00

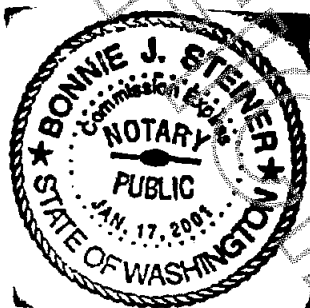
By: *June M. Flora*
JUNE M. FLORA

Dated: 7-17-00

STATE OF WASHINGTON)

COUNTY OF SKAGIT) SS.

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



DATED: July 17-2000

[Signature]

(Type/Print Name)

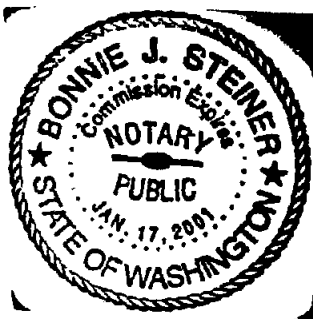
Notary Public in and for the State of Washington
residing at: Kalona

My Commission Expires: 1-17-2001

STATE OF WASHINGTON)

COUNTY OF SKAGIT) SS.

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



DATED: July 17-2000

[Signature]

(Type/Print Name)

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

My Commission Expires: 1-17-2001

EXHIBIT F

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

1.1 Term. This Lease shall commence on the 1st day of March, 1987 and continue to the 1st day of March, 2015.