

After recording return document to:

YOUNGQUIST & BETZ
904 South Third
Mount Vernon, WA 98273

DOCUMENT TITLE: Farm Lease

REFERENCE NUMBER OF RELATED DOCUMENT: N/A

LESSOR(S): William E. Colvin, Gladys C. Colvin, Donald G. Colvin, Jewell Colvin
LESSEE(S): Paul Rosasco, Louis Dailly, Stephen Olsen

ABBREVIATED LEGAL DESCRIPTION: Government Lot Four (4); Eight (8), Thirty-Five (35) N, Eight (8) East, W.M., Skagit County

ADDITIONAL LEGAL DESCRIPTION ON EXHIBIT A ATTACHED HERETO.

ASSESSOR'S TAX/PARCEL NUMBER(S): P 43510; 350808-0-005-0107; P43509; 350808-0-005-0016

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

APR 02 2001

Amount Paid \$
Skagit County Treasurer
By: Deputy

Skagit County Auditor

200104020121



FARM LEASE

Bill & Gladys Colvin

THIS LEASE, made and entered into this first day of December, 1999, in duplicate, by and between Mr. William E. Colvin, Mrs. Gladys C. Colvin, Mr. Donald G. Colvin and Mrs. Jewell Colvin, hereinafter referred to as "lessor", and Mr. Paul Rosasco, Mr. Louis Dailly and Mr. Stephen Olsen, hereinafter referred to as "lessees". The Lessees can transfer at any moment this lease to a company formed by and between lessees after the date of signing of this lease. The lessor need not approve or disapprove of this transfer.

WITNESSETH

In consideration of the rental hereby reserved in which the lessee hereby covenants to pay, and in consideration of the respective undertakings hereof, lessor hereby lets to the lessee, and lessee hereby takes from the lessor, approximately five (5) tillable acres described below:

The farmable land situated at 43031/43095 Challenger Road in Concrete, WA.

I.

This lease shall be for the period of seven (7) year(s) from December 1, 1999. This lease is twice renewable for an identical seven (7) year period.

II.

Lessees shall pay, as annual rental for the year 1999-2000, the sum of \$150.00 per tillable acre, said acreage being hereby agreed as five (5) acres. The lessee will pay said annual rental now (receipt of which is hereby acknowledged by lessor). In each succeeding year of the lease, the \$750.00 annual rental will be paid by the beginning of the lease year. Lessee is subject to paying leasehold tax. Beginning in January of 2003, and each odd year January thereafter throughout the term of this agreement a review will be made of the current rates for farm land lease (by the participating parties). Once determined and agreed upon by all parties, the payment schedule per acre will be adjusted to reflect any change in the lease land rates stipulated in this agreement. The pay schedule will not be reduced below the current rate of \$150.00 per acre.

III.

Lessee covenants that he will not conduct or permit any illegal or nuisance use of the premises, and in the conduct of farming operations thereon (including operations incident to preparation, care, harvest and delivery of crops) to employ practices of good husbandry, including control of obnoxious weeds or pests, consistent with prevailing standards thereof. The lessees have the right to plant posts in order to palisade vines and to fence against any potential animal damage.

IV.

Lessee takes the premises in its present condition and will maintain in its present usable condition any fences or drainage there located, but shall not be obligated to construct any additional fencing or drainage nor to reconstruct fences or drainage to any state of repair other than is presently usable. Lessees agree to bury, at their cost, an irrigation pipe from the creek located on the East side of the field (object of this lease) alongside the North boundary, to the garden of the Lessor. They will have the right to use this pipe to irrigate their vines by dripping irrigation under the condition that the lessor will always have the water he needs for his personal garden. Lessee acknowledges that deer and elk frequently pass through the premises. Lessee agrees that the way will remain open for tractor passage through the old farm house driveway straight through to the North boundary of the premises and access will be provided to turn West along the North boundary to the West boundary where a gate shall be provided for access/exit.

V.

The lessor will pay and keep paid all taxes upon the premises and will not suffer the creation of any lien or charge

which will or may interfere with the lessee's occupancy of the premises. Lessor warrants to lessee the full, free and quiet possession of the premises during the term thereof. The lessee will pay and keep paid all charges for labor, seed and fertilizers or otherwise which will or could become a lien or charge upon the premises. The lessee shall be responsible for paying the annual leaseholder's excise tax, per State and County Law.

VI.

Lessee will not assign or sublet this lease or the premises or any portion thereof without the prior written consent of the lessor. At the expiration of the time as herein recited, the lessee will quietly yield and surrender the aforesaid premises to said lessor, its heirs or assigns, in as good a condition and repair as when taken, wear tear and damage by the elements alone excepted:

VII.

In the event should lessees simultaneously suffer demise, the respective estates are bound and responsible to uphold all terms as outlined in section VI.

VIII.

The lessor will not be held liable for any incident or injury occurring within the confines described in this contract. Lessee will maintain insurance coverage, limits to one million dollars for any such occurrence.

IX.

That should the lessee fail to make the above mentioned payment as herein before specified, or to pay any of the rent aforesaid when due, or to fail to fulfill any of the covenants herein contained, then in that case, said lessor may re-enter and take possession of the premises, and hold and enjoy the same without such re-entering working a forfeiture of the rents to be paid by said lessee for a full term of this lease.

X.

It is mutually agreed between lessor and lessee that all of the covenants, terms and conditions of this lease shall extend, apply to and firmly bind the heirs, executors and administrators and assigns of the respective parties hereto as fully as the respective parties are themselves bound. In the event that the titled property which includes the aforesaid five (5) acres should be presented for sale within the period outlined within this lease agreement, the lessee shall retain the right of first refusal on the purchase.

XI.

The lessor covenants that said lessee, on paying the rent and performing the covenants aforesaid, shall peacefully and quietly have, hold and enjoy the demised premises for the term aforesaid.

W.E. described & c.c.
\$996 gmc fl.

IN WITNESS WHEREOF, both parties have hereto set their hands and seals the day and year above written.

Attest:

Lessor

William E. Colvin

WILLIAM E. COLVIN

Glady's C. Colvin

GLADYS C. COLVIN

Donald G. Colvin

DONALD G. COLVIN

Jewell Colvin

JEWELL COLVIN

PAUL C. ROSASCO

LOUIS DAILY

STEPHEN OLSEN

Lessee

EXHIBIT A

Government Lot four (4), section eight (8), township thirty-five (35) north, range (8) east, W.M., EXCEPT road and railroad rights of way and EXCEPT that portion conveyed to the State of Washington for highway purposes by instrument recorded under auditor's file no. 437453. All in Skagit County, Washington.



200104020121
Skagit County Auditor