



200307010095  
Skagit County Auditor

7/1/2003 Page 1 of 7 11:18AM

COVER SHEET

RETURN TO:

Skagit State Bank  
PO Box 285  
Burlington WA 98233

LAND TITLE COMPANY OF SKAGIT COUNTY

DOCUMENT TITLE(S) (or transactions contained herein):

Consent To Assignment of Lease For Security Purposes

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

ADDITIONAL REFERENCE NUMBERS ON PAGE \_\_\_\_\_ OF DOCUMENT.

GRANTOR(S) (Last name, first name and initials):

1. Thomas E & Danielle L Palmer (Tenant)
2. Dept of Natural Resources
- 3.
- 4.

ADDITIONAL NAMES ON PAGE \_\_\_\_\_ OF DOCUMENT.

GRANTEE(S) (Last name, first name and initials):

1. Skagit State Bank (Lender)
- 2.
- 3.
- 4.

ADDITIONAL NAMES ON PAGE \_\_\_\_\_ OF DOCUMENT.

LEGAL DESCRIPTION (Abbreviated: i.e., lot, block, plat or quarter, quarter, section, township and range):

Tr 7 Plat 18, LaConner Tideland & Ptn of Harbor Area Tr 2 Map of LaConner

ADDITIONAL LEGAL(S) ON PAGE \_\_\_\_\_ OF DOCUMENT.

ASSESSOR'S PARCEL/TAX I.D. NUMBER: 4 1290180070102; 4 1290180070003; 4 1230240000004

TAX PARCEL NUMBER(S) FOR ADDITIONAL LEGAL(S) ON PAGE \_\_\_\_\_ OF DOCUMENT.

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

**CONSENT TO ASSIGNMENT OF LEASE FOR SECURITY PURPOSES**

**Agreement No. 22-002695**

THIS CONSENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("the State"), and THOMAS E. and DANIELLE L. PALMER, husband and wife, and SKAGIT STATE BANK, a Washington Corporation.

**BACKGROUND**

A. Tenant entered into a lease, known as Lease No. 22-002695, dated the 25th day of June, 1986, (the "Lease"), with the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State").

B. Lender has agreed to make a loan to Tenant in the amount of Eight Hundred Seventy Thousand Dollars (\$870,000.) (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.

**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 and 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:

**Skagit State Bank  
301 East Fairhaven Avenue  
Burlington, Washington 98233**

### **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

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

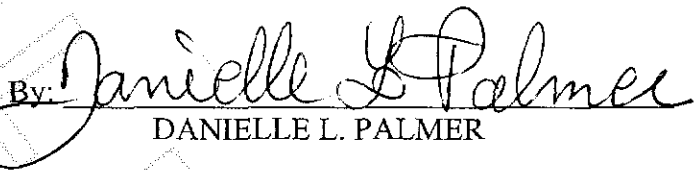
TENANT:

THOMAS E. PALMER  
and DANIELLE L. PALMER  
Husband and Wife

Dated: Feb 10, 2003

By:   
THOMAS E. PALMER

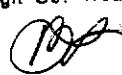
Dated: FEB 10<sup>th</sup>, 2003

By:   
DANIELLE L. PALMER

Address: PO Box 599  
LaConner, WA 98257  
Phone: 360-466-3147

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

JUL 01 2003

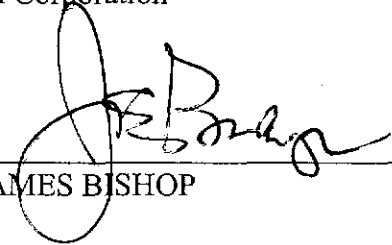
Amount Paid \$  
Skagit Co. Treasurer  
By:  Deputy



200307010095  
Skagit County Auditor

**LENDER:**  
SKAGIT STATE BANK  
a Washington Corporation

Dated: 6-10, 2003

By:   
JAMES BISHOP

Title: Co-CEO

Address: 301 E. Fairhaven Avenue  
Burlington, WA 98233  
Phone: 360-755-0411

**STATE OF WASHINGTON**  
**DEPARTMENT OF NATURAL RESOURCES**

Dated: 6-16, 2003

By:   
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  
1<sup>st</sup> day of June, 1998  
Michael S. Grossmann  
Assistant Attorney General





