



200302280250

Skagit County Auditor

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**AFTER RECORDING MAIL TO:**

Name \_\_\_\_\_

Address \_\_\_\_\_

City / State \_\_\_\_\_

**Document Title(s):** (or transactions contained therein)1. **GROUND LEASE**

2.

3.

4.

**Reference Number(s) of Documents assigned or released:**☐ Additional numbers on page \_\_\_\_\_ of document**Grantor(s):** (Last name first, then first name and initials)1. **ROGER A. TJEERDSMA**2. **MARY J. TJEERDSMA**

3.

4.

5. ☐ Additional names on page \_\_\_\_\_ of document**Grantee(s):** (Last name first, then first name and initials)1. **TJEERDSMA & TJEERDSMA L.L.C.**

2.

3.

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5. ☐ Additional names on page \_\_\_\_\_ of document**Abbreviated Legal Description as follows:** (i.e. lot/block/plat or section/township/range/quarter/quarter)**LOT 19A PLAT OF GARDEN MEADOW DIV. NO. 2**☐ Complete legal description is on page \_\_\_\_\_ of document**Assessor's Property Tax Parcel / Account Number(s):****P100812****First American Title  
Insurance Company****FIRST AMERICAN TITLE CO.**

02-08283-3

(this space for title company use only)

**NOTE:** The auditor/recorder will rely on the information on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

## GROUND LEASE

THIS LEASE (the "Lease") is entered into this **November 1, 2002**, between Roger A. Tjeerdsma and Mary J. Tjeerdsma, husband and wife ("**Landlord**") and **Tjeerdsma & Tjeerdsma L.L.C., a Washington Limited Liability** ("**Tenant**"). Landlord and Tenant agree as follows:

### 1. LEASE SUMMARY.

- a. **Leased Premises.** The leased premises (the "Premises") consist of the real property legally described on attached Exhibit A, with no improvements thereon.
- b. **Lease Term.** The Lease Term shall be 30 years and 6 months, commencing on 11-1, 2002 (the "Commencement Date"). There is no option to extend.
- c. **Rent.** The initial annual rent shall be 1/10 of the value of the property, **excluding** improvements, payable on a monthly basis. "Net" rent, paid monthly, shall be calculated on the value determined by the County assessor for the unimproved land. If there is a disputed as to its value between the parties, then it will be determined by an independent appraiser, who is recognized by conventional lenders to be qualified to provide such a value. Rent shall commence on the Commencement Date, and shall be payable at Landlord's address shown in Section 1(e) below, or such other place in writing. See Section 4 for additional amounts to be paid by Tenant.
- d. **Permitted Use.** The Premises shall be used only for residential and for no other purpose without the prior written consent of Landlord.
- e. **Notice and Payment Addresses:**

**Landlord:** *Roger A. Tjeerdsma and Mary J. Tjeerdsma*  
*P.O. Box 684*  
*Burlington, WA 98233*

**Tenant:** *Tjeerdsma & Tjeerdsma L.L.C.*  
*P.O. Box 684*  
*Burlington, WA 98233*

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

FEB 28 2003

Amount Paid to  
Skagit Co. Treasurer  
By *[Signature]* Deputy

2. **PREMISES.** Landlord leases to Tenant, and Tenant leases from Landlord the Premises upon the terms specified in this Lease.

### 3. TERM.

- a. **Term.** The Lease shall commence on the date specified in Section 1(b). The Termination Date shall be modified upon any change in the Commencement Date so that the length of the Lease term is not changed.



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b. **Land Improvements.** On or before \_\_\_\_\_ Tenant shall commence the construction of Project designed for the uses permitted herein. It shall be constructed in good and workmanlike manner and in accordance with all requirements of local ordinances and authorities having jurisdiction thereof. Tenant shall obtain all necessary permits. Before any construction of the Project is commenced on the Premises, and before any building materials have been delivered to the Premises by Tenant or under Tenant's authority, Tenant shall deliver to Landlord for Landlord's approval two full sets of preliminary construction plans and specifications of the Project. Landlord shall not unreasonably disapprove preliminary plans and specifications. Deliver to Landlord the written approval of the plans and specifications by the financial institution that shall have made the commitment for financing the construction furnish to Landlord a true copy of Tenant's contract with the general contractor and with evidence of the general contractor's financial condition for Landlord's approval, which shall not be unreasonably withheld or delayed. The contract shall give Landlord the right but not the obligation to assume Tenant's obligations and rights under that contract if Tenant should default. Tenant may, at any time during the course of construction, Tenant may request that the Final Plans be modified and Landlord agrees that it will not unreasonably withhold or delay its consent to such changes. This Lease and Landlord's obligations hereunder are expressly conditioned upon Tenant's obtaining all governmental approvals and building permits within the time limits set forth herein. Notwithstanding that the Project has been substantially completed, Tenant shall diligently proceed to complete full construction of the Project and obtain a permanent certificate of occupancy for the Project. Tenant acknowledges that the inducement to Landlord for the making of this Lease is the improvement of the Premises with the construction of the Project in accordance with the terms of this Lease and that the Landlord would not have made this Lease without the agreement to construct the Project as set forth herein. Tenant shall own the Project as it is built "brick by brick." At all times while this Lease is in force, title to the Project shall belong solely to the Tenant. Upon the termination or expiration of this Lease, title to the Project then situated on the Land shall pass automatically to Landlord, without payment therefor, and Tenant shall have no further rights therein.

c. **Tenant Obligations.** The Project, both outside and inside, together with all the equipment and installations therein and the appurtenances thereto, shall be put and kept in good order and repair by Tenant at Tenant's sole cost and expense, and Tenant shall make all repairs and replacements, ordinary as well as extraordinary, foreseen and unforeseen, structural or otherwise, which might be necessary or required so that at all times the Project shall be in: thorough good order, condition and repair. If Tenant fails to make such repairs restoration or replacements, the same may be made by Landlord at the expense of Tenant and such expense or reimbursement shall be collectible as part of the Additional Rent and paid by the Tenant within 10 days after Landlord renders a bill for same. Throughout the Term of this Lease, Tenant shall at its own cost and expense, promptly and diligently observe and comply with: (a) all Legal Requirements and the requirements of any fire insurance rating organization and all insurance companies writing policies covering the Premises or any part or parts thereof, whether or not such compliance herewith shall require structural repairs, changes or alterations in and about the Premises, or repairs, changes or alterations incident to or as the result of any use or occupation of the Premises or interfere with the use and enjoyment of the Land or any part therefor, and whether or not the same now are in force or at any time in the future may be passed, enacted, or directed; (b) procure, maintain and comply with all permits, licenses, franchises and other authorizations required for any use of the Land or any part thereof then being made and for proper erection, installation, operation and maintenance of any improvements or any part thereof; and (c) comply with any instruments of record at the time in force affecting the Land or any part thereof. Tenant shall pay all costs, expenses, claims, fines, penalties, and damages that may in



any manner arise out of or be imposed because of the failure of Tenant to comply with this covenant. Tenant will not do or permit or suffer any waste, damages, disfigurement or injury to or upon the Project or any part thereof Except as specified elsewhere in this Lease, Landlord makes no representations or warranties to Tenant regarding the Premises, including the structural condition of the Premises and the condition of all mechanical, electrical, and other systems now or in the future on the Premises. Tenant shall be responsible for performing any work necessary to bring the Premises into condition satisfactory to Tenant. By signing this Lease, Tenant acknowledges that it has had adequate opportunity to investigate the Premises, acknowledges responsibility for making any corrections, alterations and repairs to the Premises, and acknowledges that the time needed to complete any such items shall not delay the Commencement Date.

4. **RENT.** Tenant shall pay Landlord without demand, in lawful money of the United States, the monthly rental stated in Section 1(c) in advance on or before the first day of each month during the Lease Term, and any other additional payments due to Landlord (collectively the "Rent") when required under this Lease. Payments for any partial month at the beginning or end of the lease term shall be prorated. Tenant shall also be responsible for payment of all utilities, taxes and insurance of the Premises, as set forth below. It is the intention hereof that the Landlord shall receive the Fixed Ground Rent without any setoff or deduction whatsoever, free from all taxes, charges, expenses, damages and deductions of every description, and that the Tenant shall pay all items of expense and damages which, except for the execution and delivery of this Lease, would have been chargeable against the Premises and payable by Landlord. Tenant, however, shall not be required to pay any mortgage indebtedness or any interest on any mortgage that at any time may encumber the interest of Landlord in the Premises.

5. **USES.** The Premises shall be used only for the use specified in Section 1(d) above (the "Permitted Use") and for no other business or purpose without the prior written consent of the Landlord. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises. Tenant shall not commit or allow to be committed any waste upon the Premises or any public or private nuisance.

6. **COMPLIANCE WITH LAWS.** Tenant shall not cause or permit the Premises to be used in any way, which violates any law, ordinance or governmental regulation or order. If the enactment or enforcement of any law, ordinance, regulation or code during the Lease term requires any changes to the Premises during the Lease term, the Tenant shall perform all such changes at its expense if the changes are required due to the nature of Tenant's activities at the Premises, or to alterations that Tenant seeks to make to the Premises.

7. **UTILITIES.** Landlord shall not be responsible for providing any utilities to the Premises. Tenant shall determine whether the available capacity of such utilities will meet Tenant's needs. Tenant shall install and connect, if necessary, and directly pay for all water, sewer, gas, janitorial, electricity, garbage removal, heat, telephone, and other utilities and services used by Tenant on the Premises during the Term, whether or not such services are billed directly to Tenant. Tenant will also procure, or cause to be procured without cost to Landlord, all necessary permits, licenses or other authorizations required for the lawful and proper installation, maintenance, replacement and removal on or from the Premises of wires, pipes, conduits, tubes and other equipment and appliances for use in supplying all utilities or services to the Premises. Landlord, upon request of Tenant, and at the sole expense and liability of Tenant, shall join with Tenant in any application required for obtaining or continuing such utilities or services.



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8. **TAXES.** Tenant shall pay all taxes (defined below) applicable to the Premises during the Lease term. All payments for taxes shall be made at least 10 days prior to their due date. Tenant shall promptly furnish Landlord with satisfactory evidence that Taxes have been paid. The term "Taxes" shall mean (i) any form of real estate tax or assessment imposed on the Premises by any authority, including any city, state or federal government, or any improvement district, as against any legal or equitable interest of Landlord or Tenant in the Premises or in the real property of which the Premises are a part, or against rent paid for leasing the Premises and (ii) any form of personal property tax or assessment imposed on any personal property, fixtures, furniture tenant improvements, equipment, inventory or other items, and all replacements, improvements, and additions to them, located on the Premises whether owned by Landlord or Tenant. "Taxes" shall exclude any net income tax imposed on Landlord for income that Landlord receives under this Lease.

Tenant may contest the amount or validity in whole or in part of any Taxes at its sole expense, only after paying such Taxes or posting such security as Landlord may reasonably require in order to protect the Premises against loss or forfeiture. Upon the termination of any such proceedings, Tenant shall pay the amount of such Taxes or part of such Taxes as finally determined, together with any costs, fees, interest, penalties or other related liabilities. Landlord shall cooperate with Tenant in contesting any Taxes provided Landlord incurs no expense or liability in doing so.

9. **ALTERATIONS.** Tenant may make alterations, additions or improvements to the Premises ("Alterations") without the prior written consent of Landlord. The term "Alterations" shall not include the installation of alterations, which may be performed without damaging existing improvements, or the structural integrity of the Premises. Landlord's consent shall not be required for these. Tenant shall complete all Alterations at Tenant's expense in compliance with all applicable laws and in accordance with plans and specifications approved by Landlord. Landlord shall be deemed the owner of all Alterations except for those, which Landlord required to be removed at the end of the Lease term. Tenant shall remove all Alterations at the end of the Lease term unless Landlord conditions its consent upon Tenant leaving a specified Alteration at the Premises, in which case Tenant shall not remove such Alteration. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.

10. **REPAIRS AND MAINTENANCE.** Tenant shall, at its sole expense, maintain the Premises in good condition and promptly make all repairs and replacements, whether structural or non-structural, necessary to keep the Premises in safe operating condition including all utilities and other systems serving the Premises. Tenant shall not damage any demising wall or disturb the structural integrity of the Premises and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Tenant or its employees, agents, contractors, or invitees. Upon expiration of the Lease term, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises together with all keys to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty excepted. Tenant shall be responsible for all leasing and management fees for the Premises.



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11. **DESTRUCTION.** If the Premises are partially damaged by fire or other insured casualty, but not rendered untenable, then Tenant shall diligently restore the Premises and this Lease shall not terminate. No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of use or annoyance directly, incidentally, or consequentially arising from any repair or restoration of any portion of the Premises. Landlord will not carry insurance of any kind for the protection of Tenant or any improvements paid for by Tenant or on Tenant's furniture or on any fixtures, equipment, improvements of appurtenances of Tenant under this Lease, and Landlord shall not be obligated to repair any damage thereto or replace the same.

12. **TAKING.**

**12.01** If any competent authority for any public or quasi-public use or purpose takes or condemns (hereafter "takes" or "taking") the whole or materially all of the Premises at any time during the term, the rights of Landlord and Tenant to share in the net proceeds of any award for the respective Land and Premises, and the damages upon the taking, shall be in the following order of priority:

A. Landlord, at all times, regardless of when the taking occurs, shall be entitled to receive, with interest thereon as allowed by the taking authority ("Condemnor"), that portion of the award as shall represent compensation for the value of the Premises, considered as vacant and unimproved Land, such value being hereinafter referred to as the "Land Value." Landlord shall also be entitled to costs awarded in the condemnation proceeding proportionately attributable to that Land Value.

B. (i) During all of the term of this Lease, except the last five (5) years of the Term, Tenant shall be entitled to the entire balance of the award, which balance is hereinafter referred to as "award balance,"

(ii) If the taking shall occur at any time during the last five (5) years of the Term, Tenant shall be entitled to receive out of the award, with interest thereon as allowed by the Condemner authority, the award balance, diminished by twenty per cent (20%) of the award balance for each full year (and in proportion for a fraction of a year) that elapses from the first day of that five (5)-year period to the date of the vesting of title in the Condemner; the remaining award balance and interest thereon, as well as the award for Land Value and interest thereon, shall belong to the Landlord.

C. If the values of the respective interests of Landlord and Tenant shall be determined according to the provisions of Sections 12.01 in the proceeding pursuant to which the Premises shall have been taken, the values so determined shall be conclusive upon Landlord and Tenant. If these values shall not have been thus separately determined, they shall be fixed by agreement between the Landlord and Tenant or if they are unable to agree, then the controversy shall be resolved by arbitration under the procedure to govern in arbitration for the State of Washington

D. In the event of the taking of less than the whole, but materially all of the Premises (as defined in Section 12.02 and the part of the Premises that remains includes a part of the improvement that was taken, then as to the untaken remainder of the improvement only, but not any remaining Land, the parties shall endeavor to agree on the then-fair market value of that remainder of the improvement, and if they fail to agree then the controversy shall be resolved by arbitration. The value so agreed upon as the then-fair market value of that remainder of the improvement, or as determined in arbitration, but diminished in the same manner as provided for in Section 12.01 relative to an "award Balance," shall be paid by Landlord to Tenant, and until paid shall be a charge on the share of the award for Land Value to which Landlord shall be entitled in the condemnation proceeding.



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**12.02** If title to the whole or materially all of the Premises shall be taken, this Lease shall terminate and all Fixed Ground Rent, Additional Rent, and other charges under this Lease shall be apportioned as of the date of vesting of title in such taking or proceedings. For the purposes of this Article 12, a taking of "materially all" of the Premises, as distinguished from a taking of the whole of the Premises, means a taking of such scope that the untaken portion of the demised premises is insufficient to permit the restoration of the then existing improvements thereon so as to constitute a complete rentable Project capable of producing a proportionately fair and reasonable net annual income, taking-into consideration the payment of all operating expenses thereof, including but not limited to the Fixed Ground Rent, Additional Rental, and all other charges reserved in this Lease and after the performance of all covenants, agreements, and provisions herein provided to be performed by Tenant. The determination of what constitutes a fair and reasonable net annual income shall be governed by reference to the average net annual income produced by the Premises during the five (5)-year periods immediately preceding the taking. As used in this Section 12.02, the term "operating expenses" does not include depreciation, income taxes, or franchise taxes. Controversies over whether materially all of the Premises have been taken shall be resolved under Section 12.04

**12.03** In the event of a taking of less than materially all of the Premises, this Lease (except as hereinafter provided) shall nevertheless continue, but the Fixed Ground Rent to be paid by Tenant shall thereafter be reduced in the ratio that the rental value of the portion of the Premises taken bears to the rental of the entire Premises at the time of the taking, and Tenant shall promptly restore the Premises as below provided. The award for the taking in respect to the Land shall belong to the Landlord, and the award balance shall be used and paid in the following priority:

**A.** First: so much as shall be necessary to repair and restore the Premises to make the same a complete architectural unit as nearly as reasonably possible to the condition existing prior to the taking or condemnation shall be deposited with the Leasehold Mortgagee (as defined in Article 33 herein below) or if there be none, with the Fee Mortgagee and if there be neither, then with Landlord.

**B.** Second: the balance shall be shared by Landlord and Tenant in the same proportion that they would have shared in the award balance were there to have been a taking of the whole or materially all of the Premises at the time of the partial taking, that is to say: if the taking shall occur at any time other than during the last five (5) years of the Term, the Tenant shall be entitled to the whole of the balance, and if the taking shall occur during the last five (5) years of the Term, the Tenant shall be entitled to the whole of the balance, and if the taking shall occur during the last five (5) years of the Term, Tenant shall be entitled to receive out of the balance, with interest thereon as allowed by the Condemner, the amount there diminished by twenty per cent (20%) of the balance, with interest thereon as allowed by the Condemner, the amount thereof diminished by twenty per cent (20%) of the balance for each full year (and in proportion for a fraction of a year) that elapses from the day of the five (5)-year period to the date of vesting of title in the Condemner, and the remainder of that balance and interest thereon (as well as the award for Land Value and interest thereon) shall belong to the Landlord.

**C.** The Tenant shall undertake the work of repair and restoration as soon as reasonably practicable; and Tenant shall make the repairs and restoration even if the award balance is insufficient for that purpose.

**D.** Should the partial taking (a) result in rendering the part of the Premises remaining unsuitable for the purposes for which the Project was designed or (b) occur during the last five (5) years of the term, then Tenant in either event at its option upon thirty (30) days' prior notice to Landlord, given at any time within sixty (60) days after the vesting of title in the Condemner, may terminate this Lease. Upon that termination the Rent and other charges under this Lease shall be apportioned as of the date of termination and the Tenant will be discharged



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from responsibility to restore the Premises. Upon that termination the entire award balance shall belong to Landlord free of any claim thereto or any part thereof by Tenant, anything in this Article 12 to the contrary notwithstanding, subject to the rights of any Leasehold Mortgage or fee mortgage.

**12.04** In the event any controversy arises under Section 12.03 as to whether the remainder of the Premises are suitable for the purposes for which the Project was designed or if there be any controversy under this Article 12 as to whether there has been a taking of materially all of the Premises, the controversy shall be resolved by arbitration.

**12.05** This Lease shall not be affected if the condemner by the exercise of its power of eminent domain shall take the use or occupancy of the Premises or any part thereof for a temporary period (hereafter, "temporary taking"). The Tenant shall continue to pay, in the manner and at the time specified in this Lease, the full amounts of the Fixed Ground Rent and all Additional Rent and other charges payable by the Tenant under this Lease. Except only to the extent that the Tenant may be prevented from so doing pursuant to the terms of the order of the Condemnor Tenant shall continue to perform and observe all its other obligations under this Lease, as though the temporary taking had not occurred. Tenant shall be entitled to receive the entire amount of any award made for the temporary taking, whether paid by way of damages, rent, or otherwise, unless the period of temporary use or occupancy shall extend to or beyond the expiration date of the Term of this Lease, in which case the award shall be apportioned between Landlord and Tenant as of the date of expiration of the Term but Landlord shall in that circumstance receive the entire portion of the award that is attributable to physical damage to the Premises and the restoration thereof to the condition immediately prior to the taking. The Tenant covenants that, upon the termination of any temporary taking, prior to the expiration of the Term, it will, at its sole cost and expense, restore the Premises, as nearly as may be reasonably possible, to the condition in which the same was immediately prior to the temporary taking

### **13. INSURANCE.**

a. **Liability Insurance.** During the Lease term, Tenant shall pay for and maintain commercial general liability insurance with broad form property damage and contractual liability endorsements. This policy shall name Landlord as an additional insured, and shall insure Tenant's activities and those of Tenant's employees, officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors with respect to the Premises against loss, damage or liability for personal injury or death or loss or damage to property with a combined single limit of not less than \$250,000.00 and a deductible of not more than \$5,000.00. The insurance will be noncontributory with any liability insurance carried by Landlord.

b. **Casualty Insurance.** During the Lease term, Tenant shall pay for and maintain all-risk coverage casualty insurance (with coverage for flood damage if the Premises are in a flood plain) for the Premises, in an amount sufficient to prevent Landlord or Tenant from becoming a co-insurer under the terms of the policy, and in an amount not less than the replacement cost of the premises, with a deductible of not more than \$5,000.00. The casualty insurance policy shall name Tenant as the insured and Landlord and Landlord's lender(s) as additional insured, with loss payable to Landlord, Landlord's lender(s), and Tenant as their interest may appear. In the event of a casualty loss on the Premises, Landlord may apply insurance proceeds under the casualty insurance policy in the manner described in Section 11(a).



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c. **Miscellaneous.** Insurance required under this Section shall be with companies rated A or better in Best's Insurance Guide, and which are authorized to transact business in the State of Washington. No insurance policy shall be canceled or reduced in coverage and each such policy shall provide that it is not subject to cancellation or a reduction in coverage except after 30 days prior written notice to Landlord. Tenant shall deliver to Landlord upon commencement of the Lease and from time to time thereafter copies or certificates of the insurance policy required by this Section. In no event shall the limit of such policies be considered as limiting the liability of Tenant under this Lease.

**14 INDEMNIFICATION.** Tenant shall defend, indemnify, and hold Landlord harmless against all liabilities, damages, costs and expenses, including attorney's fees, arising from any negligent or wrongful act or omission of Tenant or Tenant's officers, contractors, licensees, agent, servants, employees, guests, invitees, or visitors on or around the Premises as a result of any act, omission, or negligence of Tenant or Tenant's officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors, or arising from any breach of this Lease by Tenant. Tenant shall use legal counsel acceptable to Landlord in defense of any action under Tenant's defense obligation.

**15 ASSIGNMENTS AND SUBLETTING.** Tenant may assign, sublet, mortgage, encumber or otherwise transfer any interest in this Lease (collectively referred to as a "Transfer") or any part of the Premises.

**16 DEFAULT.** The following occurrences shall each be deemed an Event of Default by Tenant.

a. **Failure to Pay.** Tenant fails to pay any sum, including Rent, due under this Lease following 5 days written notice from Landlord of the failure to pay.

b. **Other-Non-Monetary Defaults.** Tenant breaches any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section, and breach continue for a period of 30 days after notice by Landlord to Tenant of Breach.

**17 REMEDIES.** Landlord shall have all remedies available at law or in equity upon an Event of Default.

**18. NON-WAIVER.** Landlord's waiver of any breach of any term contained in this Lease shall not be deemed to be a waiver of the same term for subsequent acts of Tenant.

**19 NOTICES.** All notices under this Lease shall be in writing and effective (i) when delivered in person, (ii) 3 days after being sent by registered and certified mail to Landlord or Tenant, as the case may be, at the Notice Addresses set forth in Section 1(f) or (iii) upon confirmed transmission by facsimile to such persons at the facsimile numbers set forth in Section 1(f) or such other addresses/facsimile numbers as may from time to time be designated by such parties in writing.

**20 COSTS AND ATTORNEY'S FEES.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorney's fees in such suit, at trial and on appeal.



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**21 HAZARDOUS MATERIAL.** Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises by Tenant, its agents, employees, contractors or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, or elsewhere, damages arising from any adverse impact on marketing of space at the premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease term. This indemnification by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises. Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises, by Tenant, its agents, employees, contractors or invitees results in any unlawful release of Hazardous Material on the Premises or any other property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises or any other property, to the condition existing prior to the release of any such Hazardous Material.

As used herein the term "Hazardous Material" means any hazardous, dangerous, toxic or harmful substance, material or waste including biomedical waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government due to its potential harm to the health, safety or welfare of humans or the environment.

**22 QUIET ENJOYMENT.** So long as Tenant pays the Rent and performs all of its obligations in this Lease, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming, through or under Landlord, or by the holders of any Landlord's Mortgage or any successor thereto.

**23 MORTGAGE SUBORDINATION AND ATTORNMEN.** This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements or extension ("Landlord's Mortgage"), provided the holder of any Landlord's Mortgage or any person(s) acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage shall elect to continue this Lease in full force and effect. Tenant shall attorn to the holder of any Landlord's Mortgage or any person(s) acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided such person(s) assume the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than fifteen (15) days execute, acknowledge and deliver documents, which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section are conditioned on the holder of each of Landlord's Mortgage and each person acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy and other rights under this Lease, so long as no uncured Event of Default exists.



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**GENERAL.**

- a. **Heirs and Assigns.** This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.
- b. **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.
- c. **Force Majeure.** Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy war or other strife.
- d. **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington.

IN WITNESS WHEREOF this Lease has been executed the date and year first above written.

**LANDLORD:**

Roger Tjeerdsma  
Roger A. Tjeerdsma

Mary J. Tjeerdsma  
Mary J. Tjeerdsma

**TENANT:**

*Tjeerdsma & Tjeerdsma L.L.C.*

By: Gale A. Hickok  
Gale A. Hickok, President, SEAS Holding Co.,  
Managing Member



200302280250  
Skagit County Auditor

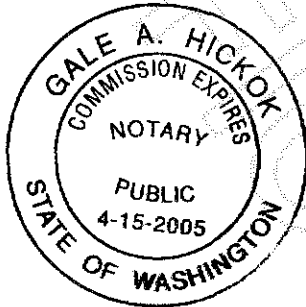
2/28/2003 Page 11 of 13 3:40PM

## LANDLORD'S ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 )ss.  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Roger A. Tjeerdsma and Mary J. Tjeerdsma are the person(s) who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

Dated 11-1-02



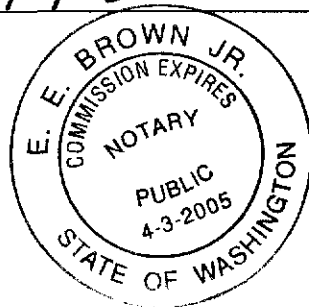
Gale A. Hickok  
Name Gale A. Hickok  
My Appointment expires 4-15-2005  
Residing at: Mt Vernon

## TENANT'S ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 )ss.  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Gale A. Hickok is the person who appeared before me, and that he acknowledged that he signed this instrument and acknowledged it to be free his and voluntary act for the uses and purposes mentioned in the instrument, in his authorized capacity as the managing member of SEAS Holding, L.L.C., sole member of Tjeerdsma & Tjeerdsma L.L.C.

Dated 11-1-02



E. E. Brown Jr.  
Name E. E. Brown Jr.  
My Appointment expires 4-3-2005  
Residing at: Sedro Woolley, WA



200302280250  
Skagit County Auditor

## EXHIBIT "A"

### Legal Description

Lot 19A, "PLAT OF GARDEN MEADOW, DIVISION NO. 2", as recorded October 20, 1991 under Skagit County Auditor's File No. 91101000332, Volume 14 of Plats, page 202, records of Skagit County, Washington, situate in Skagit County, Washington.



200302280250

Skagit County Auditor

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