

Return Address:
Port of Skagit County
P.O. Box 348
Burlington, Wa. 98233



200607190059

Skagit County Auditor

7/19/2006 Page 1 of 28 11:23AM

Document Title(s) (for transactions contained therein):

1. ASSIGNMENT OF LEASE, CONSENT THERETO AND CONSENT TO SUBLEASE
- 2.
3. THIS DOCUMENT IS BEING RE-RECORDED TO ADD COMPLETE COPY OF LEASE,
4. ATTACHED HERETO

**Reference Number(s) of Documents assigned or released:
(on page of documents(s))**

Grantor(s)

1. THOMAS E. LOESCH
- 2.
- 3.
- 4.

Additional Names on page of document.

Grantee(s)

1. JOHN V. AND CLAUDETTE S. GUBRUD
- 2.
- 3.
- 4.

Additional Names on page of document.

Legal Description (abbreviated i.e. lot, block, plat or section, township, range)

Lot 41 of the Amended Skagit Regional Airport Binding Site Plan, Phase 1, as recorded on March 4, 2003, under Auditor's File No. 200303040030

Additional legal is on page of document.

Assessor's Property Tax Parcel/Account Number

L107587, 8012-000-041-0200

The Auditor/Recorder will rely on information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

After Recording Return To: **PORT OF SKAGIT COUNTY**
P.O. BOX 348
BURLINGTON, WA 98233



200603170014

Skagit County Auditor

FIRST AMERICAN TITLE CO.

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B-87466-2

Document Title(s): **ASSIGNMENT OF LEASE, CONSENT THERETO AND CONSENT TO SUBLEASE**

Reference number(s) of document(s) assigned or released: _____

Grantor(s): **THOMAS E. LOESCH**

Additional Name(s) on page ____ of Document.

Grantee(s): **JOHN V. AND CLAUDETTE S. GUBRUD**

Additional Name(s) on page ____ of Document.

Abbreviated Legal Description: Lot 41 of the Amended Skagit Regional Airport Binding Site Plan, Phase 1, as recorded on March 4, 2003, under Auditor's File No. 200303040030.

Additional Legal(s) on page ____ of Document.

Assessor's Parcel/Tax ID Number: **L107587 (8012-000-041-0200)**

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUL 19 2006

Amount Paid To
Skagit Co. Treasurer
By _____ Deputy



200607190059

Skagit County Auditor

S:\SHARED\TENANTS\BBIP\Impressions Worldwide\LoeschGubrudAssignr

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A. RECITALS

WHEREAS, the PORT OF SKAGIT COUNTY, a Washington municipal corporation, ("Lessor"), and IMPRESSIONS WORLDWIDE, INC., a Washington corporation entered into a lease for the real property legally described (as set forth in Exhibit No. 1) (the "Premises") and recorded under Skagit County Auditor's file number 19910150098 ("Lease"); and

WHEREAS, the Tenant's interest in the Lease was assigned to THOMAS E. AND CAROL L. LOESCH, husband and wife, by document entitled "Assignment of Lease" dated November 9, 1999; and

WHEREAS, CAROL L. LOESCH, as an incident of dissolution of marriage, relinquished to THOMAS E. LOESCH, her interest in the Lease by virtue of a quit claim deed dated December 12, 2001 and recorded on December 17, 2001 under Skagit County Auditor's File Number 200112170158; and

WHEREAS, an estoppel certificate requested by Whidbey Island Bank was executed on December 15, 2004, which estoppel certificate superseded a pre-existing estoppel certificate requested by Whidbey Island Bank and executed on September 29, 1999.

WHEREAS, THOMAS E. LOESCH ("Assignor") has agreed to sell the improvements on the Premises and to assign the Tenant's interest in the Lease to JOHN V. & CLAUDETTE S. GUBRUD, husband and wife ("Assignee"), of which sale and assignment the Lessor approves; and

WHEREAS, Assignor has agreed to sub-lease a portion of the premises from Assignee for three years, with one (1) three (3) year option, by document dated February 27, 2006, entitled *Commercial Lease*, of which sub-lease the Lessor approves; and

WHEREAS, the Lease required a rental adjustment on October 15, 2005 but, due to a zoning map error, Lessee is precluded from further developing the property; and

WHEREAS, Lessor and Assignor by letter of agreement executed October 11, 2005, (attached as Exhibit No. 2), agreed to postpone said rent adjustment until the zoning is revised, or until the property is able to be further developed, to which agreement Assignee is willing to be bound;

NOW, THEREFORE, BASED ON THE FORGOING, THE PARTIES NOW ACT AND AGREE AS FOLLOWS:

ASSIGNMENT OF LEASE WITH CONSENT THERETO
ASSIGNOR: THOMAS E. LOESCH
ASSIGNEE: JOHN V. AND CLAUDETTE S. GUBRUD



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Skagit County Auditor

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B. ASSIGNMENT AND AGREEMENT TO SUB-LEASE

FOR VALUE RECEIVED: (1) Assignor, hereby grants, bargains, sells, assigns, transfers and delivers unto Assignee, Assignor's interest in the Lease; and (2) Assignee hereby agrees to sub-lease a portion of the Premises to Assignor on for three years, with one (1) three (3) year option, by document dated February 27, 2006, entitled *Commercial Lease*, on terms and conditions acceptable to the Assignor and Assignee and approved by the Lessor.

C. CONSENT

Lessor hereby consents to the forgoing Assignment of the Lease and sub-lease subject to and contingent upon compliance with the following agreements and conditions:

1. Assignee hereby unconditionally: (a) assumes of all Assignor's obligations contained in the Lease; and (b) accepts, and agrees and covenants to comply with, and guarantees performance and fulfillment of, all the terms and conditions contained in the Lease as modified by the letter of October 11, 2005 referenced as Exhibit No. 2 hereto.
2. Assignor, as sub-lessee, agrees to be bound by all terms of the Lease and to faithfully perform all obligations therein while a sub-lessee.
3. Assignor hereby agrees to comply with all its financial obligations as Lessee incurred to the Lessor through the date of assignment or as thereafter may be determined to have been incurred prior to the date of assignment.
4. A determination by the Lessor, at its sole discretion, that Assignee is financially responsible to meet Lessee's financial obligations pursuant to the Lease. Lessor has determined that the sub-lease agreement dated February 27, 2006, entitled *Commercial Lease*, between Assignee and Assignor is acceptable under the Lessor's leasing policies and the Lease.
5. The Assignee hereby agrees that all notices and payments hereunder may be delivered or mailed as set forth herein. If delivered by messenger, courier (including overnight air courier) or facsimile transmittal, the same shall be deemed delivered when received at the street addresses or facsimile numbers listed below. Lessor shall have no obligation to deliver any notice to Assignor as sub-lessee. All notices and payments mailed, whether sent by regular post or by certified or registered mail, shall be deemed to have been given on the second business day following the date of mailing, if properly mailed to the mailing addresses provided below, and shall be conclusive evidence of the date of mailing. The parties may designate new or additional addresses for mail or delivery by providing notice to the other party as provided in this section.

ASSIGNMENT OF LEASE WITH CONSENT THERETO
ASSIGNOR: THOMAS E. LOESCH
ASSIGNEE: JOHN V. AND CLAUDETTE S. GUBRUD



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To Lessor: **Street Address:**
Port of Skagit County
15400 Airport Drive
Burlington, WA 98233

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

Phone No.: (360) 757-0011 **Fax No.:** (360) 757-0014

To Assignee: **Street Address:**
John V. and Claudette S. Gubrud
910 S. 38th Place
Mount Vernon, WA 98274

Mailing Address:
John V. and Claudette S. Gubrud
910 S. 38th Place
Mount Vernon, WA 98274

Phone No.: (360) 848-5908 **Fax No.:** (360)

The signature of Assignor hereinafter made constitutes evidence of Assignor's acceptance of the terms and conditions herein stated and guarantee of the matters set forth in paragraph B above. The signature of the Assignee hereinafter made constitutes evidence of Assignee's acceptance of the terms and conditions herein stated and agreement to comply with the matters referenced in the paragraph B above and Assignee's guarantee of the performance and fulfillment of the obligations referenced in the paragraphs above.

DATED this 14 day of March, 2006.

ASSIGNOR:

THOMAS E. LOESCH,
AN INDIVIDUAL



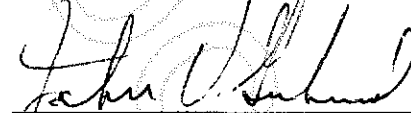
SIGNATURE

3/13/06

DATE

ASSIGNEE:

JOHN V. & CLAUDETTE S. GUBRUD,
HUSBAND AND WIFE



SIGNATURE

3/14/06

DATE



SIGNATURE

3/14/06

DATE

ASSIGNMENT OF LEASE WITH CONSENT THERETO
ASSIGNOR: THOMAS E. LOESCH
ASSIGNEE: JOHN V. AND CLAUDETTE S. GUBRUD

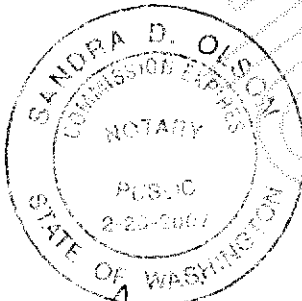


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Skagit County Auditor

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13th day of March, 2006, before me, personally appeared Thomas E. Loesch, to me known to be the individual described in and who executed the within instrument and acknowledged he signed and sealed the same as his free and voluntary act and deed for the uses and purposes herein mentioned.

Witness my hand and official seal hereto affixed the day and year first above written.



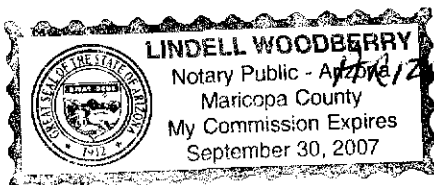
Sandra Olson
Notary Public in and for the state of
Washington, residing at Burlington Wa
My commission expires: 2-20-07

Printed Name: Sandra D. Olson

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On this 14th day of March, 2006, before me, personally appeared JOHN V. GUBRUD and CLUADETTE S. GUBRUD, to me known to be the individuals described in and who executed the within instrument and acknowledged he signed and sealed the same as his free and voluntary act and deed for the uses and purposes herein mentioned.

Witness my hand and official seal hereto affixed the day and year first above written.



Lindell Woodberry
Notary Public in and for the state of
Washington, residing at Phoenix
My commission expires: Sept 30, 2007

Printed Name: Lindell Woodberry

ASSIGNMENT OF LEASE WITH CONSENT THERETO
ASSIGNOR: THOMAS E. LOESCH
ASSIGNEE: JOHN V. AND CLAUDETTE S. GUBRUD



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Skagit County Auditor

CONSENT TO ASSIGNMENT

The Lessor hereby consents to the assignment of the above-referenced Lease, on the conditions hereinbefore set forth.

DATED this 1st day of March, 2006.

PORT OF SKAGIT COUNTY

Glenn B. Allen, Jr.

Glenn B. Allen, Jr., Commission President

3-1-06

Date

Jerry Kaufman

Jerry Kaufman, Commission Secretary

3-1-06

Date

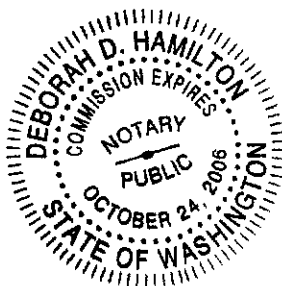
STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)

On this 1st day of March 2006 before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Glenn B. Allen, Jr. and Jerry Kaufman, to me known to be the president and secretary, respectively of the Port Commission of the Port of Skagit County, a municipal corporation, the corporation that executed the foregoing instrument, and 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 they/he/she is/are authorized to execute the said instrument,

Witness my hand and official seal hereto affixed the day and year first above written.



Deborah D. Hamilton

Notary Public in and for the state of

Washington, residing at Burlington WA

My commission expires: 10-24-06

Printed Name: Deborah D. Hamilton

ASSIGNMENT OF LEASE WITH CONSENT THERETO
ASSIGNOR: THOMAS E. LOESCH
ASSIGNEE: JOHN V. AND CLAUDETTE S. GUBRUD



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Skagit County Auditor

Legal description

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

A leasehold interest in the following described tract:

Lot 41, "AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN, PHASE 1", as per plat recorded on March 4, 2003 under Auditor's File No. 200303040030, records of Skagit County, Washington.



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Exhibit 1
After Recording Return To: **PORT OF SKAGIT COUNTY**
P.O. BOX 348
BURLINGTON, WA 98233



199910150098

Kathy Hill, Skagit County Auditor
10/15/1999 Page 1 of 19 2:22:13PM

P90615

LAND TITLE COMPANY OF SKAGIT COUNTY

Document Title(s): LEASE AGREEMENT

Reference No. of Related Document(s): _____

Grantor(s): PORT OF SKAGIT COUNTY

Additional Grantor(s) on page _____ of Document: _____

Grantee(s): IMPRESSIONS WORLDWIDE, INC.

Additional Grantee(s) on page _____ of Document: _____

Abbreviated Legal Description: That portion of Lot 58 of "Skagit Regional Airport Binding
Site Plan: as recorded in Book 7 of short Plats at pages 111 through 120, records of Skagit
County, Washington, under Auditor's File No. 8608250022.

Additional Legal Descriptions(s) on page _____ of Document.

Assessor's Parcel/Tax ID Number: 8012-000-058-0100

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

OCT 15 1999

Amount Paid \$
Skagit County Treasurer
By: Deputy



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Skagit County Auditor

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LEASE AGREEMENT

BETWEEN

PORT OF SKAGIT COUNTY

and

IMPRESSIONS WORLDWIDE, INC.

Dated: 10-15-99

Lessor: Port of Skagit County
Lessee: Impressions Worldwide, Inc.

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Print date 8/16/99



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 Lessee: Impressions Worldwide, Inc.

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PORT OF SKAGIT COUNTY

LEASE AGREEMENT

THIS LEASE AGREEMENT, hereinafter referred to as "this Lease," is made as of October 15, 1999, by and between the PORT OF SKAGIT COUNTY, a Washington municipal corporation, hereinafter referred to as "Lessor," and IMPRESSIONS WORLDWIDE, INC., a Washington corporation, hereinafter referred to as "Lessee."

WITNESSETH:

In consideration of their mutual covenants, agreements and undertakings hereinafter contained, the parties hereto do mutually agree to that which is hereinafter set forth, upon and subject to the following terms, conditions, covenants and provisions:

1. PROPERTY SUBJECT TO THIS LEASE AGREEMENT

The following described property (hereinafter referred to as the "Premises"):

Property located at 11656 Knudson Road, Burlington, WA, more particularly described in Exhibit A, and depicted on a drawing marked Exhibit B, dated December 29, 1994, both of which exhibits are attached hereto and by this reference incorporated herein.

Situated in County of Skagit, State of Washington.

2. TERM

The term of this Lease shall be for thirty (30) year(s), beginning October 15, 1999, (hereinafter referred to as the "Commencement Date"), and ending October 15, 2029, unless sooner terminated pursuant to any provision of this Lease.

3. BUSINESS PURPOSE / BASE LINE ACTIVITY

a. Business Purpose: It is understood and agreed that Lessee intends to use the Premises for the operation of a machine shop, including the storage, fabrication, resale and reconditioning of machine parts and to conduct such other activities as are incidental

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Lessee: Impressions Worldwide, Inc.

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and reasonably related thereto. It is further understood that the above activities are the only type of activities to be conducted upon the Premises. Failure to perform the above type of activities or cessation of such activities or the carrying on of other type(s) of unauthorized activities shall constitute a material default by Lessee of this Lease. Lessee shall at all times operate on the Premises in a manner which will assure the safe, lawful and healthful use of the Premises. Lessee agrees that it will not disturb the Lessor or any other tenant of the Lessor by making or permitting any disturbances or any unusual noise, vibration or other condition on or in the Premises.

b. Baseline Activity: Lessee currently employs three (3) permanent full-time employees on-site, and will maintain at least that number during the entire term.

4. RENT

Commencing on October 15, 1999, Lessee shall pay to Lessor, in lawful money of the United States, without any set-off or deduction, in addition to taxes, assessments, and other charges required to be paid hereunder by Lessee, an initial rent for the Premises of FOUR HUNDRED NINETY SIX DOLLARS AND SIXTY FIVE CENTS (\$496.65) per month, plus leasehold tax, during the term of this Lease. The rent for each month shall be paid to the Lessor in advance on or before the first day of each and every month of the term of this Lease, and shall be payable at such place as the Lessor may hereinafter designate. The rent may be further adjusted by the addition of other sums and charges specified elsewhere in this Lease. The Lessor shall have all of the same rights and remedies with respect to any additional rent or charges in the event of nonpayment or late payment as are available to it in the event of nonpayment or late payment of the rent.

Commencing on June 14, 2000, the rent shall be increased to SEVEN HUNDRED SEVENTEEN DOLLARS AND FORTY THREE CENTS (\$717.43) per month plus leasehold tax. Thereafter, the rent shall be adjusted as provided in the below section entitled PERIODIC RENTAL ADJUSTMENTS.

5. PERIODIC RENTAL ADJUSTMENTS

Commencing on the third (3rd) anniversary of the Commencement Date, and every three (3) years thereafter during the term of this Lease Agreement, the rent shall be adjusted.

a. Amount: The rent shall be adjusted to be the market rental value of the Premises. Lessor shall notify Lessee of the amount as determined by the Port Commission. If the rent

Lessor: Port of Skagit County
Lessee: Impressions Worldwide, Inc.

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amount is not acceptable to the Lessee, market rental value shall be established by the procedure in the succeeding paragraph.

b. 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. In establishing the fair cash market value, the appraiser shall assume the following to be true:

6. SECURITY FOR RENT

To secure the rent hereunder, Lessee agrees to furnish to Lessor rental insurance, bond or other security acceptable to Lessor in an amount equal to one (1) year's rent.

7. LATE CHARGES

Lessee hereby acknowledges that late payment by Lessee to the Lessor of rent, or any other sums due hereunder will cause the Lessor to incur costs not otherwise contemplated by this Lease. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by the Lessor within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay the Lessor a late charge equal to 5% of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs the Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by the Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable in this Lease or otherwise, whether or not collected, for three (3) installments of rent in any 12month period, then rent shall automatically become due and payable quarterly in advance, rather than monthly notwithstanding the above section entitled RENT or any other provision of this Lease to the contrary. In addition to the late charges provided for in this section, interest shall accrue on rent, or any other sums due hereunder, at the rate of one and one-half percent (1 1/2%) per month from the date due until paid.

Lessor: Port of Skagit County
Lessee: Impressions Worldwide, Inc.

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8. CONSTRUCTION OF IMPROVEMENTS

If Lessee intends to construct improvements on the Premises, it shall be at Lessee's cost. Lessee shall not commence construction of any improvements or alterations (alterations include, but are not limited to structural changes, painting of the exteriors of structures, changes to wiring and plumbing) or install any fixtures (other than fixtures which can be removed without injury to the Premises) without prior written consent of Lessor and subject to any and all conditions in such approval. Lessee shall submit to Lessor all plans and specifications relating to such construction of improvements, alterations or installation of any fixtures (other than fixtures which can be removed without injury to the Premises), in accordance with Lessor's Bayview Business and Industrial Park Development Standards. The construction of all improvements, alterations and/or installation of fixtures shall be carried out by Lessee in a first-class manner at its sole cost and expense, and in full compliance with all federal, state, county and other governmental statutory and regulatory requirements. Until the expiration or sooner termination of this Lease, title to any improvements situated and constructed by Lessee on the Premises and any alteration, change or addition thereto, as well as title to fixtures and articles of personal property attached to or used in connection with the Premises by Lessee, shall remain solely in Lessee.

9. DISPOSITION OF IMPROVEMENTS AT END OF LEASE

Lessee shall have the right to remove all equipment, personal property and trade fixtures which may have been placed upon the premises by Lessee during the period of this lease, provided that the same are removed upon conclusion of the lease and that the lease is in good standing. Any such equipment, personal property and trade fixtures not removed from the premises by the conclusion of the lease shall revert to Lessor. All other improvements shall become the property of the Lessor. If Lessee does not remove all equipment, personal property and trade fixtures which have been placed on the premises by Lessee during the period of this Lease and Lessor wants the property removed, then the same shall be removed and stored at Lessee's expense and Lessor shall recover any costs and expenses from the Lessee resulting from the removal. Following removal of said described property, the premises shall then be restored by Lessee to a condition requiring Lessor to only undertake normal excavation for construction of a new building, or to such other condition approved by Lessor prior to termination of this lease.

10. CONDITION OF THE PREMISES

Lessee has inspected the property, and the sub-surface conditions, and accepts the property in its present condition; is not relying upon any covenants, warranties or representations of Lessor as to its condition or usability, except Lessor's right to grant a lease of the property; and

Lessor: Port of Skagit County
Lessee: Impressions Worldwide, Inc.

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agrees to make any changes in the Premises necessary to conform to federal, state and local law applicable to Lessee's use of the Premises.

11. LESSEE WILL OBTAIN PERMITS

Lessee shall be solely responsible for obtaining and complying with all permits, approvals or licenses required for the operation and conduct of Lessee's business activities and the construction, installation, erection and/or operation of any structures, facilities or equipment, including but not limited to, items constituting alterations or defined as trade fixtures on the Premises. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all costs incurred by the Lessor, including actual attorney's fees, occasioned by Lessor pursuing Lessee's default for its failure to obtain and/or comply with such permits. Lessee agrees to hold the Lessor harmless from any liability and to fully reimburse expenses of the Lessor for Lessee's failure to obtain and/or fully comply with any necessary permit.

12. INSURANCE COVERAGE

a. **Casualty Insurance:** Lessee shall at Lessee's expense maintain on all improvements belonging to Lessor and on all of Lessee's personal property and leasehold improvements and alterations on the premises, casualty insurance, with extended coverage in the amount of their replacement value.

b. **Liability Insurance:** Lessee shall, at its own expense, maintain throughout the term of this lease, proper liability insurance with a reputable insurance company or companies satisfactory to the Lessor in the minimum of \$1,000,000 single limit liability, and a comprehensive general liability broadening endorsement (and hereafter in such increased amounts to be comparable and consistent with the going or standard coverage in the area for comparable business operations).

c. **Certificates:** The Lessor shall be named as one of the insured, and shall be furnished a copy of such policy or policies or certificate(s) of coverage, or both, at the Lessor's election. Each certificate of insurance shall provide that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice of such cancellation having been first given to the Lessor.

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Lessee: Impressions Worldwide, Inc.

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13. WAIVER OF SUBROGATION

The Lessor and Lessee hereby mutually release each other, and their respective successors or assigns, from any liability and waive all right of recovery against each other from any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto. Provided, that this section shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of Lessor or Lessee.

14. HOLD HARMLESS PROVISIONS, LIABILITY AND INDEMNITY

The Lessor, its officers, employees and agents, shall not be liable for any injury (including death) or damage to any persons or to any property sustained or alleged to have been sustained by the Lessee or by others as a result of any condition (including existing or future defects in the premises), or occurrence whatsoever related in any way to the premises or related in any way to the Lessee's use of the premises or Lessee's performance under this lease, except to the extent of such damage caused solely by negligence of the Lessor. Lessee agrees to defend and hold and save the Lessor, its officers, employees and agents, harmless from any and all liability or expense (including expense of litigation) in connection with any such items of actual or alleged injury or damage.

15. OFF STREET PARKING

Lessee agrees not to use any public streets, rights of way or other properties not included in this Lease for the parking of vehicles.

16. ADVERTISING AND SIGNS

No signs or other advertising matter, symbols, canopies or awnings shall be installed, attached to or painted on the Premises without the prior written approval of the Lessor's executive director, or the executive director's designee.

17. EQUAL OPPORTUNITY

The Lessee covenants and agrees that in the performance of this Lease, the Lessee shall conduct its activities in a manner that will assure fair, equal and nondiscriminatory treatment of all persons regardless of race, creed, sex, marital status or ethnic origin. Notwithstanding any exemption contained in the State or Federal law, the Lessee shall comply with all Federal and

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State laws, rules or regulations concerning hiring and employment and assuring the service of all patrons, customers, members or invitees without discrimination as to any person's race, creed, sex, marital status or ethnic origin.

18. LAWS AND REGULATIONS

The Lessee agrees, at its sole cost and expense, to conform to, comply with and abide by all lawful rules, codes, ordinances, requirements, orders, directions, laws and regulations of the United States, the State of Washington, and any municipality or agency of any of said entities, including rules and regulations of Lessor, including without limitation those relating to environmental matters, now in existence or hereafter promulgated, applicable to the Lessee's use and operation of said Premises, including the construction of any improvements thereon, and not to permit said Premises to be used in violation of any of said rules, codes, laws or regulations. Any fees for inspection of the Premises during or for the term of this Lease by any federal, state or municipal officer shall be paid by Lessee. Lessee shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of the failure of Lessee to comply with the covenants of this section.

19. ENVIRONMENTAL PROVISIONS

a. Lessee covenants to defend, indemnify, and hold Lessor harmless from any imposition or attempted imposition by any person upon Lessor of any obligation or cost ("liability") of whatever form, including , without limitation, damages; claims; governmental investigations, proceedings or requirements; attorney fees in investigation, at trial or administrative proceeding, or on appeal; witness or consultant costs; or any other liability to the extent that such liability arises from a violation, or alleged violation, or from the failure to satisfy a requirement, or alleged requirement, of any environmental or land use law or regulation, proximately resulting from use of the Premises during the term of this Lease, and without regard to when the liability is asserted.

b. In like manner as in Paragraph a) above, so shall Lessor indemnify Lessee except only for liability proximately resulting from use of the Premises prior to the commencement of this Lease.

c. The parties acknowledge that each has inspected the Premises. Lessee shall have until September 15, 1999, to do further inspections and notify Lessor in writing of legally impermissible chemical contamination, if any. Without such written notification from Lessee, it will be presumed that future chemical contamination will have occurred during

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the term of this Lease and Lessee agrees to assume the burden, by clear and convincing evidence, that this presumption is erroneous.

d. Any other provision of this Lease to the contrary notwithstanding, Lessee's breach of any covenant contained in this Lease shall be an Event of Default empowering Lessor, in addition to exercising any remedy available at law or in equity, to terminate this Lease and to evict Lessee from the Premises forthwith and with impunity.

e. Lessee shall notify Lessor within twenty-four (24) hours of any release of a reportable quantity of any hazardous substance (as that term is defined in CERCLA, 42 USC 9601, et. seq. or the Washington Model Toxics Control Act), or of the receipt by Lessee of any notices, orders or communications of any kind from any governmental entity which relate to the existence of or potential for environmental pollution of any kind existing on or resulting from the use of the Premises or any activity conducted thereon. If Lessee fails to comply with any of the requirements of this section, Lessor may undertake, without cost or expense to Lessor, any actions necessary to protect Lessor's interest including steps to comply with such laws.

20. MAINTENANCE / COMMIT NO WASTE

The Lessee shall at all times during the term of this Lease maintain the Premises in good condition and shall, at its sole cost and expense, keep the Premises and the adjoining driveways and walkways neat, clean and in a safe and sanitary condition. Lessee agrees not to allow conditions of waste and refuse to exist on the premises.]

21. UTILITIES

Lessee agrees to contract with the appropriate provider and pay for all public utilities which shall be used in or charged against the Premises, and to hold the Lessor harmless from such charges. With regard to utilities provided by the Lessor, Lessee will pay to Lessor according to the Lessor's established rate.

22. LIENS AND INSOLVENCY

Lessee shall keep the Premises free from any liens arising out of work performed, materials furnished, or obligations incurred by Lessee. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of the Lessee, then the Lessor may cancel this Lease at Lessor's option.

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23. TAXES

Lessee shall pay any taxes on the Premises and/or on the leasehold interest created by this lease and/or any activity arising under this Lease.

24. COSTS AND ATTORNEYS' FEES

If by reason of default on the part of either party to this Lease agreement it becomes necessary to employ an attorney to recover any payments due hereunder or to enforce any provision of this Lease, the prevailing party, whether such party be the successful claimant or the party who successfully defended against the claim of the other party, shall be entitled to recover a reasonable attorney's fee and to be reimbursed for such costs and expenses as may have been incurred by such prevailing party.

25. TERMINATION

Upon termination of this lease or any extension thereof, whether by expiration of the stated term or sooner termination thereon as herein provided, Lessee shall surrender to Lessor said premises peaceably and quietly and in the condition required under the paragraphs entitled MAINTENANCE/COMMIT NO WASTE AND DISPOSITION OF IMPROVEMENTS AT END OF LEASE.

26. DEFAULT AND RE-ENTRY

Time is of the essence of this agreement. (i) If (a) any rent or other payment due from Lessee hereunder remains unpaid for more than ten (10) days after the date it is due; (b) Lessee files a voluntary petition in bankruptcy or makes a general assignment to the benefit of, or a general arrangement with, creditors; (c) there is an involuntary bankruptcy filed against Lessee that has not been dismissed within thirty (30) days of filing; (d) Lessee becomes insolvent; or (e) a receiver, trustee, or liquidating officer is appointed for Lessee's business; or (ii) If Lessee violates or breaches any of the other covenants, agreements, stipulations or conditions herein, and such violation or breach shall continue for a period of thirty (30) days after written notice of such violation or breach is sent to Lessee, then Lessor may at its option, declare this Lease forfeited and the term hereof ended, or without terminating this Lease elect to re-enter and attempt to relet, in which event Lessee authorizes Lessor to relet the premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Lessor in its sole discretion deems advisable. Upon each such reletting, all rentals received by Lessor from such reletting shall be applied, first, to the payment of any amounts other than rent due hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such reletting and renovation,

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including brokerage fees and attorneys' fees; third, to the payment of rent due and unpaid hereunder, and the residue, if any shall be held by Lessor and applied to payment of future rent as the same may become due and payable hereunder. If rental received from such reletting during any month are less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor, and Lessee covenants and agrees to pay Lessor for all other expenses resulting from its default, including, but not limited to, brokerage commissions, attorneys fees and the reasonable cost of converting the premises for the benefit of the next Lessee. Delinquent rental and other payments shall bear interest at the rate of eighteen percent (18%) per annum from the date due until paid. In the event of any default hereunder and entry in, or taking possession of, the premises, Lessor shall have the right, but not the obligation, to remove from the premises all personal property located therein, and may store the same in any place selected by Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, with the proceeds of such sale to be applied to the cost of such sale and to the payment of charges for storage, and to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof.

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. 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. As a condition to any assignment or sublease, Lessor may revise the rental to be consistent with its then current rental policy.

28. LESSOR'S RIGHT TO ENTER PREMISES

Lessor and/or its authorized representatives shall have the right to enter the premises at all reasonable times for any of the following purposes:

- a. To determine whether or not the premises are in good condition or whether the Lessee is complying with its obligations under this Lease;
- b. To do any necessary maintenance and to make any restoration to the Premises that the Lessor has the right or obligation to perform;
- c. To post "For Rent" or "For Lease" signs during any period that the Lessee is in default;
- d. To repair, maintain or improve the Premises; and

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e. To do any other act or thing necessary for the safety or preservation of the Premises.

Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of the Lessor's entry onto the premises as provided in this section. Lessor shall conduct its activities on the premises as provided herein in a manner that will cause the least inconvenience, annoyance or disturbance to the Lessee.

Lessee understands that the property here in before described is within the Lessor's Bayview Business and Industrial Park, situated in Industrial Development District No. 1. Lessor has or may promulgate and adopt resolutions, regulations and covenants for the orderly development, maintenance, care and control of all property within said district. The same effect Lessee's use of the property here in before described. Lessee agrees to comply with such resolutions, regulations and covenants in force as of the date of this Lease and all other resolutions, regulations and covenants which may be promulgated by Lessor.]

29. RETENTION OF AIRSPACE RIGHTS BY LESSOR

Lessor retains the public and private right of flight for the passage of aircraft in the airspace above the surface of the property hereinbefore described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or as hereinafter used, for navigation of or flight in said airspace and for use of said airspace for taking off from, landing on or operating at Skagit Regional Airport.

30. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS

Lessee agrees:

- a. to prevent any operation on the Premises which would produce electromagnetic radiations of a nature which would cause interference with any existing or future navigational aid or communication aid serving Skagit Regional Airport, or which would create any interfering or confusing light or in any way restrict visibility at the Airport; and
- b. to prevent any use of the Premises which would interfere with landing or taking off of aircraft at Skagit Regional Airport, or otherwise constitute an aviation hazard.]

31. NOTICES

All notices or payment hereunder may be delivered or mailed. Below are the addresses of the parties:

Lessor: Port of Skagit County
Lessee: Impressions Worldwide, Inc.

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LESSOR: Port of Skagit County
15400 Airport Drive
P. O. Box 348
Burlington, WA 98233
Phone: (360) 757-0011
FAX: (360) 757-0014

LESSEE: Impressions Worldwide, Inc.
11656 Knudson Road
Burlington, WA 98233
156 Vista Del Mar
Camano Island, WA 98292
Phone: (360) 652-3100
FAX: (360) 387-0940

35. TIME IS OF THE ESSENCE

It is mutually agreed and understood that time is of the essence of this lease and that a waiver of any default of Lessee shall not be construed as a waiver of any subsequent default, and that any notice required to be given under this lease may be given by United States Mail addressed to the party identified in the paragraph entitled NOTICES of this lease.

IN WITNESS WHEREOF, Lessor has caused this instrument to be signed by its President and Secretary, on the date and year first above written.

LESSOR:

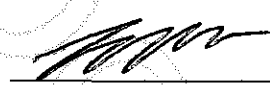
PORT OF SKAGIT COUNTY

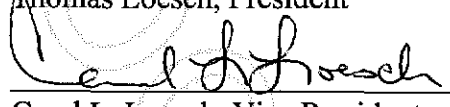

John E. Henriot, Commission President


Brian J. Rolfson, Commission Secretary

LESSEE:

IMPRESSIONS WORLDWIDE, INC.


Thomas Loesch, President


Carol L. Loesch, Vice President

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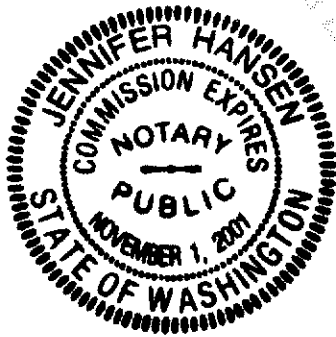


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STATE OF WASHINGTON)
) Ss
COUNTY OF SKAGIT)

On this 17th day of August, 19 99, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared John E. Henriot and Brian J. Rolfson, to me known to be the President and Secretary respectively, of the Port Commission of the PORT OF SKAGIT COUNTY, a municipal 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 were duly authorized to execute the same and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.



Jennifer Hansen
(signature)

Jennifer Hansen
(print name)

NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham
My appointment expires: November 1, 2001

STATE OF WASHINGTON)
) Ss
COUNTY OF Snohomish)

On this 14 day of October, 19 99, before me personally appeared Thomas E. Loesch and Carol L. Loesch to me known to be the President and Vice President, respectively, of the corporation that executed the within and 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 were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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Lessee: Impressions Worldwide, Inc.

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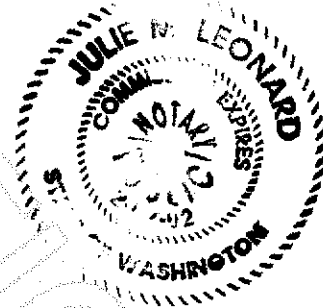


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IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Julie M Leonard
(signature)

Julie M Leonard
(print name)



NOTARY PUBLIC in and for the
State of Washington, residing at

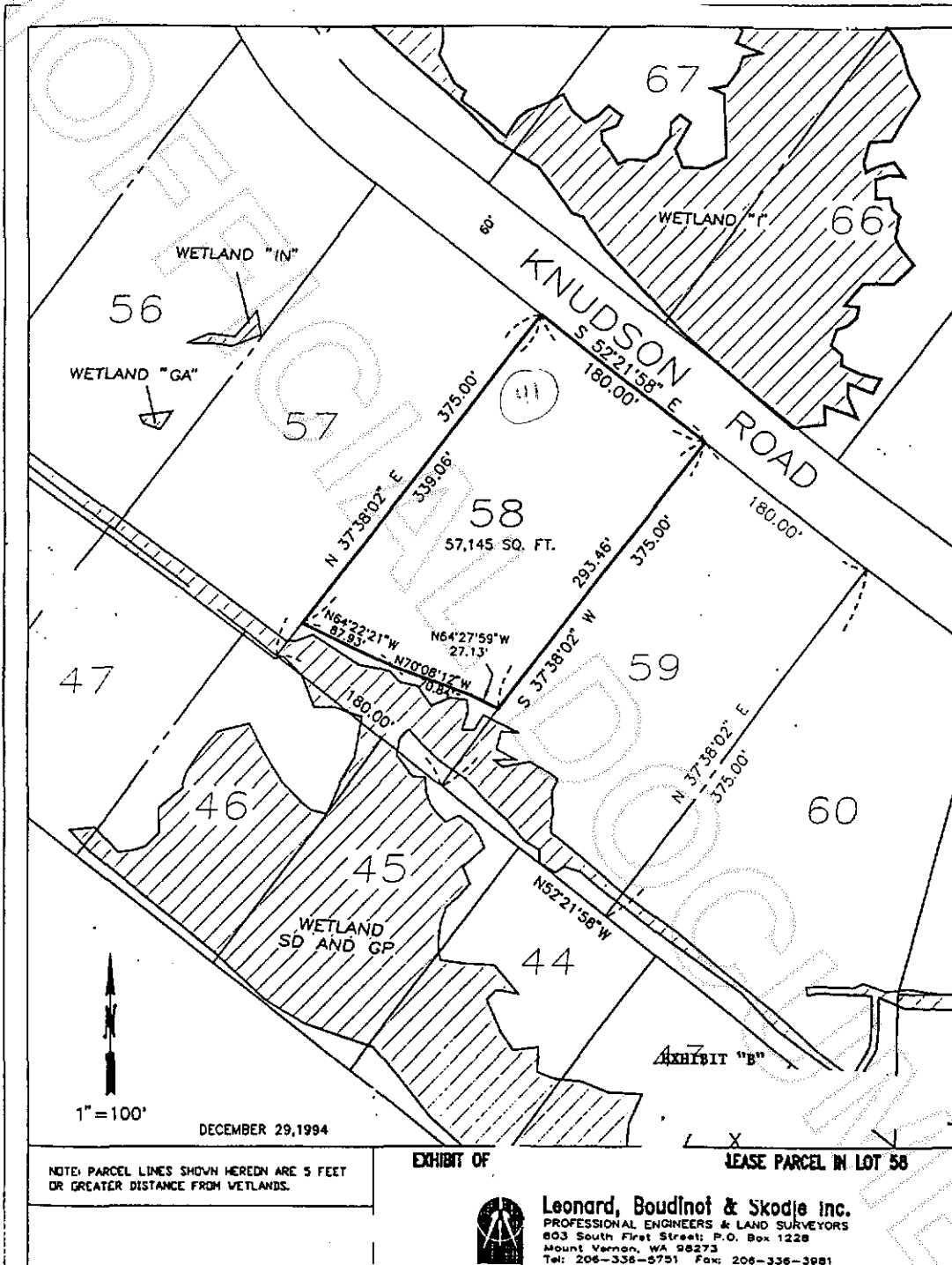
Camano Island
My appointment expires: 2.2.2002

Lessor: Port of Skagit County
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Lot # changed
to Lot 44
1.31 Acres



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Leonard, Boudinot & Skodje Inc.
PROFESSIONAL ENGINEERS & LAND SURVEYORS

December 29, 1994

JOHN E. THORNTON, JR., P.E. & P.L.C.

ROBERT C. BODINOT, JR., P.E.

JOHN C. A. SKODJE, P.E.

Job No. 94145

LEGAL DESCRIPTION FOR: Lease Parcel From the Port of Skagit County to Skiff Point Associates, Inc.

That portion of Lot 58 of "Skagit Regional Airport Binding Site Plan" as recorded in Book 7 of Short Plats at pages 111 through 120, records of Skagit County, Washington, under Auditor's File No. 860825002, described as follows:

Beginning at the most Northerly corner of said Lot 58; thence South 52° 21' 58" East, along the Northeasterly line of said Lot 58, a distance of 180.00 feet to the most Easterly corner of said Lot; thence South 37° 38' 02" West, along the Southeasterly line of said Lot, 293.46 feet; thence North 64° 27' 59" West, 27.13 feet; thence North 70° 08' 12" West, 70.84 feet; thence North 64° 22' 21" West, 87.93 feet to a point on the Northwesterly line of said Lot; thence North 37° 38' 02" East, along said Northwesterly line, 339.06 feet to the **POINT OF BEGINNING.**

(Containing 57,145 square feet.)

Situate in the County of Skagit, State of Washington.

EXHIBIT "A"



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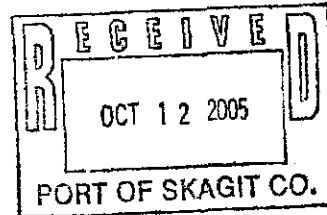
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Exhibit 2

PORT OF SKAGIT COUNTY

October 4, 2005



Mr. Tom Loesch
Impressions Worldwide, Inc.
P.O. Box 482
La Conner, WA 98257

RE: Lease Agreement dated October 15, 1999
Lessor: Port of Skagit County
Lessee by Assignment: Thomas & Carol Loesch
Your letter dated September 22, 2005

Dear Tom,

This letter is in response to your letter dated September 22, 2005. It is agreed that the market rental value of the premises for the period October 15, 2005 through October 14, 2008 is \$1,612.07, including Leasehold Tax. However, because of a zoning error, Lessee is precluded from constructing additional industrial square footage on the premises. Therefore, Lessor and Lessee agree the rent for the premises shall remain \$841.93, including Leasehold Tax, until Lessee gains the zoning or other ability to proceed with such construction. *If you are in agreement, please sign the extra copy of this letter and return it to me by October 15, 2005.*

If you have any questions or concerns, please feel free to give me or Melinda Davies a call at 360/757-0011.

Yours truly,

Patricia H. Botsford-Martin
Property/Development Manager

PHBM/mgd

cc: Dorothy Walker, Accounting

It is so agreed:

Tom Loesch, President

THANKS
OCT 11, 2005
Date

INDUSTRIAL PROPERTIES • AIRPORT • MARINA

Administrative Offices / Airport 15400 Airport Drive, P.O. Box 348, Burlington, WA 98233, (360)757-0011, FAX (360)757-0014
La Conner Marina 613 North 2nd, P.O. Box 1120, La Conner, WA 98



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