

Return address:

Jackie Feazick  
16975 Field Rd  
Bow, WA 98232



201104130054

Skagit County Auditor

4/13/2011 Page 1 of 20 1:31PM

Document Title:

Lease Agreement  
With option to purchase

Reference Number:

Grantor(s):

additional grantor names on page \_\_\_

1. Frazier, Roy
2. Frazier, D. Jackie

Grantee(s):

additional grantee names on page \_\_\_

1. Thompson Eric J.
2. Thompson, Heather

Abbreviated legal description:

full legal on page(s) \_\_\_

pt N Lot 2 SP 23-88  
13-35-3

Assessor Parcel / Tax ID Number:

additional tax parcel number(s) on page \_\_\_

P96195

# LEASE AGREEMENT WITH OPTION TO PURCHASE

THIS LEASE, dated for reference purposes only this 1st day of October, 2010, (the "Effective Date") is made by and between Roy L. Frazier and D. Jackie Frazier (hereinafter "Landlord") and Eric J. Thompson and Heather Thompson (hereinafter "Tenant"). For consideration of the terms and conditions of this Agreement to be performed by Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Leased Premises as herein described. This Lease is subject to the terms, covenants and conditions herein set forth and the Tenant and Landlord hereby agree as a material part of the consideration for this Lease each party will perform each and all of said terms, covenants and conditions set forth herein.

## I. RECITALS

1. Landlord owns an approximately 2.99 acre parcel of real property with single family residence located at 17483 Sam Bell Road, Bow, Washington legal described in Exhibit "A" attached hereto ("the Property" or "Leased Premises").
2. It is the intent of this Lease Agreement ("the Lease:" or ""this Lease") that Landlord lease to Tenant the Property under the terms and condition set forth herein and, if the option to purchase is exercised by Tenant, to sell the Property under the terms and condition set forth herein

## II. TERMS AND CONDITIONS

### 1. LEASED PREMISES

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

APR 13 2011

Amount Paid \$  
Skagit Co. Treasurer  
By MF Deputy

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**1.1 Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord that certain real property (herein called "Leased Premises") containing a single family residence on approximately 2.99 acres of land plus existing buildings located on the Property (located in the County of Skagit, State of Washington) the legal description of which is set forth on Exhibit "A" attached hereto.

**1.2 Taking Possession/ Condition of Leased Premises.** Upon execution of this Lease and taking possession of the Leased Premises, Tenant shall be deemed to have inspected, d and approved and accepted the Leased Premises as is. Landlord will not make any more improvements to premises. Tenant shall accept property as is at the time of sale.

**1.3 Tenant Improvements.** If Tenant desires to construct additional improvements or maintain, improve, or repair the existing residence and building, Tenant shall assume all responsibility and financial obligation for permitting, approval, construction, maintenance and repair of said improvements. Tenant shall hold Landlord harmless from all costs and expenses with respect to Tenant improvements on the Leased Premises. All improvements on the Leased Premises shall remain the property of Landlord as specifically set forth herein or as further agreed to in writing by the parties.

## 2. LEASE TERM

**2.1 Term.** The term ("Lease Term") of this lease shall be for twenty-four (24) months commencing upon the Effective Date set forth herein and expiring at the end of the twenty-four month period; to wit: September 30, 2012. No extensions shall be granted unless agreed to in writing by the Parties.

**2.2 Delivery of Possession.** Tenant shall be deemed to have taken possession of the Premises upon execution of this Lease.

## 3. RENT

**3.1 Rent.** Tenant shall pay to Landlord as rent for the Leased Premises the sum of One Thousand Five Hundred Dollars (\$1500.00) per month beginning on the Effective Date

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and due on the first day of each month thereafter. The first month rent will be prorated to the date of execution of the Lease based upon a thirty day month. The Landlord shall be responsible for the real estate taxes paid annually to Skagit County based upon the amount assessed on the Property on Skagit County Assessor Tax Parcel No. 350313-3-012-0100/P96195. If any rental payment is received by Landlord after the fifth day of any month a thirty dollar (\$30.00) late charge will be assessed and due immediately upon notification. If Tenant fails to pay the late penalty upon notice, then an additional thirty dollar (\$30.00) late charge will be assessed for every seven day period the late penalty remains delinquent thereafter. **If the cumulative late fee is not paid by the date of the next monthly rental payment is due (first of the next month), then such failure to pay shall constitute a major breach of the Lease and this Lease shall terminate upon notice by the Landlord.**

**3.2 Option Payment.** In addition to the rent payment described in paragraph 3.1 above, the Tenant shall pay an additional One Thousand Five Hundred Dollars (\$1500.00) per month beginning on the Effective Date and due on the first day of each month thereafter as consideration of the Exclusive Option to Purchase as set forth in paragraph 20 below.

**3.3 No Adjustments to Rent.** Unless the Parties agree in writing, no adjustments to the rent shall be required during the term of this Lease.

#### 4. SECURITY DEPOSIT

No Security Deposit is required.

#### 5. PERSONAL PROPERTY TAXES

Tenant shall pay, before delinquency, all assessments, license fees and public charges levied, assessed or imposed upon or measured by the value of its business operation, including but not limited to the furniture, fixtures, leasehold improvements, equipment and other personal property of Tenant at any time situated on or installed on the Leased Premises by Tenant. If at any time during the term of this Lease any of the foregoing are assessed as part of the real property of which the Leased Premises are a part, Tenant shall

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pay to Landlord upon demand the amount of such additional taxes as may be levied against said real property by reason thereof. For the purpose of determining said amount, figures supplied by the County Assessor as to the amount so assessed on said Tenant personal property shall be conclusive.

**6. INSURANCE AND INDEMNITY**

**6.1 Indemnification.** It is understood and agreed that Landlord shall not be liable for injury to any person, or for the loss of or damage to any property (including property of Tenant) occurring in or about the Leased Premises from any cause whatsoever except for Landlord's negligence or willful misconduct. Tenant hereby indemnifies and holds Landlord harmless from and against and agrees to defend Landlord against any and all claims, charges, liabilities, obligations, penalties, damages, costs and expenses (including attorney's fees) arising, claimed, charged or incurred against or by Landlord from any matter or thing arising from Tenant's use of the Leased Premises, the conduct of its business or from any activity, work or other things done, permitted or suffered by the Tenant in or about the Premises, and Tenant shall further indemnify and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of the Tenant, or any officer, agent, employee, guest, or invitee of Tenant, and from all costs, attorney's fees and liabilities incurred in or about the defense of any such claim or any action or proceeding brought thereon and in case any action or proceeding be brought against Landlord by reason of such claim. Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord hereby assumes all risk of damage to property or injury to persons in, upon or about the Leased Premises, from any cause other than Landlord's negligence, or willful misconduct, and Tenant hereby waives all claims in respect thereof against Landlord. The indemnification provided for in this Section with respect to any acts or omissions during the term of this Lease shall survive any termination or expiration of this Lease. Landlord and his agents shall not be liable for any loss or damage to persons or property resulting

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from fire, explosion, steam, gas, electricity, water or rain which may leak from any part of the Leased Premises or from pipes, appliances or plumbing works therein or from the roof, street or subsurface or from any other place resulting from dampness or any other cause whatsoever, unless caused by or due to the negligence of Landlord, its agents, servants or employees. Landlord and its agents shall not be liable for interference with the light, air or for any latent defect on the Leased Premises. Tenant shall give prompt notice to Landlord in case of casualty or accidents on the Leased Premises .

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## 6.2 Insurance.

**6.2.1 Tenant.** During the entire Lease Term the Tenant shall, at its own expense, maintain adequate liability, fire and property insurance with a reputable insurance company or companies in an amount agreed to in writing by the Parties (including bodily injury and property damage) to indemnify both Landlord and Tenant against any such claims, demands, losses, damages, liabilities and expenses. Landlord shall be named as one of the insured and shall be furnished with a copy of such certificate of insurance, which shall bear an endorsement that the same shall not be cancelled except upon not less than twenty (20) days prior written notice to Landlord. Tenant shall also at its own expense maintain, during the Lease Term, insurance covering its furniture, fixtures, equipment and inventory in an amount equal to the full insurable value thereof, against fire and risks covered by standard extended coverage endorsement and insurance covering all plate glass and other glass on the Premises. Tenant shall provide Landlord with copies of the certificates of insurance thereof. If Tenant fails to maintain such insurance, Landlord may maintain the same on behalf of Tenant. Any premiums paid by Landlord shall be deemed additional rent and shall be due on the payment date of the next installment of the rent paid hereunder .

A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Tenant under the provisions of this Lease shall be delivered to Landlord on or before the Effective Date of the Lease Term hereof and thereafter, as respects policy renewals, within thirty (30) days prior to the expiration of the term of each such policy. Each of said certificates of insurance and each such policy of insurance required to be

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maintained by Tenant hereunder shall expressly evidence insurance coverage as required by this Lease. All such policies shall be written as primary policies not contributing with and not in excess of coverage which Landlord may carry.

**6.2.2 Landlord.** During the entire Lease Term the Landlord shall, at its own expense, maintain adequate homeowner insurance on the Leased Premises with a reputable insurance company or companies in an amount solely determined by Landlord (including bodily injury and property damage) to indemnify Landlord, from all claims, demands, losses, damages, liabilities and expenses due to Landlord's negligence or willful conduct.

## 7. USE

**7.1 Use.** The Leased Premises shall be used and occupied by Tenant for residential purposes and for business purposes, but only if such business purposes are approved and authorized by appropriate governmental authority. Any and all other uses, not specifically set forth herein, are prohibited unless approved in writing by Landlord.

**7.2 Suitability.** Tenant accepts the Leased Premises in the condition existing as of the Effective Date. This Lease shall be subject to all applicable zoning ordinances and to any municipal, county and state laws and regulations governing and regulating the use of the Leased Premises.

**7.3 Uses Prohibited.** Tenant shall not do or permit anything to be done in or about the Leased Premises which will increase the existing rate of insurance upon the Leased Premises (unless Tenant shall pay any increased premium as a result of such use or acts) or cause the cancellation of any insurance policy covering said Leased Premises or any building of which the Leased Premises may be a part, nor shall Tenant sell or permit to be kept, used or sold on or about said Leased Premises any articles which may be prohibited by a standard form policy of fire insurance.

Tenant shall not do or permit anything to be done in or about the Leased Premises which will in any way obstruct or interfere with the rights of Landlord, owner, or occupants in which the Leased Premises may be a part or injure or annoy them or use or allow the Leased Premises to be used for any unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Leased Premises. Neither

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Tenant nor Landlord shall commit or cause to be committed any waste in or upon or about the Leased Premises or Residential Property.

Tenant shall not dispose of nor otherwise allow the release of any hazardous waste or substances in, on, or under the Leased Premises, any improvements placed thereon or any adjacent property. Tenant represents and warrants to Landlord that Tenant's intended use of the Leased Premises does not involve the use, production, disposal or bringing on the Leased Premises of any hazardous waste or substance of types other than, or in quantities in excess of, those normally incident to the use of the Leased Premises for general agricultural use. For purposes of this Lease the term "hazardous waste or substance" shall mean any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state or local statute regulation, rule or ordinance now or hereafter in effect.

Tenant shall not use the Leased Premises or permit anything to be done in or about the Leased Premises which will in any way conflict with any law, statute, zoning restriction, ordinance or governmental rule or regulation or requirements of duly constituted public authorities now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any insurances carriers now or hereafter constituted relating to or affecting the condition, use or occupancy of the Leased Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant .

**7.4 Liens.** Tenant shall keep the Leased Premises, the residence, and any building of which are a part of the Leased Premises free from any liens arising out of work performed, materials furnished or obligations incurred by either the Landlord or Tenant and each shall indemnify, hold harmless and defend the other from any liens and encumbrances arising out of any work performed or material furnished by or at the direction of each respective party. Tenant shall give to Landlord at least ten (10) business days prior written notice of

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the expected date of commencement of any work relating to alterations or additions to the Leased Premises.

**8. UTILITIES**

Tenant shall be liable for and shall pay throughout the term of this Lease all charges for utilities, including but not limited to electricity, heat, oil, gas consumed upon the Leased Premises and telephone, cable, water, satellite, sewage, drainage and garbage disposal services. **Failure to pay all utility charges in a timely manner shall constitute a material breach of the Lease and this Lease will terminate upon notice by the Landlord .**

**9. MAINTENANCE OF PREMISES**

**9.1 Maintenance and Repair by Tenant.** Tenant shall at all times throughout the Lease Term at its sole cost and expense, keep the Leased Premises in good order, condition and repair, damage by unavoidable casualty or weather excepted.

**9.2 Surrender of Premises.** At the expiration or sooner termination of this Lease, Tenant shall return the Leased Premises to Landlord in the same condition in which received (or, if altered by Landlord or by Tenant with the Landlord's consent, then the Leased Premises shall be returned in such altered condition), reasonable wear and tear excepted. Tenant shall remove all signs, trade fixtures, appliances and equipment which do not become a part of the Leased Premises and alterations which Landlord designates to be removed, and shall restore the Leased Premises to the condition they were in prior to the installation of said items. Tenant's obligation to perform this covenant shall survive the expiration or termination of this Lease .

**10. ALTERATIONS AND IMPROVEMENTS**

**10.1 Alterations by Tenant.** Tenant shall not make any alterations, additions or improvements in or to the Leased Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld by Landlord. Any such alterations,

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additions or improvements consented to by Landlord shall be made at Tenant's sole expense. Tenant shall secure any and all governmental permits required in connection with any such work, and shall hold Landlord harmless from any and all liability (including attorney's fees and costs) and any and all liens resulting therefrom. All alterations, additions and improvements, do not become a part of the leased Premises, may become the property of Landlord provided the parties agree in writing and to the sale price. Upon the expiration or sooner termination of the Term hereof, at Tenant's option, Tenant may, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, and Tenant shall, forthwith and with all due diligence, at its sole cost and expense, repair any damage to the Leased Premises caused by such removal.

**10.2 Alterations by Landlord.** Landlord may make alterations, additions or improvements in or to the Leased Premises subject to at least thirty days prior written notice to Tenant and provided that said alterations, additions or improvements do not interfere with Tenant's use of the Property.. Any such alterations, additions or improvements shall be made at Landlord's sole expense. Landlord shall secure any and all governmental permits required in connection with any such work, and shall hold Tenant harmless from any and all liability (including attorney's fees and costs) and any and all liens resulting therefrom. All alterations, additions and improvements constructed by Landlord upon the Leased Premises shall become a part of the Leased Premises, unless otherwise agreed to in writing by Tenant. Said alterations, additions or improvements shall become the Property of the Tenant upon closing, provided Tenant exercises the option to purchase as set forth herein or unless otherwise agreed to in writing by the parties.

## 11. ASSIGNMENT AND SUBLETTING

Tenant may not assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, in whole or any part of the Leased Premises without the prior written consent of Landlord. Tenant remains fully liable for the rent during the unexpired Lease Term hereof unless a novation is executed between the Landlord and the new Tenant.

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**12. ACCESS BY LANDLORD**

**12.1 Right of Entry.** Landlord shall have the right to enter the Leased Premises after receiving permission from Tenant . Reasonable advance notice is required.

**13. DAMAGE OR DESTRUCTION**

In the event the Leased Premises are damaged to such an extent as to render the same untenable in whole or in a substantial part thereof, or are destroyed, rent shall be abated unless the Tenant, by their own acts or negligence caused the destruction in which case rent shall not be abated and the obligation to pay rent will continue. It shall be optional with the Landlord after consultation with Tenant, to repair or rebuild the same; and after the happening of any such contingency, the Landlord shall have not more than ninety (90) days after date of such damage or destruction to notify the Tenant in writing of Landlord's intention to repair said Leased Premises, or the part so damaged as aforesaid, and if Landlord elects to repair or rebuild said Leased Premises, Landlord shall begin the work of such repairing or rebuilding without unnecessary delay. In the event any building on the Leased Premises shall be damaged (even though the remainder of the Leased Premises hereby shall not be damaged thereby) to such an extent that, in the sole opinion of Landlord, it shall not be practical to repair or rebuild, or is destroyed, then Tenant shall not be required to pay rent after said notification. If the Tenant acts, conduct or negligence caused the damages or destruction then Tenant shall be responsible to clean up the destroyed or damaged building remnants and debris and restore the Leased Premises to their original condition, less reasonable wear and tear.

**14. DEFAULT AND RE-ENTRY**

**14.1 Tenant's Default.** The occurrence of any one or more of the following shall constitute a default under this Lease by Tenant:

**(a) Failure to Pay.** The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure

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shall continue for a period of ten (10) calendar days after written notice thereof by Landlord to Tenant.

**(b) Failure to Perform.** The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenant, other than a failure to pay any amount due hereunder, where such failure shall continue for a period of thirty (30) calendar days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) calendar days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) calendar day period and thereafter diligently prosecutes such cure to completion.

**14.2 Landlord's Remedies.** If any rent owed herein or any part thereof shall be and remain unpaid for period of over ten (10) days or if Tenant shall violate or default in any of the covenants or agreements herein contained, then the Landlord may elect to pursue any right or remedy Landlord may have under the laws of the State of Washington .

No action of Landlord shall terminate this Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease.

## 15. LATE CHARGES

If any payment due under the provisions of this Lease, including rent, is late by greater than five (5) days after it is due, the a late charge of \$30.00 per day will be charged under the terms of this lease.

## 16. DISPUTES, ATTORNEY'S FEES AND COSTS, AND VENUE

If either party to this Lease is required to initiate or defend litigation in any way connected with this Lease, the prevailing party in such litigation, in addition to other relief which may be granted, shall be entitled to an award of reasonable attorney's fees and costs incurred in this matter, including those on appeal. If either party to this Lease is required to initiate to defend litigation with a third party because of a violation of any term and provision of this Lease, or obligation of the other party to the Lease, then the party so litigating or arbitrating shall be entitled to reasonable attorney's fees and costs incurred

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during the litigation and on any appeal. All such fees shall be deemed to have occurred on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment. Venue of any such action shall be in Skagit County, Washington.

### 17. NON-WAIVER OF BREACH

The failure of the Landlord or Tenant to insist upon strict performance of any of the covenants and agreements of this Lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of such, or any other covenants or agreements, but the same shall be and remain in full force and effect.

### 18. REMOVAL OF TENANT'S PERSONAL PROPERTY

In the event of any entry in, or taking possession of, the Leased Premises by Landlord in accordance with the terms of this Lease, the Landlord shall have the right, which right shall not be exercised unreasonably, but not the obligation, to remove from the Leased Premises all personal property located therein, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the Tenant thereof. Landlord shall have the right to sell such stored property, without notice to Tenant, after it has been stored for a period of six months or more, the proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof. The balance, if any, shall be paid to Tenant. Landlord shall not remove any personal property of Tenant without reasonable advance notice to Tenant.

### 19. HEIRS AND SUCCESSORS

Subject to the provisions hereof pertaining to Assignment, Subletting and Option to Purchase, the covenants and agreements of this Lease shall be binding upon the heirs, legal representatives, successors and assigns of any or all of the parties hereto.

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**20. TENANT'S EXCLUSIVE OPTION TO PURCHASE**

In consideration of the payment of One Thousand Five Hundred Dollars (\$1500.00) per month, in accordance with paragraph 3.2 above, which amount both Landlord and Tenant hereby deem sufficient to support the option to purchase herein, Landlord hereby grants to Tenant an exclusive option to purchase the Leased Premises.

**20.1 Conditions Precedent to Exercise of Option to Purchase.** Said option can be exercised under the following conditions:

**20.1.1** The Land (Seller) and Tenant shall execute the attached Residential Purchase and Sale Agreement (Exhibit "B" hereto), the terms of which have been agreed to by the Parties.

**20.1.2** The Tenant must be fully current with every financial obligation, covenant, and condition set forth herein in this Lease Agreement..

**20.1.3** The closing must occur prior to the Lease expiration date set forth herein unless such period is extended in writing by both parties.

**20.2 Exercise of Option to Purchase.** Subject to the conditions set forth in paragraph 20.1 above, the Tenant may exercise this exclusive option to purchase at any time after the execution of this Lease by written notification to the Landlord of the Tenant's intent to exercise the option to purchase the Leased Premises. Failure by Tenant to exercise this exclusive option to purchase prior to the expiration of the Lease Term shall result in the termination of the option to purchase and forfeiture of all payments made in consideration of said option.

**20.3 Option price.** The Landlord and Tenant agree that the purchase price shall be Two Hundred Fifty-Eight Thousand dollars (\$258,000.00). Tenant (purchaser) shall be credited upon closing One Thousand Five Hundred Dollars (\$1500.00) per month of the rent payment made pursuant to the terms of this lease. Customary closing costs will be split equally between the parties.

**20.4 Landlord to Convey with Statutory Warranty Deed.** Upon the exercise of the option by Tenant and payment of the agreed purchase price, Landlord

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shall deliver a statutory warranty deed to Tenant transferring the Leased Premises with clear title without liens or encumbrances or the like.

**21. SUBORDINATION; QUIET ENJOYMENT**

This Lease shall not, without express written consent of the Parties, be subordinated to any third party and any and all present and future mortgages, deeds of trust and other encumbrances affecting the Leased Premises or the property of which said Leased Premises are a part. Landlord shall not encumber the Leased premises with any liens, debts or any other encumbrances or clouds on title.

**22. CONDEMNATION**

If the Premises or any portion thereof are taken under the power of eminent domain, or sold by Landlord under the threat of the exercise of said power (all of which is referred to as "Condemnation"), this Lease shall not terminate unless the Leased Premises are not usable for the Tenant's purpose, as determined in the sole discretion of the Tenant. All awards for the taking of any part of the Leased Premises or any payment made under the threat of the exercise of power of eminent domain shall be the property of Landlord, whether made as compensation for diminution of value of a leasehold or for the taking of the fee or as severance damages; and Tenant shall be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property.

**23. NOTICES**

Wherever under this Lease provision is made for any demand, notice or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the either party, it shall be in writing and served either personally or sent by United States mail, postage prepaid, addressed to the address set forth herein below:

**Landlord:**

Roy L. Frazier

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Initials RF Date 10-15-10



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D. Jackie Frazier  
16975 Field Road  
Bow, WA 98232

**Tenant:**

Eric Thompson  
Heather Thompson  
18898 Dahlstedt Road  
Burlington, WA 98233

**24. MISCELLANEOUS**

**24.1 Merger Clause/Amendments and Modifications.** This agreement constitutes the entire understanding between the parties and supersedes all prior or contemporaneous understandings, agreements or representations. No modification or amendment to this agreement shall be effective unless it is agreed to in writing and signed and dated by both Parties hereto.

**24.2 Severability.** If any term or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

**24.3 Time; Joint and Several Liability.** Time is of the essence of this Lease and each and every provision hereof. All the terms, covenants and conditions contained in this Lease to be performed by either party, if such party shall consist of more than one person or organization, shall be deemed to be joint and several, and all rights and remedies of the parties shall be cumulative and non-exclusive of any other remedy at law or in equity.

**24.4 Memorandum of Lease.** This Lease may be recorded by either party. If the parties both agree not to record this Lease, then a Memorandum of Lease describing the Premises, giving the term of this Lease and the name and address of Landlord and Tenant,

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referring to this Lease, and in form suitable under law, as a record notice, shall be promptly executed, acknowledged and delivered by both parties; such Memorandum of Lease shall be recorded by either party with all costs split equally between the Parties.

**25. HAZARDOUS AND TOXIC WASTE MATERIALS**

Neither the Landlord nor the Tenant shall cause or permit or otherwise bring or release upon the Residential Property or the Leased Premises any hazardous waste or substance defined by either local, state, or federal law during the Lease Term. Both Landlord and Tenant shall comply with all statutes, regulations, and ordinances and with all orders, decrees, and judgments, or governmental authorities, or courts having jurisdiction relating to the use, collection, treatment, disposal, storage, control, removal, or cleanup of hazardous waste of substances in, on, or under the Residential Property and the Leased Premises. Should either the Landlord or Tenant release hazardous waste or substances on the Residential Property or the Leased Premises, the responsible party shall reimburse the non-responsible party for the full amount of costs and expenses incurred by the non-responsible party in connection with such activities. Such obligations shall survive any termination of this Lease. Notwithstanding the prohibition of bringing hazardous waste or substances upon the Residential Property or Leased Premises, if either party violates that prohibition, the responsible party shall in addition to all other remedies available to the non-responsible party, indemnify and hold the non-responsible party harmless from any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, cleanup costs, remedial action, costs and expenses.

In Witness Whereof, the Landlord and Tenant have executed this Lease the date and year first above written .

**Tenant: Eric J. Thompson**

  
Eric J Thompson

10/15/10  
Date

Initials ET Date 10/15/10  
Initials ET Date 10/15/10

16

Initials AA Date 10-15-10  
Initials DF Date 10-15-10



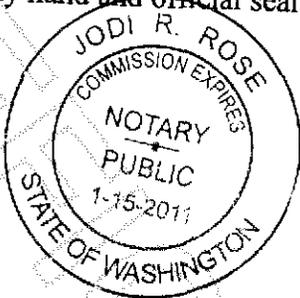
201104130054  
Skagit County Auditor



COUNTY OF SKAGIT )

On this 15<sup>th</sup> day of October, 2010 before me the undersigned Notary Public, Personally appeared Heather Thompson, personally known to me to be the person whose name is subscribed to this instrument and acknowledged that she executed it.

WITNESS my hand and official seal.



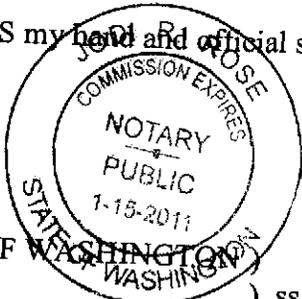
Jodi Rose  
Jodi Rose, Notary Public  
My commission expires: 1-15-2011

**LANDLORD: Frazier**

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this 15<sup>th</sup> day of October, 2010, before me the undersigned Notary Public, personally appeared Roy L. Frazier, personally known to me to be the person whose name is subscribed to this instrument and acknowledged that he executed it.

WITNESS my hand and official seal.

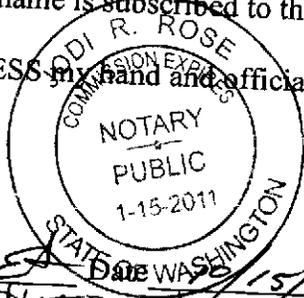


Jodi Rose  
Jodi Rose, Notary Public  
My commission expires: 1-15-2011

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this 15<sup>th</sup> day of October, 2010, before me the undersigned Notary Public, personally appeared D. Jackie Frazier, personally known to me to be the person whose name is subscribed to this instrument and acknowledged that she executed it.

WITNESS my hand and official seal.



Jodi Rose  
Jodi Rose, Notary Public

Initials HT Date 10/15/10  
Initials HT Date 10/15/10

18  
Initials DF Date 10-15-10  
Initials DF Date 10-15-10



201104130054  
Skagit County Auditor

My commission expires: 1-15-2011

### EXHIBIT "A"

That portion of Lot 2, Skagit County Short Plat No. 23-88, approved June 7, 1988, recorded June 8, 1988, in Volume 8 of Short Plats, page 43, under Auditor's File No. 8806080061, records of Skagit County, Washington; being a portion of the Southwest 1/4 of the Southwest 1/4 of Section 13, Township 35 North, Range 3 East, W.M., described as follows:

Beginning at the Southwest corner of said Short Plat; thence East along the South line thereof, 213.79 feet, more or less, to a point that is 326 feet West of an East line of said Lot 2 as measured at right angles to said East line, and the true point of beginning; thence North 1 degree 7' 36" West, parallel to said East line to a point that is 400 feet North of the south line of said short Plat as measured at right angles thereto; thence East parallel to the South line 326 feet to a point on an East line of said Short Plat; thence South along said East line to the South line of said Lot 2; thence West along the South line of said Lot 2, 326 feet to the true point of beginning.

Subject to: Paragraphs A and B of Schedule B-i of First American Title Insurance Company Preliminary commitment for Title Insurance No. 31045.

Situate in Skagit County, State of Washington



201104130054

Skagit County Auditor

4/13/2011 Page 20 of 20 1:31PM

Initials EA Date 10/15/10  
Initials MT Date 10/15/10

Initials AT Date 10-15-10  
Initials DJR Date 10-15-10