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KATHY HILL
SKAGIT COUNTY CLERK

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After Recording Return Document To:

Port of Skagit County
P.O. Box 348
Burlington, WA 98233

FIRST AMERICAN TITLE CO.
50798-1

Document Title: Lessee's Assignment of Lease, Lessor's Consent, and Second
Amendment to Lease

Reference Number(s) of Document assigned or released: Not Applicable

Grantor(s): Port of Skagit County

Grantee(s): Timberline Forest Products, Inc.

Legal Description: Port of Skagit County Bayview Business & Industrial Park Binding
Site Plan, Section 34, T 35N, R 3E

Assessor's Property Tax Parcel/Account Numbers: 1107588

17645
SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

APR 14 1997

Amount Paid \$ 26,775.00
Skagit County Treasurer
By: *[Signature]* Deputy

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BK 1650 PG 0471

**LESSEE'S ASSIGNMENT OF LEASE,
LESSOR'S CONSENT, AND SECOND AMENDMENT TO LEASE**

This Assignment is made this 16th day of ^{April} March, 1997, and is between MEL EDSTROM and LOIS EDSTROM, husband and wife, and TIMBERLINE FOREST PRODUCTS, INC., a Washington corporation, ("Assignors"), and LINDAL CEDAR HOMES, INC., a Delaware corporation ("Assignee"), with the express agreement and consent of the PORT OF SKAGIT COUNTY, a Washington municipal corporation ("Lessor").

RECITALS

A. On July 28, 1994, PORT OF SKAGIT COUNTY, a municipal corporation, as lessor, entered into a Lease Agreement with MEL EDSTROM and TIMBERLINE FOREST PRODUCTS, INC., a Washington corporation, as lessee, for that property situated in the Bayview Business & Industrial Park within unincorporated Skagit County, Washington and described in said lease (the "Leased Premises"). The Lease Agreement was amended by a First Amendment to Lease Agreement dated April 18, 1995 between Lessor and TIMBERLINE FOREST PRODUCTS, INC., as Lessee (the "First Amendment"). A true and correct copy of the Lease and First Amendment are attached hereto. As used herein "Lease" shall refer to the Lease as amended by the First Amendment.

B. This Assignment is for the purpose of selling and conveying to Assignee all of Assignors' right, title, and interest, in and to the Lease and all improvements located upon the Leased Premises.

C. Lessor understands that LINDAL CEDAR HOMES, INC., ("Assignee"), will rely upon the representations and warranties set forth herein in connection with Assignee's purchase of the Assignors' estate under the Lease and certain improvements on the Leased Premises, and in connection with Assignee's further improvement to the property for use in the Assignee's business.

AGREEMENT

1. **Assignment.** Assignors hereby grant, transfer, assign and convey all of Assignors' rights, title, interest, powers and other benefits under the Lease, together with Assignors' interest in the real and personal property described therein, including but not limited to all buildings, appurtenances and leasehold

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improvements located thereon.

2. Representations and Warranties by Assignors. Assignors hereby represent and warrant that:

(a) All prior assignments or pledges of Assignors' rights in the Lease, or any of its rights with respect to the Leased Premises, have been reassigned, released, or otherwise satisfied and this Assignment shall convey title to Assignee free and clear of all encumbrances and adverse claims, except only the Permitted Exceptions as provided in the Real Estate Purchase and Sale Agreement between Assignor and Assignee dated February 7, 1997 with respect to the Premises;

(b) Assignors have good right and title to assign the Lease and Assignors' rights in the real and personal property described therein pursuant to this Assignment;

(c) Assignors have not done anything which might prevent Assignee from or limit Assignee in acting under the provisions of this Assignment;

(d) The Lease is valid and enforceable, and, at the time of and upon the approval of this Lease Assignment, there is no present default by any party thereto;

(e) A true and correct copy of the Lease together with the First Amendment, are attached to this Lease Assignment;

(f) There are no other documents or agreements amending, modifying, supplementing, canceling, or otherwise affecting the Lease in any respect; and

(g) The improvements existing on the date hereof on the Leased Property have been constructed in compliance with the Lease and with the consent of Lessor, and all plans and specifications related to construction of such improvements have been approved by Lessor and are in compliance with all applicable ordinances, statutes, and zoning regulations. There is sufficient space for parking of vehicles on the Leased Property to comply with zoning requirements.

3. Lessor's Acknowledgment, Consent, and Warranties. The Lessor hereby acknowledges and consents to the assignment by the Assignors of their entire right, title and interest in and to the Lease and the leasehold estate and any and all improvements on the Leased Property, and Lessor further represents and warrants that:

(a) The Lease is in full force and effect and has not been modified, supplemented, canceled or amended in any respect;

(b) To the best knowledge of Lessor after due inquiry, none of the parties to the Lease are in default or claims default under any of the terms of the Lease or has any claims, defenses or rights of offset with respect to the lease;

(c) The Lease is legally valid and binding upon the Lessor;

(d) Assignee may conduct its business on the Leased Property, including the manufacture of

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sunrooms and windows by the Assignee or by one or more divisions and/or subsidiaries of Assignee. Such activities are approved as permitted uses of the Leased Property under the Lease, together with any other activities reasonably related to the business of Assignee;

(e) The improvements existing on the date hereof on the Leased Property have been constructed in compliance with the Lease and with the consent of Lessor and all plans and specifications related to construction of such improvements have been approved by Lessor, and are in compliance with Lessor's Bayview Business and Industrial Park Development Standards. As of the date hereof, the Leased Property and all the improvements thereon are in compliance with all ordinances, regulations and covenants adopted or promulgated by Lessor applicable to the Leased Property or the use thereof; and

(f) There is sufficient space for parking of vehicles on the Leased Property to comply with Lessor's development/land use plan requirements.

4. Assignee's acknowledgment and acceptance of assignment. The Assignee acknowledges and accepts the assignment of the Lease by Assignors and agrees to pay all rent due after the effective date of this assignment, and to assume and perform all duties and obligations required by the terms of the Lease.

5. Amendments to Lease. The Lessor and Assignee hereby agree to the following amendments to the Lease:

(a) Paragraph 10 of the Lease is hereby amended in full to read:

Paragraph 10: Business Purpose and Type of Activity. It is understood and agreed that Lessee intends to erect structures and improvements upon the premises for the purpose of operating a manufacturing facility producing sunrooms and windows by Lessee or by one or more divisions and/or subsidiaries of Lessee. Such activities are approved as permitted uses of the property under the Lease Agreement, together with any other activities reasonably related to the business of Lessee. It is further understood that the above activities are the only types of activities to be conducted upon the premises unless written permission is received from the Lessor, which written permission shall not be unreasonably withheld.

Lessee agrees to maintain an average of seventy (70) , full time (or equivalent) employees based on site ("Employment Minimum") during each calendar year. At Lessor's request, Lessee will allow Lessor to audit Lessee's payroll records to verify that the Employment Minimum is being met. Lessee will maintain its payroll records in a manner which identifies which full-time employees or equivalent are based on site. In the event that the Employment Minimum is not met for any calendar year, then rent payable under the Lease for the following calendar year shall be increased to the Lessor's than current market rental value which shall be determined according to paragraph 7.c of the Lease. If during any succeeding calendar year, the Employment Minimum is met, then the rent for the next following calendar year shall be decreased to that amount determined according to the terms of the

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AND SECOND AMENDMENT TO LEASE - 3**

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Lease for such calendar year.

(b) Paragraph 7 of the Lease is hereby amended to add the following subparagraph c.:

Paragraph 7.c. Rent in the Event the Employment Minimum is Less than Seventy (70).

- 1) Amount: The rent shall be adjusted to be based on the market rental value of the Premises. Lessor shall notify Lessee of the amount as determined by the Port Commission. If the rent amount is not acceptable to the Lessee, market rental value shall be established by the procedure in the succeeding paragraph.
- 2) Procedure If Dispute Regarding Rent Amount: If the parties cannot agree on the market rental value, then the fair cash market value of the Premises shall be determined. For purposes of setting the fair cash market value of the land, the land shall be considered as a separate, vacant, identifiable tract of real property. Such determination shall be made by a MAI appraiser whose selection shall be by mutual agreement of the parties. If they are unable to agree on the selection, then a MAI appraiser shall be selected by the Presiding Judge of the Superior Court of Skagit County upon the petition of either party. Once the fair cash market value of the Premises is determined, the rent amount shall be established based on the Lessor's then established rate of return for leased properties. The cost of the appraisal shall be borne equally by both parties.

(c) Paragraph 27 of the Lease is hereby amended in full to read:

Paragraph 27: Assignment and Sublease. Lessee shall not, by operation of law or otherwise, assign or sublease any portion of the premises without Lessor's prior written consent, which consent shall not be unreasonably withheld. The consent of Lessor to any assignment or sublease shall not in any manner be construed to relieve Lessee from obtaining Lessor's express written consent to any other or further assignment or sublease. Lessor may condition consent to any assignment or sublease upon, but not limited, to the following factors:

- a. Proof of the financial responsibility of assignee.
- b. Determination that the intended use of the premises by assignee is consistent with applicable zoning and the development and land use plan of the Lessor.
- c. Adjustment of the rent to the market rental value of the premises as determined by paragraph 7.c. In the case of a sublease, the rent adjustment shall apply only to that portion of the premises occupied by the subtenant.

Any assignee or sublessee of any portion of the premises shall expressly assume, and by reason of such assignment or sublease shall be considered as having assumed, and become bound to all of Lessee's obligations hereunder.

The sublease of Lessee's interests in this lease shall not in any manner release Lessee from payment of rent or the performance of the covenants herein contained, or from any of the terms of this lease.

Lessee and assignee shall execute a Consent to Assignment, in a form satisfactory to Lessor. Such Consent is subject to approval by the Lessor which shall not be unreasonably withheld.

6. **Modifications.** No provision hereof shall be modified or limited except by written agreement expressly referred hereto and to the specific provision so modified or limited, which agreement shall be signed by both Assignors, Assignee and Lessor.

IN WITNESS WHEREOF, the parties hereto have executed this Lessee's Assignment of Lease, Lessor's Consent, and Second Amendment to Lease as of this 10 day of ~~March~~ ^{APRIL}, 1997.

Lessor:
PORT OF SKAGIT COUNTY

By: Thomas F. Perkins
Its President

By: [Signature]
Its Secretary

Assignor:
TIMBERLINE FOREST PRODUCTS, INC.
a Washington corporation

By: [Signature]
Its President

Assignee:
LINDAL CEDAR HOMES, INC.
a Delaware corporation

By: [Signature]
Its CHAIRMAN/CEO

Assignor:
MELVIN G. EDSTROM

[Signature]
LOIS C. EDSTROM

[Signature]

ASSIGNMENT, LESSOR'S CONSENT
AND SECOND AMENDMENT TO LEASE - 5

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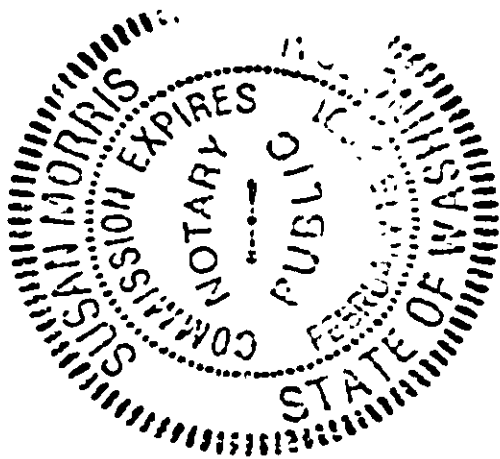
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STATE OF WASHINGTON)

COUNTY OF Skagit) : ss.

On this day personally appeared before me Thomas F. Perkins & John E. Henriot, to me known (or proved to me with satisfactory evidence) to be the President & Secretary of the PORT OF SKAGIT COUNTY, a municipal corporation, and having acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument on behalf of said corporation.

GIVEN UNDER my hand and official seal this 10th day of March, 1997.
April



Susan Morris

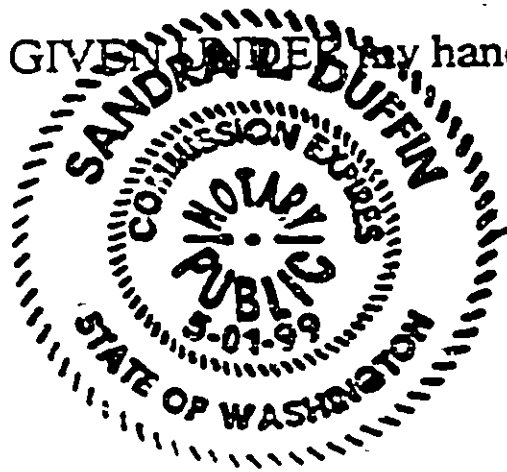
PRINT NAME: Susan Morris
NOTARY PUBLIC in and for the State of Washington.
My Appointment Expires: 2-15-01

STATE OF WASHINGTON)

COUNTY OF King) : ss.

On this day personally appeared before me Robert W. Lindal, to me known (or proved to me with satisfactory evidence) to be the CHAIRMAN/CEO of LINDAL CEDAR HOMES, INC., a Delaware corporation, and having acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument on behalf of said corporation.

GIVEN UNDER my hand and official seal this 9 day of March, 1997.
APRIL



Sandra L. Duffin
PRINT NAME: Sandra L. Duffin
NOTARY PUBLIC in and for the State of Washington.
My Appointment Expires: 5-1-99

ASSIGNMENT, LESSOR'S CONSENT
AND SECOND AMENDMENT TO LEASE - 6

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STATE OF WASHINGTON)

: ss.

COUNTY OF)

On this day personally appeared before me MELVIN G. EDSTROM, to me known (or proved to me with satisfactory evidence) to be the President of TIMBERLINE FOREST PRODUCTS, INC., a Washington corporation, and having acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument on behalf of said corporation.

GIVEN UNDER my hand and official seal this 28th day of March, 1997.

Diana R. Osborne

PRINT NAME: Diana R Osborne
NOTARY PUBLIC in and for the State of Washington.
My Appointment Expires: 1-30-98

STATE OF WASHINGTON)

: ss.

COUNTY OF)

On this day personally appeared before me MELVIN G. EDSTROM and LOIS C. EDSTROM, who executed the within and foregoing instrument, and acknowledged that they signed said instrument as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER my hand and official seal this 28th day of March, 1997.

Diana R. Osborne

PRINT NAME: Diana R Osborne
NOTARY PUBLIC in and for the State of Washington.
My Appointment Expires: 1-30-98

ASSIGNMENT, LESSOR'S CONSENT
AND SECOND AMENDMENT TO LEASE - 7

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Order No. 50798

SCHEDULE "C"

The land referred to herein is situated in the County of SKAGIT, State of Washington, and is described as follows:

A leasehold interest in the following described property:

Lot 74, and portions of Lots 66, 67, 72, 73 and 75 of "SKAGIT REGIONAL AIRPORT BINDING SITE PLAN, PHASE I", approved August 22, 1986, and recorded August 25, 1986, in Book 7 of Short Plats at Pages 111 through 120, inclusive, records of Skagit County, Washington, under Auditor's File No. 8608250002, described as follows:

Beginning at the Northeast corner of said Lot 75; thence South 0 degrees 41' 46" West along the East line of said Lot 75, a distance of 94.08 feet; thence North 88 degrees 58' 01" West parallel with the South line of said Lot 74, a distance of 181.02 feet; thence North 74 degrees 30' 01" West, 59.08 feet; thence North 86 degrees 20' 58" West, 36.05 feet; thence South 56 degrees 00' 20" West, 28.59 feet; thence North 88 degrees 58' 01" West, 120.38 feet; thence North 21 degrees 41' 05" West, 246.93 feet; thence North 16 degrees 00' 00" East, 170.03 feet; thence North 89 degrees 33' 47" West parallel with the North line of said Lot 73, a distance of 18.35 feet; thence North 1 degree 01' 59" East, 125.60 feet to a point on the North line of said Lot 72, said point also being on the South margin of Steele Road; thence South 89 degrees 33' 47" East along said South line, 49.08 feet; thence South 30 degrees 41' 13" East, 42.30 feet; thence North 81 degrees 16' 52" East, 152.32 feet; thence North 43 degrees 24' 00" West, 16.60 feet to a point on said North line of Lot 73; thence South 89 degrees 33' 47" East along said North line, 151.58 feet to the beginning of a curve to the right having a radius of 50.00 feet; thence Southeasterly along the arc of said curve to the right and the Northeasterly line of said Lot 73, through a central angle of 89 degrees 52' 24", an arc distance of 78.43 feet to a point of reverse curvature to the left, said curve having a radius of 505.26 feet; thence Southeasterly along the arc of said curve to the left and the East line of said Lot 73, through a central angle of 17 degrees 31' 42" an arc distance of 154.57 feet to the Southeast corner of said Lot 73; thence continuing Southeasterly along the arc of said curve to the left having a radius of 505.26 feet and the East line of said Lot 74, through a central angle of 4 degrees 57' 32" an arc distance of 43.73 feet to a point of reverse curvature to the right, said curve having a radius of 425.02 feet; thence Southeasterly along the arc of said curve to the right and said East line of Lot 74, through a central angle of 22 degrees 52' 25" an arc distance of 169.68 feet; thence South 0 degrees 41' 46" West along said East line of Lot 74, a distance of 20.00 feet to the point of beginning; said Site Plan being located in Section 33 and 34 of Township 35 North, Range 3 East, W.M., and Section 3 of Township 34 North, Range 3 East, W.M.

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