

8108140076

LEASE AND AGREEMENT

This is a Lease and Agreement dated the 1st day of March, 1981, between EAST DIVISION CORPORATION, a Washington corporation, hereinafter referred to as "Landlord", and STEVEN H. JOHNSON, M.D., and PAUL D. JOHNSON, M.D., d/b/a NORTH CASCADE FAMILY PHYSICIANS, hereinafter referred to as "Tenant".

The Landlord is the owner of real property situate in Skagit County, Washington described in Exhibit "A" attached hereto. The Landlord desires that this property be developed as a medical clinic area. Tenant desires to lease this property for the purpose of erecting thereon a building to be used for the practice of medicine as hereinafter defined.

Now, therefore, in consideration of the mutual covenants and promises herein contained, the parties agree as follows:

1. Area Leased. The Landlord hereby leases to Tenant, the real property situate in Skagit County, Washington described in Exhibit "A" attached.

2. Construction of Building. The Tenant will construct upon the area leased a building to be used for the practice of medicine. As used in this agreement the practice of medicine shall mean such practice as is conducted by those who have received a Doctor of Medicine degree from a recognized school of medicine and those who have been licensed by the State of Washington as medical doctors. Said building shall be constructed in accordance with plans and specifications approved by the Board of Directors of the Landlord. Upon completion of the plans and specifications and approval by the parties, the same will be initialed and a copy thereof attached to the original of this Lease.

3. Use of Common Area. Tenant, in common with other tenants of Landlord, their agents, employees, servants, patients and other invitees shall at all times during the term of this Lease have the right, free of charge, to use the driveways providing access to the area leased.

4. Maintenance of Common Areas. The Landlord covenants that it will maintain at its cost the common areas. Tenant shall keep the sideway, if any, abutting the leased premises free of dirt, rubbish, snow and ice. Cost to Landlord for maintenance is subject to reimbursement from the Tenant, such reimbursement to be in such amount as will represent the Tenants' pro-rata share of the cost of amortizing such improvements among all tenants and shall be as additional rental.

5. Payment of Pro-Rata Costs. The Tenant covenants to pay to the Landlord at the end of each calendar quarter, upon demand, his share of the total cost and expenses incurred in operating and maintaining the common areas actually used or available for use by the Tenant and the employees, agents, servants, patients and other invitees of Tenant, specifically including, without limitation, public liability insurance and all common areas' gardening, landscaping, repairs, line

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1 painting, lighting, sanitary control, removal of snow,
2 trash, rubbish, garbage and other refuse, depreciation on
3 all machinery and equipment used in such maintenance and the
4 cost of personnel to implement such services and to police
5 the common facilities, provided that there shall be excluded
6 such items as expenses commonly known and designated as
7 taxes, assessments and capital charges. The Tenant's share
8 of such costs shall be the fractional part of the total of
9 such cost as the total ground area of the premises herein
10 leased bears to the total of the ground area of all area
11 leased. Such contributions to maintenance and policing of
12 the common areas shall be additional rent collectible as
13 such hereunder.

14 6. Lease Term. The term of this Lease shall be for a
15 period of twenty (20) years from date hereof.

16 7. Renewal of Lease. In the event Tenant shall have
17 complied with all terms, conditions and covenants of this
18 Lease, the Tenant shall have the right to renew or extend
19 the term of this Lease for four (4) consecutive five (5)
20 year periods, upon the same terms and conditions as herein
21 stated provided that the Tenant shall give written notice
22 to the Landlord at least ninety (90) days prior to the
23 termination of this Lease and thereafter, prior to ninety
24 (90) days preceding the termination of any extension or
25 renewal thereof, of his desire to renew, such notice to be
26 given by personal service upon the Landlord or by registered
27 or certified mail.

28 8. Rent. The Tenant covenants and agrees to pay the
29 Landlord as rental the sum of \$186.00 per month, together
30 with such additional sums as herein provided as additional
31 rental.

32 9. Use of Premises. The Tenant shall use the leased
premises solely for the purpose of conducting thereon the
practice of medicine. The Tenant shall not use or permit the
leased premises to be used for any other purpose than that
set forth unless with written consent of the Landlord. The
Tenant covenants to comply with all of the rules, orders,
statutes, ordinances, regulations and requirements of federal,
state, county or city governments regulating the use by the
Tenant of the leased premises.

10. Restriction on Use. The Tenant will not use nor
permit the use of the premises in any manner which will tend
to create a nuisance or unnecessarily disturb other tenants
or occupants or tend to injure the reputation of the area.

11. Buildings Become Property of Landlord. At the
expiration of the term of this Lease or any extension or
renewal thereof, the buildings placed upon the leased premises
shall become the property of the Landlord.

12. Removal of Fixtures. The Tenant, at his own
expense, shall have the right to remove any and all furniture,
fixtures and equipment which may have been installed in any
building erected upon the said premises provided that the
Tenant shall restore any structural damage as a result of
such removal.

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1 13. Signs. The Tenant may not erect or maintain any
2 signs other than a suitable professional sign, without first
obtaining the approval of the Landlord.

3 14. Insurance by Tenant. The Tenant shall, during the
4 term of this Lease or any extension or renewal thereof, keep
5 in full force and effect a policy or policies of public
6 liability insurance and property damage insurance with
7 respect to the leased premises and the business operated by
8 the Tenants or any subtenant on the leased premises, with
9 limits of public liability of not less than \$100,000.00 per
10 person and \$300,000.00 per accident and property damage
11 liability not less than \$50,000.00. The policy shall name
the Landlord or any person, firm or corporation designated
by the Landlord and the Tenants as insured and shall contain
a clause that the insurer will not cancel or change the
insurance without first giving the Landlord ten (10) days
prior written notice. The insurance shall be in an insurance
company or companies and in a form approved by the Landlord
and a copy of each policy or certificate of insurance shall
be furnished to the Landlord.

12 15. Indemnification of Landlord. The Tenant will
13 indemnify and save harmless the Landlord from and against
14 any and all claims, actions, damages, liabilities and expenses
15 in connection with the loss of life, personal property
16 and/or damage to property arising from or out of any occurrence,
17 in, upon or at the leased premises or the sidewalks or areas
18 adjoining the same, or the occupancy or use by the Tenant of
19 the leased premises or any part thereof or occasioned wholly
20 or in part by any act or omission of the Tenant his agents,
21 contractors, employees, servants, lessees, or other parties
22 over whom he has control. In case the Landlord shall,
without fault on his part, be made a party to any litigation
commenced by or against the Tenant, then the Tenant shall
proceed to hold the Landlord harmless and shall pay all
costs, expenses and reasonable attorney's fees incurred or
paid by the Landlord in connection with such litigation.
23 Provided that if the Landlord decides that it is more economical
24 to carry its own insurance, it may elect so to do and the
25 premiums therefor shall be pro-rated among the tenants as
26 additional rental.

27 16. Tenant's Casualty Insurance. The Tenant shall
28 carry insurance against loss by fire or other insurable
29 causes on any improvements placed upon the premises leased
30 by him and upon his own fixtures, furniture and equipment
31 situated on the leased premises. In the event the Tenant's
32 building is damaged or destroyed by fire or other casualty,
the Tenant shall promptly rebuild or restore the building or
if he elects not to do so, shall promptly remove the building
or the remains thereof, level and landscape the land herein
leased. Notwithstanding any removal of a building, the
Tenant shall remain liable for rental for the remaining term
of his Lease.

17. Payment of Utilities. The Tenant shall pay directly
for such utilities as are furnished directly to and billed
to the Tenant. For any utilities and services which the
Landlord may furnish, the Tenant agrees to accept and use
such utilities and service in common with other tenants and

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1 to pay his pro-rata share of the charges as disclosed by
2 meter readings or based upon equitable division among the
3 tenants using the service, such division to be made by the
4 Landlord, and the Landlord will furnish the Tenant upon
5 request, with the evidence of charges made, factors considered
6 and methods used in allocating such charges. Payment for
7 utilities and services will be made promptly upon the Landlord
8 furnishing to the Tenant a statement therefor and shall be
9 in addition to the rental payment.

10 18. Assignment and Sub-Lease. The Tenant shall not
11 sublet, lease or assign the whole or any portion of the
12 leased premises except upon the written permission and
13 consent of the Landlord. The Landlord will not unreasonably
14 withhold such consent or permission, but may, as a condition
15 thereto, require the guarantee of such assignee or sublessee
16 to comply with the terms of this lease and provided further,
17 that any such subleasing or assigning, even with the approval
18 of the Landlord, shall not relieve the Tenant from the
19 liability for the payment of the rental herein provided or
20 the obligation to keep and be bound by the terms, conditions
21 and covenants of this lease.

22 This lease may not be assigned or sublet, in whole
23 or in part, by any operation of law.

24 19. Employee Parking. The Tenant and his employees
25 shall not park cars on the roadways or parking areas or in
26 any area designated for the general public but shall park in
27 the areas, if any, designated by the Landlord, from time to
28 time, for Tenant and employee parking. The Tenant agrees,
29 upon request of the Landlord, to furnish to it promptly, the
30 automobile license numbers of his cars and the cars of all
31 of his employees.

32 20. Tenant's Liability for Taxes. The Tenant shall
pay promptly when due all taxes assessed during the term of
this lease on the Tenant's improvements, fixtures, furniture,
equipment and the like and upon the Tenant's leasehold
interest on this lease, (if any tax be so imposed) or upon
any other personal property situate in or upon the leased
premises.

23 21. Tenant's Responsibility for Taxes on Premises.
24 The Landlord will pay all real property taxes and assessments
25 which may be levied or assessed by any lawful authority
26 against the land described in Exhibit "A" provided that the
27 Tenant shall pay to the Landlord his pro-rata share of such
28 taxes within twenty (20) days after demand therefor.

29 22. Tenant's Pro-Rata Shares. Whenever used in this
30 agreement, the words "tenant's pro-rata share" shall mean
31 that percentage of the total amount as is determined by
32 dividing the Tenant's base rental by the total of the base
rental paid by all tenants. If a Tenant's base rental is
\$100.00 and the total of the base rental paid by all tenants
is \$400.00, that Tenant's pro-rata share shall be 25%. Base
rental shall be the amount set forth in paragraph 8 above
exclusive of any additional sums provided for as additional
rental.

23. Eminent Domain. If all of the leased premises

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1 shall be taken under the right of eminent domain by any
2 public authority having the right of condemnation, this
3 Lease shall terminate on the date title vests pursuant to
4 such proceedings and the rent shall be adjusted to the date
5 of such termination. The total award made in such proceedings
6 shall be equitably divided between the Landlord and Tenant
7 in relation to the damage suffered by each party in the
8 event the proper judicial authority does not divide the
9 award to compensate the separate loss of each party. If
10 only a portion of the leased premises shall be taken under
11 the right of eminent domain, but such taking prevents the
12 practical use of the remaining premises for the purpose
13 intended by the Tenant, then this Lease shall terminate. If
14 such taking does not prevent the practical use of the remaining
15 premises for the purpose intended by the Tenant, then this
16 Lease shall continue in full force and effect, but the rent
17 shall abate proportionately and such other adjustments shall
18 be made as shall be just and equitable. If the Landlord and
19 Tenant are unable to agree as to the division of the total
20 award, or as to whether or not this Lease is terminated, or
21 as to the abatement or adjustment of rent, or as to any such
22 other adjustments, all disagreements shall be submitted to
23 arbitration. Each of the parties shall select an arbitrator
24 within thirty (30) days after the vesting of title in the
25 condemnation proceedings, and if they are unable to agree,
26 such arbitrators shall select another arbitrator within
27 sixty (60) days after the vesting of title. If they are
28 unable to agree upon a third arbitrator, either of them may
29 apply to a court of original jurisdiction in Skagit County,
30 Washington, and said Court shall appoint the third arbitrator.
31 The decision of two out of three of the arbitrators shall be
32 final. PROVIDED, however, that from any total award shall
first be paid all mortgages, liens and assessments against
the real estate before a division is made as above provided.

24. Surrender of Premises. The Tenant shall yield and
deliver to the Landlord possession of the leased premises at
the termination of this Lease or any extension or renewal
thereof.

25. Breach of Covenant. Time is of the essence hereof.
If any rental or other sum payable by the Tenant to the
Landlord shall be and remain unpaid for more than ten (10)
days after the same is due and payable, or if the Tenant
shall violate or default in the performance of any of the
other covenants, agreements, stipulations or conditions
herein, and such violation or default shall continue for a
period of thirty (30) days after written notice by the
Landlord to the Tenant of such violation or default, then,
without prejudice to other remedies which the Landlord may
have, the Landlord shall have the right to declare this
Lease forfeited and the term ended and to re-enter the
leased premises, with or without process of law, using force
as may be necessary to remove all persons or chattels therefrom,
and the Landlord shall not be liable for damages by reason
of such re-entry or forfeiture. Notwithstanding such re-
entry by the Landlord, the liability of the Tenant for the
rent provided for herein shall not be relinquished or extinguished
for the balance of the term of this Lease, and the Tenant
covenants and agrees to pay to the Landlord any deficiency
arising from a re-entry and re-letting of the leased premises

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1 at a lesser rental than herein reserved, and the Tenant
2 shall pay such deficiencies each month as the amount thereof
3 is ascertained by the Landlord. In the case of such re-
4 entry, the Landlord may re-let the premises upon such terms
5 as to it seem fit and for a term which may expire either
6 before or after the expiration date of this Lease. The
7 Tenant further agrees to pay, in addition to the rentals and
8 other sums to be paid hereunder, such additional sums as the
9 Court may adjudge reasonable as attorneys fees in any suit
10 or action instituted by the Landlord to enforce the collection
11 of the rental due hereunder. For the purpose of this paragraph,
12 the rentals for the period after such re-entry and re-
13 letting shall be deemed to be the minimum rentals provided
14 for by this Lease.

15 26. Waiver. Neither the acceptance of rental nor any
16 other act or omission on the part of the Landlord at any
17 time or times after the happening of an event authorizing
18 the cancellation or forfeiture of this Lease, shall operate
19 as a waiver of any past or future violation, breach or
20 failure to keep or perform any covenant, agreement, term or
21 condition hereof, or to deprive the Landlord of its right to
22 cancel or forfeit this Lease at any time that cause for
23 cancellation or forfeiture may exist, or be construed so as
24 at any future time to stop the Landlord from promptly
25 exercising any other option, right or remedy that it may
26 have under the terms or provisions of this Lease or by law.

27 27. Notices. Any notice required or desired to be
28 given by either party shall be in writing and may be sent by
29 registered or certified, postage prepaid, or personally
30 served. Such notices shall be sent to the last known post
31 office address of the party to whom it is directed.

32 28. Successors and Assigns. All of the terms, conditions,
covenants and agreements of this Lease shall extend to and
be binding upon the Landlord, the Tenant, and their respective
successors and assigns.

29 29. Recording Short Form Lease. This Lease shall not
30 be recorded except by agreement of both parties, but it is
31 agreed that, upon the request of either party, the parties
32 will execute a short form of this Lease containing a description
of the leased premises and the provisions relating to the
term of the lease, with a reference to this Lease.

IN WITNESS WHEREOF, the parties have executed this
instrument.

EAST DIVISION CORPORATION

By [Signature]
Its President

By [Signature]
Its Secretary
"Landlord"

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STEVEN H. JOHNSON, M.D.

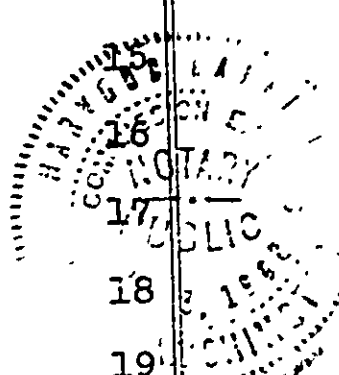
PAUL D. JOHNSON, M.D.
"Tenant"

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

This is to certify that on this day personally appeared before me DIANE STUDLEY and IAN BLACK, to me known to be the President and Secretary, respectively, of EAST DIVISION CORPORATION, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument, and that the seal affixed (if any) is the corporate seal of said corporation.

WITNESS my hand and official seal this 2nd day of March, 1981.

Harold Bannister
Notary Public in and for the State of Washington, residing at Mount Vernon.



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The South 66 feet of the following described tract:

All that portion of Section 20, Township 34 North, Range 4 East, W.M., and of Tract "A" of "GREENSTREET ADDITION, MOUNT VERNON, WASH.", as per plat recorded in Volume 7 of Plats, page 6, records of Skagit County, Washington, lying North of the North line of Short Plat No. MV-31-76, approved September 14, 1976 and recorded September 21, 1976 under Auditor's File No. 842991, in Volume 1 of Short Plats, page 173, records of Skagit County, Washington, and lying between the West line of Fourteenth Street and the East line of Thirteenth Street, all as delineated on the face of said Short Plat No. MV-31-76.

Situate in the County of Skagit, State of Washington.

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