

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

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NOTE CAREFULLY

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

ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned hereby assigns that certain lease No. 22-002579 (the "Lease"), dated the 1st day of February, 1982, between the Washington State Department of Natural Resources (the "Department") as Lessor, and the undersigned as Lessee MALCOLM AND JODI MORAN, covering those certain premises situated in the County of Skagit, state of Washington, particularly described and known as the Harbor area in front of a portion of Tract 9, Corrected Supplement to Plate 18, La Connor Tidelands, lying northerly of a line running North 58° 47' 00" from a point on the easterly line of said Tract 9, which point bears North 31° 13' 00" East 2.80 feet from the most southerly corner of said Tract 9 and southerly of a line running North 58° 47' 00" West from a point on the easterly line of said Tract 9, which point bears North 31° 13' 00" East 28.81 feet from the most southerly corner of said Tract 9 which point bears North 31° 13' 00" East 28.81 feet from the most southerly corner of said Tract 9, both produced across the Harbor Area to the outer harbor line, and bounded by the inner harbor line and a line lying parallel with and 73.00 feet distant northwesterly of said inner harbor line as shown on the official plat of La Connor Tidelands on file in the Office of the Commissioner of Public Lands at Olympia, Washington; and as outlined in red on Exhibit A attached hereto, and all right, title and interest in and to and under the said lease, to JAMES AND MARYLOU CAUDILL (the "Assignee"), whose address is PO Box 577, La Conner, Washington 98257, and said assignee JAMES AND MARYLOU CAUDILL, hereby binds and obligates themselves to perform all the conditions and covenants of said lease or contract.

In consideration of this Assignment and of the consent of the department, the undersigned Lessee and Assignee agree as follows:

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

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

LESSEE
MALCOLM AND JODI MORAN

ASSIGNEE
JAMES AND MARYLOU CAUDILL

By Malcolm Moran

By James R. Caudill

By Jodi Moran

By Mary Lou Caudill

PO Box 948
Carmel, CA 93921

PO Box 577
LaConner, WA 98257

Date 10/31/89

Date _____

CONSENT TO ASSIGNMENT

The department consents to the Assignment of the above-mentioned Lease unto JAMES AND MARYLOU CAUDILL upon the express conditions contained in said Assignment; and no further Assignment of said lease or subletting of said premises or any part thereof shall be made without the written consent of the department.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

James A. Stearns
~~ANNEX XXX MORAN, X DIX XXX XXX MORAN XXX~~
JAMES A. STEARNS, Supervisor
Date 3-19-90

LSI AM

STATE OF WASHINGTON, }
County of Skagit }

On this day personally appeared before me James Caudill, Mary Lou Caudill, Malcolm Moran and Jodi Moran to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 17th day of Nov, 1989

Gale A. Hechel
Notary Public in and for the State of Washington,
residing at Mt Vernon
4-15-93

ACKNOWLEDGMENT - INDIVIDUAL
FIRST AMERICAN TITLE COMPANY
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CERTIFICATE OF ACKNOWLEDGMENT
JAMES A. STEARNS

STATE OF WASHINGTON)
County of Thurston) ss.

On this 19th day of March, 1978, before me personally appeared

~~XXXXXXXXXXXX~~ JAMES A. STEARNS to me known to be the ~~Division Manager~~ Supervisor for the Division of Aquatic Lands of the state of Washington, Department of Natural Resources, who executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the state of Washington, Department of Natural Resources, for the uses and purposes therein mentioned, and on oath stated that she authorized to execute said instrument and that the seal affixed is the seal of the state of Washington, Department of Natural Resources.

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 commission expires 2-1-93

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EXHIBIT A

Paragraph 4.6 is modified to provide as follows:

4.6 Entry.

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

(b) The right reserved in Subsection 4.6(a) above includes the right to perform or have performed such environmental tests, audits, surveys or investigations as State, in its sole discretion, deems appropriate. Such tests, audits, surveys, or investigations may include, but shall not be limited to, the determination of whether Lessee is improperly storing, handling or disposing of Hazardous Substances, as defined in Subsection 4.8(d) below, or of refuse, as defined in Subsection 4.8(b) below.

(c) This reserved right imposes no obligation upon State to make inspections, tests, and its, surveys, or investigations and shall impose no liability upon State for failure to do so. This reserved right is in addition to and separate from Lessee's obligation to test under Section 4.8 below.

Paragraph 4.8 is modified to provide as follows:

4.8 Restrictions on Use.

(a) Conformance With Laws. The Lessee shall, at its own expense, conform to all applicable laws, regulations, permits, orders or requirements of any public authority affecting the Property and the use thereof. Copies of such permits or orders shall be supplied to State upon request. The Lessee shall correct at Lessee's own expense any failure of compliance created through Lessee's fault or by reason of Lessee's use.

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

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

(d) Hazardous, Toxic, or Harmful Substances.

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

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

3. The Lessee shall be fully and completely liable to State, shall waive any claims against State for contribution or otherwise, and shall indemnify, defend, and save harmless to State and its agencies, employees, officers, directors and agents with respect to any and all liability, damages (including damages to land, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs (including testing, auditing, surveying and investigation costs), fees (including attorney's fees and costs), penalties (civil and criminal), and response, cleanup costs, or remediation costs assessed against or imposed upon Lessee, State, or the Property, as a result of Lessee's control of

the Property, or Lessee's use, disposal, transportation, generation, and/or sale of Hazardous Substances or that of Lessee's employees, agents, assigns, sublessees, contractors, subcontractors, licensees, permittees, or invitees, and for any breach of this Subsection 4.8(d).

(e) Marine Plastics Act. The Lessee shall, in addition to compliance with all other applicable laws and regulations, comply with the Marine Plastic Pollution Research and Control Act (MPPRCA) of 1987 (Public Law 100-220) which became effective December 31, 1988. Under that Act, Lessee may be required among other things to provide waste reception facilities, permit Coast Guard inspection of the adequacy of these facilities, and provide for waste handling and disposition.

(f) Lessee to Take Corrective Action. The parties expressly agree that Lessee will, at its own expense, upon any failure to comply with the above Subsections 4.8(a)-(e) and upon direction to do so by State, take corrective action measures satisfactory to State to restore the Property as nearly as possible to the condition the Property would have been in absent such failure to comply (with lack of or failure to expend funds not to adversely affect the possibility of reservation). If Lessee fails to do so, Lessee agrees that State may take such corrective action and State shall be entitled to receive full reimbursement therefore from Lessee upon demand, together with interest thereon from the date of expenditure at the rate of one percent per month.

New paragraphs 4.9, 4.10, and 4.11 are added as follows:

4.9 Testing. The Lessee agrees to conduct, at its own expense, all tests, audits, surveys, or investigations requested by State, in writing, during the term of the Lease as are reasonable and necessary to ascertain the existence, scope, or effects of Hazardous Substances on the Property or associated natural resources where State has reason to believe the Hazardous Substances result from or are associated with the use, occupation, or control of the Property or adjacent Property by Lessee, any predecessor-in-interest of Lessee, or any entity related to Lessee, and to provide the results of such tests, audits, surveys, or investigations to State. If Lessee fails to conduct such tests, State may conduct such tests and State shall be entitled to receive full reimbursement from Lessee upon demand, together with interest thereon from the date of expenditure at the maximum rate of one percent per month as permitted by this lease or by law.

4.10 Reporting. Lessee shall, at State's request:

(a) Submit a written report to State prior to January 31 of each calendar year in which the Lessee shall summarize and describe all uses which have occurred upon the Property during the preceding calendar year.

(b) Provide copies to State of all monitoring reports prepared and submitted as required by any federal, state, or local permit, including but not limited to any NPDES Permit, Army Corps of Engineers Permit, State Hydraulics Permit, State Water Quality Certification, or Substantial Development Permit, where such reports concern water quality or sediment quality.

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

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EXHIBIT "A"

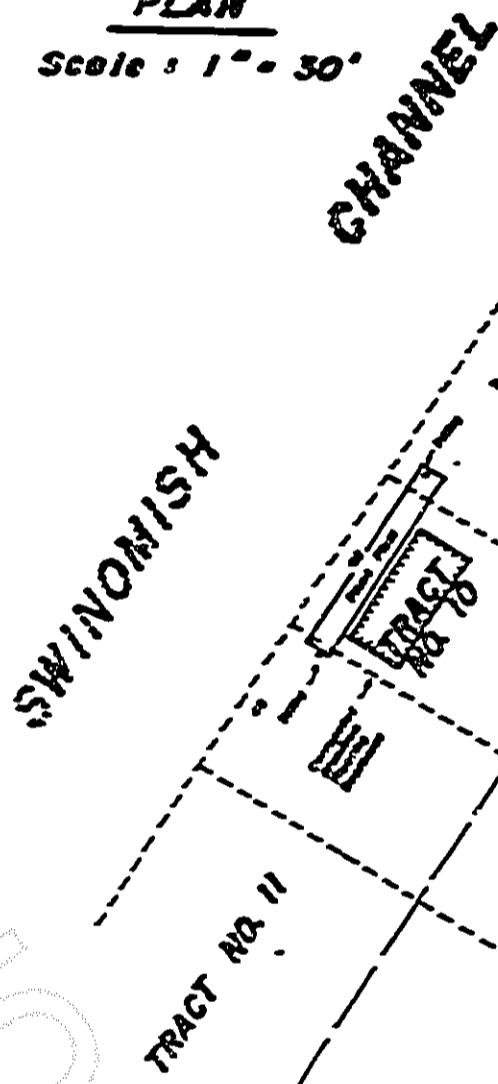
CERTIFICATE

This is to certify that this map accurately represents the property of James H. Latta, as heretofore property, being that portion of Tract 9 of Corrected Supplement to Plate No. 18 Tide and Shore Lines of Section 36, Township 34 North, Range 2 East of the 6th Principal Meridian, LaCrosse Meridian, as per map thereof filed in the office of the Commissioner of Public Lands at Olympia, Washington, and of Book 3, of the Town of LaCrosse, as per plat thereof recorded in Volume 2 of said, at Page 49, records of Skagit County, Washington, described as follows:

Containing at the initial point of Tract 10 of said plat within at the Southeast Corner of Tract 9; Thence N 27°12' E a distance of 2.80 feet to the true point of beginning; Thence N 27°12' E a distance of 28.01 feet; Thence N 27°12' E a distance of 30 feet to the

(Continued on next page)

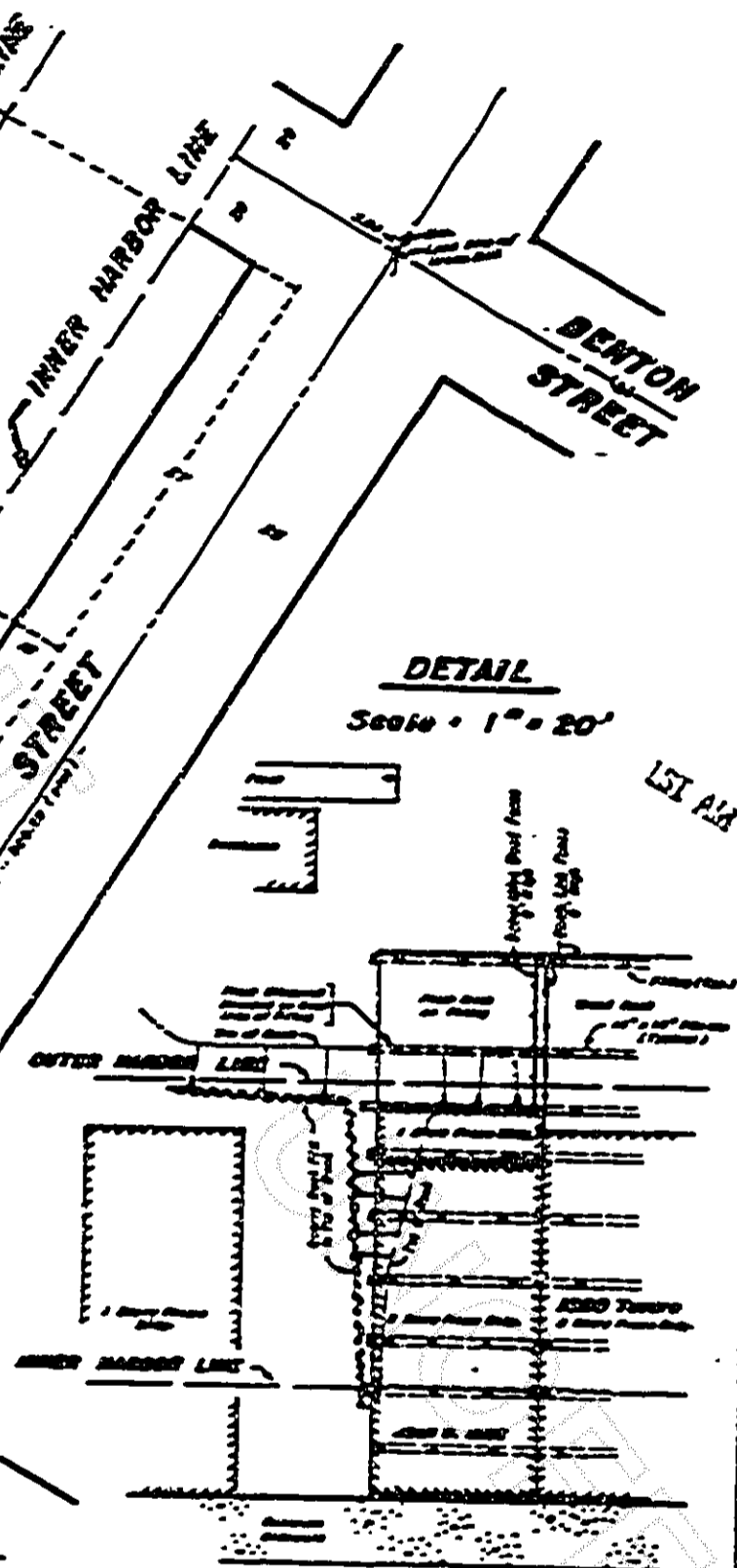
PLAN
Scale: 1" = 30'



AREA OF PROPOSED RE-LEASE

LINE AREA BETWEEN OUTER HARBOR LINE & ADJACENT PLY
AND BETWEEN OUTER HARBOR LINE & BENTON ST.
(SHOWN BY SHADING)

DETAIL
Scale: 1" = 20'



Inner Harbor Line; Thence S 27°12' E a distance of 28.01 feet; Thence S 27°12' E a distance of 30 feet to the point of beginning; Thence the boundary is that of said Tract 9, as per map thereof filed in the office of the Commissioner of Public Lands at Olympia, Washington, and of Book 3, of the Town of LaCrosse, as per plat thereof recorded in Volume 2 of said, at Page 49, records of Skagit County, Washington, described as follows:

The harbor area is that of a portion of Tract 9 of said Corrected Supplement to Plate No. 18, LaCrosse Meridian, being that portion of a line running N 27°12' E from a point on the boundary line of said Tract 9, which point bears N 27°12' E a distance of 2.80 feet from Tract 9's most southerly corner; and being that portion of a line running N 27°12' E from a point on the boundary line of said Tract 9, which point bears N 27°12' E a distance of 28.01 feet from said most southerly corner of Tract 9, both produced across the harbor area to the Outer Harbor Line and bounded by the Inner and Outer Harbor Lines, as shown on the official plat of LaCrosse Tide Lines on file in the office of the Commissioner of Public Lands at Olympia, Washington.

Latta & Jutz
Surveyors
205 Chestnut Avenue
Seattle, Wash., D.C.
Phone: (206) 326-2222

Garland D. Latta
Registered Professional
Surveyor & Land Surveyor
License No. 3978



EXHIBIT "A"

HARBOR AREA LEASE

PTN. TRACT NO. 9
CORRECTED SUPPLEMENT
PLATE NO. 18
TIDE AND SHORE LINES
SEC. 36, T. 34 N., R. 2 E.W.M.
LACONNER, WASHINGTON

FEBRUARY 17, 1963