

Filed for Record at Request of:  
G&D Wallace, Inc.  
PO Box 569  
Burlington, WA 98233



200705110095  
Skagit County Auditor

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**FARM LEASE**

Grantor/Landlord: **Holtcamp Farms Partnership,** A Washington  
General Partnership

Grantee/Tenant: **G & D Wallace, Inc.,** a Washington Corporation

Legal Description: Open space #343 #761432 1973-TRF #839088 DT 14 NE1/4 of  
SE1/4 -- additional legal on page 9

Assessor's Tax Parcel ID#: P36830, P36833, P36829, P36828, and  
P36827  
FIRST AMERICAN TITLE CO.

Wild-1

ACCOMMODATION RECORDING ONLY

**FARM LEASE**

**Holtcamp - Dahlstedt Road Farm**

THIS FARM LEASE is made and effective  
January 1, 2007, between **Holtcamp Farms  
Partnership**, a Washington General Partnership comprised  
of W.H. Holtcamp, Jr., and Thomas Holtcamp ("Landlord"),  
and **G & D Wallace, Inc.**, a Washington corporation,  
("Tenant").

1. **Lease of Farm Land.** The Landlord hereby leases  
to Tenant to occupy and use for agricultural and  
related purposes, certain bare farmland consisting of  
**147 acres**, more or less, located North of Dahlstedt

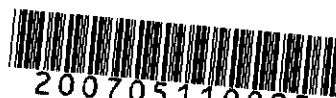
Road in Skagit County, WA, and comprised of the following Skagit County parcel numbers: P36830; P36833; P36829; P36828; and P36827 (the "land"), and legally described on Exhibit "A." **The parties acknowledge that the land includes all of the farmable real estate owned by Landlord but does not include any buildings.** The parties agree to cooperate in good faith to correct any error in the acreage calculation should an error be discovered.

2. **Term of Lease.** The term of this lease shall be for **5 calendar years** commencing January 1, 2007.

3. **Rental.** The rental for the land shall be the sum of **\$225 per acre - per year**, payable each year on April 1st. Property taxes shall be paid by the Landlord.

The rental rate shall be adjusted on the 3<sup>rd</sup> anniversary of the lease (January 1, 2010) to account for inflation. Said adjustment shall be computed as follows: The "All Items" Consumer Price Index for Urban Wage Earners and Clerical Workers (1982-84 = 100) for Seattle-Tacoma published by the United States Department of Labor's Bureau of Labor Statistics ("CPI") for the second half of 2006 shall be the "Base Index." The CPI for the second-half of the calendar year immediately preceding the Adjustment Date shall be the "Adjustment Index". If the applicable Adjustment Index has increased over the Base Index, then the rent per acre payable under this lease commencing with the Adjustment Date (and continuing until the end of the lease term) shall be \$225 multiplied by a fraction, the numerator of which is the appropriate Adjustment Index and denominator of which is the Base Index. In no event shall the rent per acre be reduced below the sum payable thereunder immediately preceding an Adjustment Date.

4. **Possession.** Except as provided herein, the Tenant shall be entitled to the full, complete and uninterrupted possession of the land for the term of this lease agreement.



**5. Owner's Option to Terminate Lease if Land Sold.** In the event Landlord sells all or any portion of the farmland during the term of this lease, then Landlord's successor shall have the option to terminate this Lease as to the land sold effective upon the end of the calendar year in which it is exercised. If in Tenant's judgment the remaining land is insufficient to permit viable potato farming, then Tenant may terminate this Lease as to any remaining land.

**6. Maintaining the Farm.** To improve the Farm, conserve its resources, and maintain it in a high state of cultivation, the two parties agree as follows:

a. **Waste.** The Tenant will not commit waste on or damage to the land, and will use due care to prevent others from doing so.

b. **Good Husbandry.** The Tenant will operate the farm in an efficient and husbandlike way, and will do the plowing, seeding, cultivating and harvesting in a manner that will conserve the Landlord's land, all in accordance with good farming standards and practices in Skagit County.

c. **Noxious Weeds.** The Tenant will use reasonable diligence to prevent noxious weeds, quack grass, and thistles from going to seed on the farm.

**7. Waiver of Subrogation.** Landlord and Tenant respectively do each hereby waive their rights of recovery from the other for any loss or damage caused by perils insured against to the extent permitted by the insurance policies of each.

**8. Surrender of Premises.** Tenant agrees that on the expiration of this lease, Tenant will quit and surrender the premises, without notice, in as good a state and condition as at the inception of the lease, except for ordinary soil changes caused by cultivation.



9. **Default and Re-Entry.** Time is of the essence with respect to all matters herein, and if any rents above reserved shall remain unpaid when the same are due, or if Tenant shall violate or default in any of the material promises herein contained, then the Landlord may cancel this lease upon giving the notice required by law and re-enter said premises, but notwithstanding such re-entry by the Landlord, the liability of the Tenant for the rent provided for herein shall not be extinguished for the balance of the term of this lease. This lease may be specifically enforced. The substantially prevailing party in any legal action to enforce this lease shall be entitled to reasonable attorney's fees.

10. **Notices.** The addresses of the parties for all purposes, including giving any notices required or permitted under this lease are as follows:

Landlord: Holtcamp Farms Partnership  
10080 Holtcamp Road  
Sedro Woolley, WA 98274

EIN# 91-1262528

Tenant: G & D Wallace, Inc.  
P.O. Box 569  
Burlington, WA 98233

Notices shall be deemed effective 3 days after mailing to the address specified by certified mail, return receipt requested. Either party may specify a new address at any time by notice to the other party in writing.

11. **Heirs and Successors.** The terms of this lease shall be binding upon the heirs, executors, administrators, successors, and assigns of the Landlord and Tenant in like manner as upon the original parties. Tenant may sublet all or a portion of the land to

another farmer to facilitate crop rotation provided  
Tenant remains bound by the terms hereof.

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IN WITNESS WHEREOF, the parties have hereunto affixed their signatures this 2nd day of ~~February~~, 2007.  
*March*

**Landlord**  
Holtcamp Farms Partnership

*Mildred Holtcamp*  
\_\_\_\_\_  
Partner

*Thomas Holtcamp*  
\_\_\_\_\_  
Thomas Holtcamp, Partner

**Tenant**

G & D WALLACE, INC.

*[Signature]*  
\_\_\_\_\_  
By:

*Kear*  
SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

MAY 11 2007

Amount Paid \$ *0*  
Skagit Co. Treasurer  
By *[Signature]* Deputy

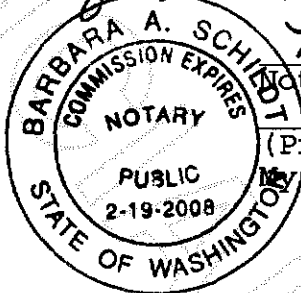


STATE OF WASHINGTON )  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Mildred Holtcamp is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a partner of Holtcamp Farms Partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument.

DATED: March 2, 2007.

*\*attorney-in-fact for W.H. Holtcamp*

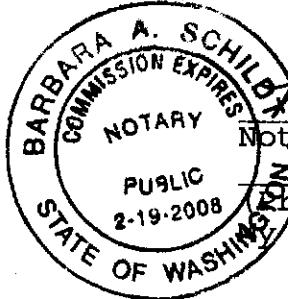


Barbara A. Schildt  
Notary Public  
Barbara A. Schildt  
(Print or Type Name of Notary)  
Appointment Expires: 2/19/08

STATE OF WASHINGTON )  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Thomas Holtcamp is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a partner of Holtcamp Farms Partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument.

DATED: March 2, 2007.



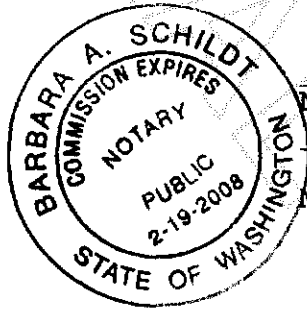
Barbara A. Schildt  
Notary Public  
Barbara A. Schildt  
(Print or Type Name of Notary)  
Appointment Expires: 2/19/08



STATE OF WASHINGTON )  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Jack R. Wallace is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Secretary of G & D WALLACE, INC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: March 2, 2007.



Barbara A. Schildt  
Notary Public  
Barbara A. Schildt  
(Print or Type Name of Notary)  
My Appointment Expires: 2/19/08

**EXHIBIT A  
LEGAL DESCRIPTION**

Farm Lease: Landlord: HOLTCAMP FARMS PARTNERSHIP  
Tenant: G & D WALLACE, INC.

**P36827 (40 acres) Tax Acct # 350417-4-001-0007 Q04 Sec17 T35 R04**  
OPEN SPACE #343 #761432 1973-TRF#839088 DT 14 NE1/4 of SE1/4

**P36828 (20 acres) Tax Acct # 350417-4-002-0006 Q04 Sec17 T35 R04**  
OPEN SPACE #343 #761432 1973-TRF#839088 DT 14 NW1/4 of SE1/4 LESS TR

**P36829 (20 acres) Tax Acct # 350417-4-003-0005 Q04 Sec17 T35 R04**  
OPEN SPACE #162 #750788 1973 DT 14 W 672.2' of NW1/4 of SE1/4 EXC. S 16.5'  
TH OF.

**P36830 (38.26 acres) Tax Acct # 350417-4-004-0004 Q04 Sec17 T35 R04**  
SW1/4 SE1/4 LESS RD & LESS E 147FT OF W DT 14 290FT OF S 130FT N OF RD  
OPEN SPACE #343 #761432 1973-TRF#839088

**P36833 (38.7 acres) Tax Acct # 350417-4-006-0002 Q 04 Sec 17 T 35 R 04**  
OPEN SPACE #343 #761432 1973-TRF#839088 DT 14 SE1/4 OF SE1/4 LESS RD

**FULL LEGAL DESCRIPTION:**

**Parcel A:** The Southeast 1/4 of Section 17, Township 35 North, Range 4 East, W.M., EXCEPT County road along the South line thereof AND EXCEPT ditch right-of-way AND EXCEPT the following described tracts:

1. The East 147 feet of the West 290 feet of the South 130 feet of that portion of the Southwest 1/4 of the Southeast 1/4 lying North of the County Road.
  2. The West 672.2 feet of the Northwest 1/4 of the Southeast 1/4, EXCEPT the South 16.5 feet thereof.
- Situate in the County of Skagit, State of Washington.

**Parcel B:** The West 672.2 feet of the Northwest 1/4 of the Southeast 1/4 of Section 17, Township 35 North, Range 4 East, W.M. EXCEPT the South 16.5 feet thereof.  
Situate in the County of Skagit, State of Washington.

**SUBJECT TO: EASEMENTS, COVENANTS, AND RESTRICTIONS OF RECORD**

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