

When Recorded Return To:

Chet Reid
15515 Colony Road
Bow, Wa. 98232



200012150091
, Skagit County Auditor

12/15/2000 Page 1 of 4 3:35:45PM

LEASE AGREEMENT

Grantors: Beverly Macken and Marvin Macken

Grantee: Chet Reid

Legal Description: The SW 1/4 of the NE 1/4 of Section 27, Township 36 N, Range 3 E,
W. M. lying north and east of Colony Road in Skagit County, Washington.
(PROPERTY)

Assessor's Parcel No. P48401

This Agreement, entered into this 15th day of December, 2000,
WITNESSETH:

1. PARTIES

Beverly Macken, a married woman, as her separate property and Marvin Macken her husband (Hereinafter collectively referred to as LESSOR.) Chet Reid, a single man (Hereinafter referred to as LESSEE. The term LESSEE shall also include LESSEE'S surviving spouse.)

2. PROPERTY LEASED

The property affected by this lease "PROPERTY", is described under "Legal Description" above. The property leased by Lessor to Lessee, the "LEASED PREMISES", is the west 450 feet of PROPERTY. Lessor hereby leases the LEASED PREMISES to Lessee. Lessee shall have all rights to the exclusive possession and use of LEASED PREMISES for the term of this lease.

3. TERM

This lease shall remain in effect for a period of 50 years, provided that it shall terminate upon the death of the lessee if he dies leaving no surviving spouse. If the lessee dies

leaving a surviving spouse this lease shall continue, and the surviving spouse shall have all of the rights and obligations of the Lessee, but shall terminate upon the death of the surviving spouse. If the surviving spouse vacates the leased premises Lessor shall have the right of reasonable approval of any sublessee of the surviving spouse, provided that the children and grandchildren of Lessee (Carl, Darin, Susan, and grandchildren in order of birth, in that order of priority) shall have the right of first refusal of such a sublease, and provided further that the Lessor and the surviving spouse shall agree on the reasonable compensation to Lessor and the surviving spouse for a sublease. In the event of remarriage of the surviving spouse, Lessor may opt to terminate this lease upon 12 months prior notice to the Lessee.

4. RENT AND OTHER CHARGES

This lease memorializes prior agreements between the parties. Lessee has resided on LEASED PREMISES since 1994 and constructed substantial improvements on it. Lessee has paid the real property taxes for the property since 1994. Lessor acknowledges that \$10 and other adequate consideration for this lease has been received in full satisfaction for the covenants and agreements contained herein. No additional rent or other lease charges, except as provided in this agreement, shall be paid or owed during the term of this lease. Lessee shall, upon request by the Lessor, pay the real property taxes for the LEASED PREMISES when due. The Lessee shall have the right to pay all real property taxes and assessments due on the LEASED PREMISES and the PROPERTY of the Lessor included within the same legal parcel in order to prevent foreclosure or to release tax liens on the property. Lessee shall be entitled to recover from the Lessor any amounts so paid by him other than the principal amount of real property taxes due on the LEASED PREMISES.

5. USE OF LEASED PREMISES AND LESSOR'S ABUTTING PROPERTY

Lessor warrants that the land of Leased Premises is suitable for use as a single family residence, but makes no warranty of habitability of any structure on the premises. The other PROPERTY now owned by the Lessor which is included in the same legal parcel shall not be used in any way which is inconsistent with the Lessee's ability to use the LEASED PREMISES for all purposes allowed by law for lots and parcels in the same zoning classification as the LEASED PREMISES.

The Lessee shall have the right to remove at any time during the term of this Lease, or within 180 days after its termination, all crops, shrubs, trees and other cultivated plants from the LEASED PREMISES.

6. SALE OF LEASED PREMISES AND LESSOR'S ABUTTING PROPERTY

Neither the LEASED PREMISES nor the Lessor's abutting PROPERTY which is included in the same legal parcel shall be sold or otherwise conveyed or transferred by Lessor, except as a single parcel, without first legally subdividing the parcel. In the event the parcel is subdivided, the LEASED PREMISES shall be made a separate legal lot, provided that the description of the LEASED PREMISES may be modified by mutual consent of the parties to



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achieve an adequate lot size for legal subdivision.

7. OWNERSHIP OF STRUCTURES

Ownership of all structures and improvements now existing or which shall be constructed or placed on the LEASED PREMISES shall be and remain in the Lessee, who shall have the right to remove them at any time during the term of this Lease, or within 180 days of its expiration or termination. In the event of removal of the structures or improvements the Lessee shall be responsible for returning the land to the condition which existed prior to their construction, reasonable wear and tear excepted. Any structures which are not removed within 180 days of the termination or expiration of the lease shall become the property of the Lessor.

Lessor shall not be responsible for the condition or maintenance of any structures on LEASED PREMISES. Lessee shall have the right to construct and maintain any structures and other improvements in Lessee's discretion.

8. AGREEMENT BINDING ON SUCCESSORS

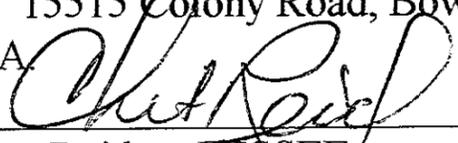
This agreement shall be binding on the parties, their heirs and successors in interest. It shall be recorded as a covenant running with the land applicable to the LEASED PREMISES and the Lessor's abutting PROPERTY.

9. TERMINATION

This lease may be terminated by the Lessee upon 30 days written notice to the Lessor. It may be terminated by the Lessor only for a material breach of this agreement, and only after the Lessee has been provided with a minimum of 60 days written notice of the breach and an opportunity to cure such default.

10. NOTICES

Any notices to be provided pursuant to this Lease shall be directed to the Lessee at 15515 Colony Road, Bow, WA, and to the Lessor at 4490 Colony Mountain Drive, Bow, WA.


Chet Reid LESSEE


Beverly Macken LESSOR


Marvin Macken LESSOR



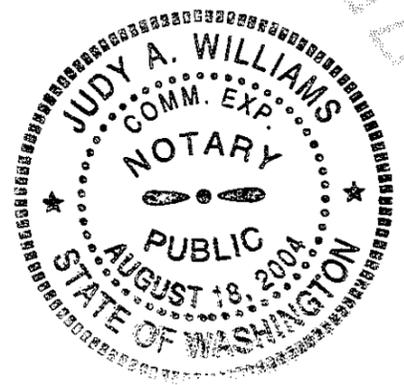
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Skagit County Auditor

Before me, a Notary Public, in and for the State of Washington, personally appeared Chet Reid, who signed the above-stated Lease Agreement and acknowledged it as his free and voluntary act for the purposes stated therein this 15 day of Dec 2000.

Judy A. Williams
Notary Public

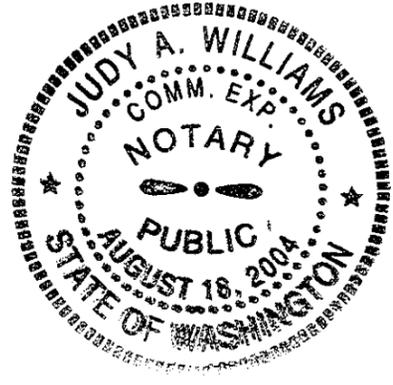
JUDY A. WILLIAMS



Before me, a Notary Public, in and for the State of Washington, personally appeared Beverly and Marvin Macken who signed the above-stated Lease Agreement and acknowledged it as their free and voluntary act for the purposes stated therein this 15 day of Dec 2000.

Judy A. Williams
Notary Public

JUDY A. WILLIAMS



SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax

DEC 15 2000

Amount Paid \$
Skagit Co. Treasurer
By [Signature] Deputy



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