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Skagit County Auditor

10/14/2011 Page

1 of

22 9:27AM

WHEN RECORDED RETURN TO:

Offspring Investments, LLC
837 Corsair Drive
Independence, OR 97351

ACCOMMODATION RECORDING
ACCOMMODATION RECORDING
LAND TITLE OF SKAGIT COUNTY

M-19311

POOR ORIGINAL

DOCUMENT TITLE(S):

Assignment of Lease

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

GRANTOR:

Alyeska Marine, LLC, a general partnership

GRANTEE:

Offspring Investments, LLC, a general partnership

ABBREVIATED LEGAL DESCRIPTION:

Slip 5, Twin Bridges Marina

Slip #5, DK 12 DT 19 BAT INT OF S LI S & M RLY WI LI MEAN HIGH TIDE PADILLA BAY TH
SELY ALG S LI SD RLY TO INT WI CO RD TH WLY ALG N LI CO RD TO LI MEAN HIGH TDE
TH NWLY TPB PTN N SEC 2 11 & 12

TAX PARCEL NUMBER(S):

P130635, ~~P125102, 0076, 0000, 0003, 0000~~

ASSIGNMENT OF LEASE

THIS ASSIGNMENT, by and between Alyeska Marine, LLC, a Washington LLC (hereinafter, "Assignor") and Offspring Investments, LLC, an Oregon LLC (hereinafter, "Assignee"), as follows:

WHEREAS, on September 29, 2007, Assignor entered into that certain COMMERCIAL LEASE AGREEMENT ("the Lease") with Twin Bridge Marine Park, LLC, a copy of which is attached hereto and marked "Exhibit 1," and;

WHEREAS, in return for valuable consideration, the receipt of which is hereby acknowledged, Assignor has agreed to assign to Assignee all its rights, title and interest in and to said Lease to Assignee.

NOW, THEREFORE, it is agreed as follows:

1. In consideration of the premises, Assignor hereby assigns to Assignee all of its right, title and interest in and to the said Lease, together with all rights and privileges pertaining thereto.

2. Assignee accepts the above assignment and subjects itself to all the promises and covenants therein contained. Assignee agrees to assume all of the obligations of "Tenant" under said lease.

3. Assignor further warrants that Assignor is in compliance with all terms of the Lease, has paid all Rent due under its terms and will indemnify and hold harmless Assignee in the event of any breach of Assignor's warranties therein.

Dated this 7th day of October, 2011.

Assignor

Alyeska Marine, LLC

By: Jeff Hendricks, Member

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

20113092

OCT 14 2011

Amount Paid \$ 1795.00
Skagit Co. Treasurer
By MF Deputy

Assignee

Offspring Investments, LLC

By: Fred R. Lowther, Trustee of the Fred R. Lowther Restated Revocable Trust, as Member of Offspring Investments, LLC

By: Kathryn B. Lowther, Trustee of the Kathryn Bernice Lowther Revocable Trust, As Member of Offspring Investments, LLC



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Twin Bridge Marine Park, LLC, hereby consents to the above assignment and and accepts Alyeska Marine, LLC as Tenant under said Lease in the place and stead of Offspring Investments, LLC, which is released from any further liability on said lease. Twin Bridge Marine Park, LLC acknowledges that moorage fees are fully paid up in advance through October 15, 2011.

Dated: 10/13/11, 2011.

Twin Bridge Marine Park, LLC
By: [Signature]
President

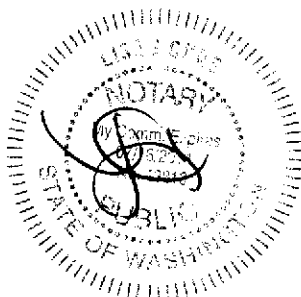
STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)

I certify that I know of have satisfactory evidence that Jeff Hendricks 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 member of Alyeska Marine, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, this 7 day of October, 2011, I have hereunto set my hand and affixed my official seal.



Print [Signature]
Notary Public In And For The State of
Washington, Residing at: Burlington
My Commission Expires: 10-16-14



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STATE OF Washington }
County of Skagit }

I certify that I know or have satisfactory Fred R. Lowther
signed this instrument, on _____ He is
oath stated that _____
authorized to execute the instrument and _____ Trustee of the Fred R. Lowther
acknowledged it as the _____ Restated
Revocable Trust, as Member of Offspring Investments LLC to be the free and voluntary act of such
party for the uses and purposes mentioned in this instrument.

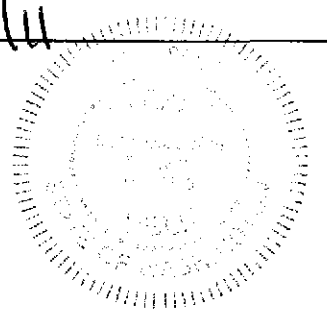
Dated: 10/13/11

 [Signature]
Notary Public in and for the Washington
Residing Burlington
My appointment 10-14

STATE OF Washington }
County of Skagit }

I certify that I know or have satisfactory Kathryn B. Lowther
signed this instrument, on oath stated that _____ she is
authorized to execute the instrument and _____ Trustee of the Kathryn Bernice
acknowledged it as the _____ Lowther Restated
Revocable Trust, as Member of Offspring Investments LLC to be the free and voluntary act of such
party for the uses and purposes mentioned in this instrument.

Dated: 10/13/11

 [Signature]
Notary Public in and for the Washington
Residing Burlington
My appointment 10-14



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EXHIBIT 1

**TWIN BRIDGES MARINA
COMMERCIAL LEASE AGREEMENT**

This Commercial Lease Agreement ("Lease") is entered into as of September 29, 2007, by and between Twin Bridge Marine Park, LLC ("Landlord") and Alyeska Marine, LLC ("Tenant").

1. Premises.

1.1. Identification. Subject to the terms and conditions set forth herein, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, approximately 2,880 square feet of open water moorage space currently designated as Slip 5 (the "Premises") located in the area of Twin Bridge Marina designated for the moorage of floating boathouses (the "Marina"). The Marina and surrounding areas are approximately as depicted on Exhibit A hereto on the property legally described on Exhibit B hereto, commonly known as 11071 Josh Green Lane, Mount Vernon, Washington 98273.

1.2. Location. Tenant acknowledges that the Premises are comprised of a designated open water moorage space sufficient to moor the floating boathouse being acquired by Tenant from third party manufacturers in conjunction with execution of this Lease ("Tenant's Boathouse").

1.3. License to Common Areas. In conjunction with leasing the Premises, Tenant is also granted a non-exclusive license to use the following common areas, as approximately depicted on Exhibit A:

Parking Area: Tenant will have the non-exclusive right to park vehicles owned by Tenant and Tenant's guests within the existing Parking Area depicted on Exhibit A. Landlord may change the Parking Area location from time to time, provided that comparable parking area will always be provided. Use of the Parking Area will be at Tenant's sole risk, and may be subject to additional rules promulgated by Landlord in the future.

Access Area: Tenant will have the non-exclusive right to cross the Marina property for access to and from Tenant's Boathouse as depicted on Exhibit A. Landlord may change this access location from time to time, provided that convenient access will always be provided. Use of this Access Area will be at Tenant's sole risk, and may be subject to additional rules promulgated by Landlord in the future.

1.4. As Is. Tenant accepts possession of the Premises in their "as is" condition. Landlord makes no representations regarding the condition of the Premises or their suitability for Tenant's use other than that the Premises are an adequate size to accommodate Tenant's Boathouse as it exists as of the date of this Lease. Without in any way limiting the generality of the forgoing, Landlord specifically is not representing (i) that Tenant's Boathouse will accommodate the boat or boats which Tenant intends to house therein, (ii) that the access channel from the Marina to open water is wide enough to allow Tenant to navigate Tenant's intended boat or boats in and out of Tenant's Boathouse, or (iii) that Tenant's Boathouse is permitted for any use other than boat moorage. *Sept 1st, 2008*

2. Term. The term of this Lease will commence on the date that Tenant's Boathouse is delivered to the Marina (the "Commencement Date") and will continue for a period of 10 years (the "Primary Lease Term"), subject to extension as set forth below (together with any properly exercised extension the "Lease Term").

3. Permitted Use. Tenant will use the Premises solely for the purpose of mooring and utilizing Tenant's Boathouse, and for no other business or purpose whatsoever. Landlord may, from time to time, promulgate and/or modify rules of conduct ("Rules") regulating use of and/or activities within the Marina, provided that the Rules may not unreasonably interfere with the intended use of the Premises for the moorage of Tenant's Boathouse accessory to private watercraft. The Rules will be deemed material part of this Lease, and a breach of the Rules will constitute a breach of this Lease. Tenant understands that only a boathouse



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approved by Landlord may be moored in the Premises, and Landlord reserves the right to withhold this consent in its sole discretion. Tenant's Boathouse is so approved.

4. **Rent.**

4.1. Lease Acquisition Fee. Upon execution of this Lease by Tenant and Landlord, Tenant will pay to Landlord the sum of \$351,525.00 in consideration of Landlord executing this Lease.

4.2. Basic Rent. Commencing on the Commencement Date, Tenant will pay Landlord monthly rent of \$700.00 in advance, and on the first day of each month thereafter during the Primary Lease Term in immediately available funds at the place designated for the delivery of notices to Landlord, without any set-off, deduction, or abatement of any kind whatsoever ("Basic Rent"). Basic Rent will be deemed Rent and subject to the provisions of this Lease dealing with Rent. Basic Rent will be increased effective March 1 of each year in an amount equal to the greater of (i) 5.0% or (ii) the percentage increase in the Consumer Price Index—All Urban Consumers—All Items (1982-84=100) (All Areas), as published from time to time by the Bureau of Labor Statistics of the United States Department of Labor, and the values which shall be compared in calculating the increase in the CPI with respect to any given Lease year shall be the index most recently published as of the first day of January of such Lease year and the index for the corresponding month in the preceding year. Unless Landlord notifies Tenant of a CPI increase greater than 5.0% by February 15, a 5.0% increase will automatically be effective March 1.

4.3. Additional Rent. The Lease is intended to be an absolute net lease. In addition to Basic Rent, Tenant will pay its share of CAM Expenses and any Individual Assessments (collectively "Additional Rent").

4.3.1. CAM Expenses: Tenant will be responsible for a share of the costs of maintaining the Common Areas and the Marina area leased by all boathouse tenants ("CAM Expenses") based upon the percentage that the area of Tenant's Premises bears to the Marina area leased by all boathouse tenants. CAM Expenses include all costs and expenses incurred by Landlord in— operating, maintaining, repairing, lighting, signing, cleaning, painting, insuring, equipping, staffing, heating and cooling, securing, and policing of the Premises, the Marina or the Common Areas and adjacent public rights of way, including, without limitation, all costs associated with the following items or services, which shall be incurred by Landlord in order to maintain the Common Area in a reasonable and proper manner (i) real property taxes and any similar taxes or assessments, including but not limited to LID's and other special assessments; (ii) alarm system, patrol services and fire protection; (iii) insurance, including, without limitation, liability insurance for personal injury, death and property damage to the extent not reimbursed by Tenant, provided there shall be no duplication in charges between this Section and other Sections of this Lease; (iv) all landscaping, including, but not limited to, maintenance, new plantings and replacement of existing landscaping; (v) repairing, cleaning, sweeping, painting, replacing and repaving of paving, curbs, walkways, guardrails, signs and other markers, landscaping, drainage pipes, ducts, conduits, lighting facilities and all other site amenities; (vi) maintenance, repair and replacement of utility systems serving the Premises or the Marina, including, but not limited to, water, sanitary sewer and storm water lines and drainage systems, electrical, gas, telephone and lighting systems (including bulbs, poles, and fixtures) and other utility lines, pipes and conduits, and all payments of utility charges in connection with any of the foregoing systems for the Common Areas only; (vii) maintenance, repair, replacement and substitution of and for all portions of the Common Areas or the Marina area leased by all boathouse tenants (but excluding the Premises and premises leased to other tenants); (viii) removal of ice, snow, trash and debris; (ix) all materials, supplies and services purchased or hired in connection with the operation of the Common Areas and the Marina area leased by all boathouse tenants; (x) dredging and other reasonable maintenance of the Marina; (xi) any necessary replacements or renovations in order to comply with any governmental statute, ordinance, regulation or code unless such replacements or renovations result from a violation of a pre-existing governmental statute, ordinance, regulation or code; (xii) management fees charged for management of the Marina; and (xiii) an overhead administrative cost allowance in the amount of fifteen percent (15%) of the total Common Area Charges excluding insurance premiums and Taxes.



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Common Area Charges will not include: (a) costs attributable to seeking and obtaining new tenants - such as advertising, brokerage commissions, architectural, engineering, attorneys, fees, and renovations and improvements unless otherwise provided herein; (b) costs attributable to enforcing leases against tenants in the Marina - such as attorneys, fees, court costs, adverse judgments and similar expenses; (c) the capital costs of improvements and additions to the Common Areas, but the costs and expenses of repairs, replacements, or alterations which are in the nature of ordinary maintenance of items that have been worn out and do not constitute enhancements to the current size, nature, efficiency, or quality of the Premises and/or the Common Areas may be depreciated according to generally accepted accounting principles over the applicable useful lives, and such annual depreciation may be included in the expenses for maintenance and operation of the Common Areas; (d) depreciation and amortization of debt; (e) costs incurred due to violations by Landlord of any of the terms and conditions of any leases in the Marina; (f) overhead and profit paid to subsidiaries or affiliates of Landlord for management services or materials to the extent that the costs of those items would not have been paid had the services and materials been provided by unaffiliated parties on a competitive basis; (g) interest on any mortgages of Landlord and rental under any ground or underlying lease; (h) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord; (i) repairs and other work occasioned by fire, windstorm or other casualty for which Landlord receives reimbursement from insurance that was required to be carried under this Lease; (j) any costs, fines or penalties incurred due to violations by Landlord of any applicable laws; (k) wages, salaries or other compensation paid to any executive employees above the grade of building manager; (l) costs of correcting any code violations that occurred prior to the commencement of the Term; and (m) costs attributable to repairing items that are covered by warranties to the extent the cost of such item is actually recovered by Landlord under any such warranty.

Landlord will deliver to Tenant, on or before November 30 of each year, Landlord's estimate of Tenant's monthly share of CAM Expenses for the following calendar year. Beginning with the monthly payment due in January of the following year, Tenant will pay this monthly amount in addition to Basic Rent. Not later than March 15 of each year, Landlord will provide Tenant with a reconciliation of estimated-to-actual CAM Expenses for the previous calendar year. If this reconciliation determines that Tenant overpaid CAM Expenses for the previous calendar year, Landlord will pay Tenant such overpayment by check delivered with the reconciliation. If this reconciliation determines that Tenant underpaid CAM Expenses for the previous calendar year, Tenant will pay Landlord such underpayment within 15 days of receiving the reconciliation. CAM Expenses will be deemed Rent and subject to the provisions of this Lease dealing with Rent.

4.3.2. Individual Assessments: Tenant will be individually assessed ("Individual Assessment(s)") for expenses incurred by Landlord due to Tenant's failure to comply with provisions of this Lease or for damage caused to the Marina, the Common Areas or the property of other Marina tenants. By way of example only, an Individual Assessment would result from Tenant's failure to maintain Tenant's Boathouse as required pursuant to Section 10 below, Tenant's act or omission causing damage to another tenant's property, etc. Any such expense paid for by Landlord will be promptly assessed to Tenant, and Tenant will have 20 days thereafter to reimburse Landlord. Individual Assessments will be deemed Rent and subject to the provisions of this Lease dealing with Rent.

5. Rent Deposit. Not later than the Commencement Date of this Lease, Tenant will pay Landlord the sum of \$1,400 to be applied as follows: \$700 will be applied to the first month's Basic and Additional Rent; and \$700 will be applied to the last month's Basic and Additional Rent (unless earlier applied as provided below). Landlord may, but is not obligated to, apply any money held by it pursuant to this paragraph to satisfy any obligations of Tenant not timely performed or to cover any damages suffered by Landlord as a result of Tenant's failure to perform such obligations. If Landlord notifies Tenant that it has applied any portion of the deposit, Tenant will pay Landlord such amount within 10 days of such notice such that Landlord retains \$700 to secure Tenant's performance for the duration of the Lease Term.



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6. **Extension Option.** Subject to then-current applicable laws and to the following limitations, and provided that Tenant is then in full compliance with all material terms hereof, Tenant may extend this Lease for two additional 10-year periods (each an "Extension Term").

6.1. **First Extension Term.** Tenant may elect to terminate this Lease at the end of the Primary Lease Term as follows:

6.1.1. **Notice.** At least 90 days prior to the expiration of the Primary Lease Term, Landlord will notify Tenant that the Primary Lease Term is due to expire. Failure by Landlord to provide timely notice will extend the Primary Term until 90 days after Landlord provides the required notice. This Lease will automatically be extended for an additional 10 year period (the first Extension Term) unless Tenant provides Landlord with written notice at least 30 days prior to the expiration of the Primary Lease Term that Tenant elects to terminate this Lease and vacate the Premises at the end of the Primary Lease Term. Landlord will promptly acknowledge receipt of this notice. During the first Extension Term, all of the provisions of this Lease will continue in full force and effect.

6.1.2. **Vacation; Month-to-Month.** If Tenant elects not to extend this Lease at the end of the Primary Lease Term, Tenant will vacate the Premises at the end of the Primary Lease Term, provided that Landlord may, by written agreement, allow Tenant to continue to occupy the Premises on a month-to-month tenancy at a rental rate agreed to by Landlord. Any such month-to-month tenancy will be terminable by either party upon 20 days written notice.

6.2. **Second Extension Term.** Tenant may exercise its option to the second Extension Term as follows:

6.2.1. **Notice.** At least 90 days prior to the expiration of the first Extension Term, Landlord will notify Tenant that the first Extension Term is due to expire. Failure by Landlord to provide timely notice will extend the first Extension Term until 90 days after Landlord provides the required notice. Tenant will thereafter provide Landlord written notice of its desire to exercise its option to the second Extension Term at least 60 days prior to the expiration of the first Extension Term. Failure by Tenant to timely provide notice will void the extension option and this Lease will terminate on the specified expiration date.

6.2.2. **Basic Rent Adjustment.** Within 30 days of receiving Tenant's written notice of its desire to extend the Lease Term, Landlord will advise Tenant in writing of the new Basic Rent. It is Landlord's intention to set the new Basic Rent at the then-current fair market rate for comparable property. Landlord will conduct a market survey of comparable rents for this type of moorage and notify Tenant of the appropriate market rent for the Premises. Tenant will have 30 days after receiving Landlord's notice of the new Basic Rent to notify Landlord in writing that the new Basic Rent is acceptable. If Landlord receives this notice from Tenant, Landlord will prepare a written Addendum incorporating the new Basic Rent. If Tenant does not agree that the Landlord's market survey accurately reflects the market rate for comparable property, the parties shall resolve the dispute before a sole arbitrator. If the parties are unable to agree on the arbitrator, the arbitrator shall be appointed by the Superior Court, Skagit County. The costs of the arbitration will be split evenly between both parties.

6.2.3. **Vacation; Month-to-Month.** If Tenant does not timely notify Landlord that the new Basic Rent is acceptable, or does not promptly sign the Addendum, then (subject to the provisions of Section 6.2.4 below) Tenant will vacate the Premises at the end of the Lease Term, provided that Landlord may, by written agreement, allow Tenant to continue to occupy the Premises on a month-to-month tenancy at a rental rate agreed to by Landlord. Any such month-to-month tenancy will be terminable by either party upon 20 days written notice.

6.2.4. **Right of First Refusal:** If Tenant does not timely notify Landlord that the new Basic Rent is acceptable, or does not promptly sign the Addendum, Tenant will either (i) vacate the Premises at the end of the Lease Term or (ii) remain pursuant to a month-to-month tenancy as provided for in



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Section 6.2.3 above. During such period of time as Tenant is rightfully occupying the Premises (but not during any holdover period), Tenant will have a right of first refusal to enter into a new lease for the Premises on the same terms and conditions which Landlord is prepared to accept from a third party. Landlord will give Tenant a copy of any such proposed lease, and Tenant will have 14 calendar days thereafter within which to accept the lease by signing it and returning it to Landlord. If Tenant does not exercise this right, Tenant will proceed to vacate the Premises as provided for in Section 6.2.3 above.

6.3. Holdover. In the event Tenant or any party claiming under Tenant remains in possession of the Premises or any part thereof after the expiration of this Lease without Landlord's written consent, no tenancy or interest in the Premises will result, such action will result in unlawful detainer, and that party will be subject to immediate eviction and removal.

7. Assignment and Subletting.

7.1. Assignment. Tenant will not assign or transfer all or any portion of its legal or equitable interest in this Lease or in the Premises without the prior written consent of Landlord, which consent will not be unreasonably withheld. Further, Tenant will not sell, assign or transfer all or any portion of its legal or equitable interest in Tenant's Boathouse without the prior written consent of Landlord, which consent will not be unreasonably withheld. If Tenant is a corporation, partnership or limited liability company, any merger, sale or transfer of a controlling interest in the entity will constitute an assignment requiring the consent of Landlord. If the assignment is approved by Landlord, Tenant will pay Landlord an administrative fee of \$500.00 prior to the assignment becoming effective. If Tenant's interest in this Lease is fully assigned to a third party with Landlord's consent, Tenant will be released from all obligations under this Lease.

7.2. Subletting. Landlord acknowledges that Tenant may desire to sublet some or all of the moorage space within Tenant's Boathouse from time to time. Landlord agrees to consent to such subletting provided that Tenant must use Landlord, an affiliate of Landlord, or a third party approved by Landlord to provide subletting services. Tenant will pay a customary charge for these subletting services. Notwithstanding any subletting, Tenant will at all times remain fully and primarily responsible and liable for the payment of all Rent and other monetary obligations herein specified and for the compliance with and performance of all of its other obligations under this Lease except as otherwise specifically so stated in this Lease.

8. Reserved Rights. Landlord hereby reserves the right to enter, from time to time during reasonable business hours and upon reasonable prior notice, upon the Premises and/or into Tenant's Boathouse as necessary to maintain the Premises, and in the last 6 months of the Lease Term to show the Premises to prospective tenants. Tenant acknowledges and agrees that Landlord may, from time to time, move Tenant's Boathouse as reasonably required to maintain or repair the Marina, including but not limited to dredging operations. Any movement required by Landlord will be done upon not less than 60 days notice and at Landlord's risk and expense.

9. Landlord's Maintenance Obligations. Landlord will keep the Common Areas and the overall Marina property in good repair, ordinary wear and tear excepted. Any repairs required to be made by Landlord which are occasioned by an act or omission of Tenant, its agents, employees, subtenants, licensees, concessionaires and/or contractors, will be billed to Tenant as Individual Assessments.

10. Care of the Premises, Tenant's Boathouse and Tenant's Access Gangway. Tenant (i) will use its best efforts to take good care of the Premises, Tenant's Boathouse and the gangway connecting Tenant's Boathouse to the Marina ("Tenant's Gangway"); (ii) will keep Tenant's Boathouse and Tenant's Gangway in first class condition, good order, appearance, and repair; (iii) will keep Tenant's Boathouse and Tenant's Gangway clean, safe and free from deterioration and waste at all times; and (iv) will conduct all activities in, on and around Tenant's Boathouse and Tenant's Gangway in accordance with this Lease and applicable laws. Tenant will keep Tenant's Boathouse and Tenant's Gangway neat, clean and free from dirt,



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rubbish, insects and pests at all times. Tenant will have the full exterior of Tenant's Boathouse pressure washed as reasonably required. If Tenant fails to have the exterior of Tenant's Boathouse pressure washed as required, or if Landlord otherwise determines that the exterior of Tenant's Boathouse is not reasonably clean, Landlord will arrange to have Tenant's Boathouse professionally pressure washed at Tenant's expense, with such charges being assessed to Tenant as an Individual Assessment. Tenant will not deposit, store or otherwise place dirt or rubbish outside Tenant's Boathouse or on any Common Area. Tenant will store all trash and garbage within the area designated by Landlord for trash pickup and removal. Landlord must approve and consent in writing to any exterior modification to Tenant's Boathouse. Landlord will not unreasonably withhold consent.

11. **Hazardous Substances.** Tenant hereby agrees that (a) no activity will be conducted on or about the Premises that will produce any toxic materials, substances or wastes within the meaning of any applicable law, including, without limitation, the Clean Air Act (42 USC §7401 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 USC §9601 et seq.), the Federal Water Pollution Control Act (33 USC §1251 et seq.), the Occupational Health Safety and Control Act (29 USC §651 et seq.), the Resource Conservation and Recovery Act (42 USC §6901 et seq.), the Hazardous Materials Transportation Act (49 USC §1801 et seq.), the Safe Drinking Water Act (42 USC §300f et seq.) and the Toxic Substances Control Act (15 USC §2601 et seq.) ("Hazardous Substances"), (b) the Premises will not be used in any manner for the storage or disposal of any Hazardous Substances; (c) Tenant will not install any tanks of any type; (d) Tenant will not allow any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute, a public or private nuisance; and (e) Tenant will not permit any Hazardous Substances to be brought into the Premises or the property on which the Premises are located.

12. **Utilities.** Tenant will pay all utilities charges billed directly to the Premises. Utilities that are not separately metered between all tenants in the Marina will either be part of CAM Expenses or billed to Tenant as an Individual Assessment.

13. **Interruption of Service.** Landlord will not be liable to Tenant, or to any other person or entity whatsoever, for abatement of Rent as a result of, or for any other loss or damages whatsoever occurring in connection with, any interruption or failure whatsoever in utility services however caused, and Tenant will comply with all terms and provisions of this Lease notwithstanding any such failure or interruption. Notwithstanding the foregoing, in the event a utility service is interrupted due to the negligence or willful act of Landlord, Tenant will be entitled to an abatement of Rent if the Premises are rendered untenantable. Rent abatement will not commence until 72 hours following such interruption and will only continue until such time as the service is restored.

14. **Insurance.**

14.1 **Required Coverage.** Tenant will procure and maintain throughout the Lease Term, at its sole cost and expense: (a) a policy of general public liability insurance, and an all-risk legal liability endorsement, insuring Tenant and naming Landlord and Landlord's mortgagee as additional insureds, against all claims, demands or actions arising out of or in connection with occurrences within the Premises, Tenant's use or occupancy of the Premises, the condition of the Premises, the acts or omissions of Tenant and its agents, employees and contractors in the Premises and elsewhere on the property on which the Premises are located, and for liabilities assumed under this Lease, the limits of such policy or policies to be in an amount not less than \$1,000,000 in respect of bodily injury to, personal injury to or death of any one person, and in an amount not less than \$1,000,000 in respect of bodily injuries, personal injuries and/or death(s) occurring in any one occurrence, and in an amount not less than \$1,000,000 in respect of property damaged or destroyed, and such liability insurance will provide coverage for explosion, collapse, and underground exposures, if applicable; (b) all risk property insurance including fire, theft, vandalism, malicious mischief, sprinkler leakage and such additional perils as are now or hereafter may be included in a standard extended coverage endorsement from time to time in general use in the State of Washington covering 100% of the full



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Handwritten signature/initials

replacement value of all property placed by Tenant in the Premises against "all-risk" of physical loss. During any Extension Term, these policy limits will be increased to a level then considered the standard of reasonable commercial practice.

14.2 Required Terms and Certificates. All such policies will be written by insurance companies acceptable to Landlord and licensed to do business in the State of Washington. Tenant will obtain a written obligation on the part of each insurance company to notify Landlord at least 30 days prior to cancellation of such insurance, and the liability policy will contain an assumed contractual liability endorsement. All insurance policies required under this Section 14 will (a) contain a provision that such policy and the coverage evidenced thereby will be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord will be excess insurance; (b) be written on an "occurrence" basis and not on a "claims-made" basis; and (c) obtain a waiver by the insurer of any right of subrogation against Landlord, its agents, employees or representatives, as contemplated below, and against any other named insureds. Certificates of insurance evidencing such policies will promptly be delivered to Landlord prior to the Commencement Date, and renewals thereof will be delivered to Landlord at least 30 days prior to the expiration of the respective policy terms.

14.3 Waiver of Subrogation. Each party hereby releases the other party from any loss or damage caused by fire or any other perils which are covered by insurance, or which were required to be covered by insurance, even though the loss or damage was caused by the negligence of such party, its agents or employees, provided the releasing party has a waiver of subrogation claims provision in its policy.

15. Indemnity. Subject to the other terms and provisions of this Lease, Tenant will indemnify Landlord against, and hold Landlord harmless from, all claims, liabilities, demands or causes of action, including all reasonable expenses (including reasonable attorneys' fees) of the Landlord incidental thereto, for injury to or death of any person and, damage to any property arising within or in Tenant's Boathouse, Tenant's Gangway or the Common Areas, and caused by or arising out of or in conjunction with and act or omission of Tenant or any of Tenant's agents, employees, subtenants, licensees, concessionaires and/or contractors. Without in any way limiting the generality of the foregoing, this indemnity obligation specifically includes liability for any claim made by any person under the Longshore and Harbor Worker's Compensation Act.

16. Eminent Domain; Casualty Damage.

16.1. Condemnation of the Marina. If access to the Marina or a material portion of the Marina is taken for any public or quasi-public use under any applicable laws or by right of Eminent Domain or by private purchase in lieu thereof, or if as a result of a taking the use of the Marina is so substantially interfered with that the continued operation thereof is, in Landlord's sole judgment, economically impracticable, this Lease will terminate, effective on the date physical possession is taken by the condemning authority, and all Rent will be paid up to that day with a proportionate refund by Landlord of such Rent as may have been paid in advance for a period subsequent to the date of the taking. If such event occurs during the Primary Lease Term, Landlord will also refund to Tenant a portion of the Lease Acquisition Fee paid by Tenant calculated as follows: $\frac{1}{2}$ of the Lease Acquisition Fee multiplied by the fraction in which the denominator is 120 months and the numerator is the number of full months remaining in the Primary Lease Term. By way of example only, if the Lease Acquisition Fee was \$300,000 and the Lease was terminated with 36 months remaining, Landlord would refund $\$150,000 \times \frac{36}{120} = \$45,000$.

16.2. Condemnation of the Premises. If a material portion of the Premises is taken for any public or quasi-public use under any applicable laws or by right of Eminent Domain or by private purchase in lieu thereof, and if none of the other events permitting termination as set forth in Section 16.1 above has occurred, Tenant may terminate this Lease upon written notice to Landlord, effective on the date physical possession is taken by the condemning authority, and all Rent will be paid up to that day with a proportionate refund by Landlord of such Rent as may have been paid in advance for a period subsequent to the date of the taking. If such event occurs during the Primary Lease Term, Landlord will also refund to Tenant a portion of the



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Lease Acquisition Fee paid by Tenant calculated as follows: $\frac{1}{2}$ of the Lease Acquisition Fee multiplied by the fraction in which the denominator is 120 months and the numerator is the number of full months remaining in the Primary Lease Term. In the event this Lease is not so terminated, Basic Rent and Tenant's pro rata share of all Additional Rental payable hereunder during the unexpired portion of this Lease will be reduced in proportion to the area taken, effective on the date physical possession is taken by the condemning authority.

16.3. Condemnation Award. All compensation awarded for any taking for public purposes, whether permanent or temporary (or the proceeds of private sale in lieu thereof), of the Marina, the Premises or any of the Common Areas will be the property of Landlord, and Tenant hereby assigns its interest in any such award to Landlord; provided, however, Landlord will have no interest in any award made directly to Tenant for loss of use or moving expenses or for the taking of Tenant's personal property if a separate award for such items is made to Tenant. Tenant will in no event be entitled to any award made for the value of the unexpired Term of this Lease.

16.4. Casualty Damage. If the overall Marina development is destroyed or substantially damaged by a casualty, Landlord may elect to either terminate this Lease or to rebuild and repair the damage. Should Landlord elect to terminate this Lease, it will give written notice of such election to Tenant within 90 days after the occurrence of the casualty, and the Lease Term will expire upon the day after this notice is sent by Landlord to Tenant. If Landlord does not elect to terminate this Lease, Landlord will proceed with reasonable diligence to rebuild and repair the damage. If such event occurs during the Primary Lease Term, Landlord will also refund to Tenant a portion of the Lease Acquisition Fee paid by Tenant calculated as follows: $\frac{1}{2}$ of the Lease Acquisition Fee multiplied by the fraction in which the denominator is 120 months and the numerator is the number of full months remaining in the Primary Lease Term.

17. Personal Property and Fixtures. Tenant will be liable for all taxes levied against Tenant's Boathouse, Tenant's Gangway and all personal property placed by Tenant in or on the Premises. If any taxes are levied against Landlord or Landlord's property and if Landlord elects to pay them, or if the assessed value of Landlord's property is increased by inclusion of personal property placed by Tenant in or on the Premises and Landlord elects to pay the taxes based on such increase, Tenant will pay to Landlord, within 10 days of written request and verification thereof, that part of such taxes for which Tenant is primarily liable hereunder.

18. Events of Default by Tenant and Remedies.

18.1. Events of Default. Each of the following events will be deemed an "Event of Default" or a "Default" by Tenant under this Lease:

18.1.1. If Tenant fails, neglects or refuses to pay any installment of Rent or any other amount, including without limitation, penalty charges required to be paid by Tenant hereunder at the time and in the amount as herein provided, or to pay any money agreed by Tenant to be paid promptly when and as the same will become due and payable during the Lease Term, and such Default continues for a period of more than 5 days after written notice thereof is given to Tenant by Landlord (which notice will be in lieu of, and not in addition to, any notice required under applicable laws), provided, that if within any calendar year Tenant is delinquent in the payment of any item of Rent more than 2 times and Landlord has served upon Tenant 2 or more notices of delinquency, the requirement for the 5 day grace period will be eliminated;

18.1.2. If Tenant creates or suffers the creation of a lien upon the Premises and such lien is not discharged within 20 days after written notice is given to Tenant by Landlord;

18.1.3. If Tenant is a corporation and fails to remain in good standing in the State of Washington and/or the state of its incorporation, or if a foreign corporation, fails to qualify to transact business and/or maintain a duly registered agent in the State of Washington, and Tenant fails to cure within 20 days after written notice is given to Tenant by Landlord;



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18.1.4. If any execution, levy, attachment, or other process of law occurs upon Tenant's property in or on the Premises and Tenant fails to have such execution, levy, attachment, or other process of law removed or vacated within 20 days after written notice is given to Tenant by Landlord;

18.1.5. If Tenant fails to deliver an estoppel certificate to Landlord within 20 days after Landlord's written request therefore pursuant to the requirements of this Lease hereof;

18.1.6. With the exception of items 18.1.1 through 18.1.5, if Tenant fails to perform any other term, covenant, agreement or condition of this Lease on the part of Tenant to be performed and such default continues for a period of more than 20 days after written notice is given to Tenant by Landlord (which notice will be in lieu of, and not in addition to any notice required under applicable laws), provided, however that if the cause for giving such notice involves the making of repairs or other matters reasonably requiring a longer period of time than the period of such notice, Tenant will be deemed to have complied with such notice if Tenant has commenced to cure such default within said 20 day period and is diligently prosecuting such cure to completion.

18.2 Remedies. Upon the occurrence of any Event of Default, Landlord will have the option to pursue any one or more of the following remedies:

18.2.1. Terminate Tenant's right to possession of the Premises because of the Default and recover from Tenant, in addition to Landlord's other remedies, all damages allowed under Washington law, including, without limitation: (a) the worth at the time of award of any unpaid Rent which has been earned at the time of termination; plus (b) the worth at the time of the award of the amount by which any unpaid Rent which would have been earned after termination until the time of the award exceeds the amount of such Rental loss that Tenant proves could have been reasonably avoided; plus (c) the worth at the time of award of the amount by which any unpaid Rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, without limitation, the cost of repairing the Premises and reasonable attorneys' fees; plus (e) at Landlord's election, such other amounts in addition to, or in lieu of, the foregoing as may be permitted from time to time by applicable laws;

18.2.2. Not terminate Tenant's right to possession because of the Default, but continue this Lease in full force and effect; and in that event (a) Landlord may enforce all rights and remedies under this Lease, including the right to recover Rent and all other charges due hereunder as Rent and such other charges as will become due, and (b) Tenant may assign its interest in this Lease with Landlord's prior written consent, which consent will not be unreasonably withheld;

18.2.3. Declare a forfeiture of this Lease and terminate all of Tenant's rights in accordance with such forfeiture;

18.2.4. In the event of any reentry, Landlord may remove all persons from the Premises and all property located in or about the Premises and place such property in storage in a public warehouse at the sole cost and risk of Tenant;

18.2.5. No reentry or reletting of the Premises of any nature served under unlawful detainer action or the filing of any unlawful detainer or similar action will be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given by Landlord to Tenant; and notwithstanding any such reletting without termination, Landlord may at anytime thereafter elect to terminate this Lease;

18.2.6. Except in the case of Landlord's willful misconduct, Tenant hereby waives all claims or demands for damages that may be caused by Landlord in reentering and taking possession of the Premises as hereinabove provided, and all claims or demands which may result from the destruction of or



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injury to the Premises, and all claims or damages or loss of property belonging to Tenant or to any other person or firm that may be in or about the Premises at the time of such reentry;

18.2.7. Nothing contained in this Lease will limit Landlord to the remedies set forth in this Section, and upon Tenant's Default Landlord will be entitled to exercise any right or remedy then provided by law, including, but without limitation, the right to obtain injunctive relief and the right to recover all damages caused by Tenant's default in the performance of any of its obligations under this Lease;

18.2.8. Neither this Lease nor any interest herein nor any estate created hereby will pass by operation of law under any state or federal insolvency or bankruptcy act to any trustee, receiver, assignee for the benefit of creditors or any other person whatsoever without the prior written consent of Landlord;

18.2.9. Landlord will use reasonable efforts to mitigate its damages hereunder.

18.3. Additional Costs and Expenses of Default. Following the occurrence of any Event of Default, Tenant will also be liable for and will pay to Landlord, in addition to any sum provided to be paid above: (a) reasonable costs and expenses incurred by Landlord to obtain possession of the Premises; (b) outside broker's fees incurred by Landlord in connection with reletting the whole or any part of the Premises; (c) the costs of removing, storing and/or disposing of Tenant's or other occupant's property; (d) the amount of all actual damages suffered by Landlord as a result of Tenant's Default prior to termination or recovery of the Premises as the case may be; (e) the cost of making reasonable repairs and replacements required to be made by Tenant hereunder, and of performing all covenants of Tenant relating to the condition of the Premises; (f) the cost of repairing the Premises to the condition required for surrender of the Premises under this Lease; (g) all reasonable expenses incurred by Landlord in enforcing or defending Landlord's rights and/or remedies at law, equity or hereunder, including reasonable attorneys' fees, litigation and court costs.

18.4. Repossession of the Premises. If Landlord takes possession of the Premises pursuant to the authority herein granted, Landlord will have the right to keep in place and use all of the property at the Premises (specifically including Tenant's Boathouse) at all times prior to any foreclosure thereon by Landlord or repossession thereof by any lessor thereof or third party having a lien thereon. Landlord will also have the right to remove from the Premises all or any portion of the property located thereon (specifically including Tenant's Boathouse) and place the same in storage at any suitable place or dispose of the same and keep the proceeds therefrom. In such event, Tenant will be liable to Landlord for reasonable and actual costs incurred by Landlord in connection with the removal, storage and/or disposal, and will indemnify, defend and hold Landlord harmless from all loss, damage, cost, expense and liability in connection with such removal, storage and/or disposal. Landlord will also have the right to relinquish possession of all or any portion of such property to any person ("Claimant") claiming to be entitled to possession thereof who presents to Landlord a copy of any instrument purporting to have been executed by Tenant (or any predecessor of Tenant) granting Claimant the right under various circumstances to take possession of such property, without the necessity on the part of Landlord to inquire into the authenticity of the instrument and without the necessity of Landlord making any investigation or inquiry as to the validity of the factual or legal basis upon which Claimant purports to act. Tenant agrees to indemnify, defend and hold Landlord harmless from all cost, expense, loss, damage and liability incident to Landlord's relinquishment of possession of all or any portion of such property to Claimant. Should Tenant abandon the Premises and leave property (specifically including Tenant's Boathouse) therein, Landlord may elect whether or not to accept the property, liquidate said property and apply the proceeds against any sums due and owing by Tenant, or to dispose of said property, and Tenant waives any claim to such property after any such abandonment. For purposes of the foregoing, Tenant will be deemed to have abandoned its interest in such property if the same is not removed from the Premises by Tenant within 20 days after Landlord's proper demand that Tenant remove same, or within 20 days after expiration or earlier termination of this Lease, whichever first occurs



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18.5. Right to File Lien on Tenant's Boathouse. Following the occurrence of any Event of Default, Tenant hereby expressly authorizes, appoints and empowers Landlord to take all steps necessary to file a lien on Tenant's Boathouse.

18.6. Additional Remedies. The rights and remedies of Landlord herein stated will be in addition to, and not in lieu of, any and all other rights and remedies which Landlord has or may hereafter have against Tenant or any other person or entity, at law or in equity. Tenant stipulates and agrees that the rights herein granted Landlord are understood and have been expressly agreed to by Tenant.

19. Surrender. Upon the expiration of the Lease Term, or its earlier termination for any reason, Tenant will deliver up and surrender to Landlord possession of the Premises in as good condition and repair as they were at the commencement of the Lease Term, ordinary wear and tear excepted.

20. Subordination; Estoppel.

20.1. Subordination. This Lease and Tenant's rights hereunder will be subject and subordinate to all mortgages, deeds of trust or other financing encumbrances ("Mortgages") which may now or hereafter encumber the Premises, and all of the agreements, covenants, easements and restrictions contained therein, and to all amendments, renewals, modifications, consolidations, replacements, restatements and extensions of such Mortgages. This paragraph will be self-operative and no further instrument of subordination will be required. In confirmation of such subordination, Tenant will nevertheless execute promptly any supplementary subordination instrument, estoppel certificate or attornment agreement in the form that Landlord, or any lien holder or potential lien holder or any purchaser of the Premises may reasonably request. Notwithstanding the above provision, at Tenant's request, Landlord will use its best efforts to obtain a non-disturbance agreement in favor of Tenant from any lender senior to this Lease.

20.2. Estoppel Certificate. Tenant agrees to furnish from time to time when requested by Landlord, a prospective purchaser, the holder of any deed of trust or mortgage covering the Premises or any interest of Landlord therein, a certificate signed by Tenant confirming and containing such factual certifications and representations deemed reasonably appropriate by Landlord or the holder of any deed of trust or mortgage covering all or any part of the Premises or any interest of Landlord therein, and Tenant will, within 10 days following receipt of said certificate from Landlord, return a fully executed copy thereof to Landlord.

21. Notices. Unless otherwise specified herein, wherever any notice is required or permitted hereunder, such notice will be in writing. Any notice or document required or permitted to be delivered hereunder will be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, Certified or Registered Mail, Return Receipt Requested, addressed to the parties hereto at the respective addresses set forth below, or at such other address as they may have hereafter specified by written notice. Delivery by recognized overnight carrier (such as Federal Express, UPS, Airborne, or Emery) to such addresses will be deemed to satisfy the notice requirements of this Lease, effective upon the date of receipt or refusal of delivery.

If to Landlord: William J. Youngsman
Twin Bridge Marine Park, LLC
11071 Josh Green Lane
Mount Vernon, Washington 98723

If to Tenant: Jeff Hendricks
~~to~~ Alyeska Marine, LLC
2415 T. Avenue, Suite 208
Anacortes, WA 98221



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22. Late Payments. In the event Tenant fails to pay to Landlord within 5 days of when due any installment of Rent or any other sum to be paid to Landlord which may become due hereunder, the parties acknowledge that Landlord will incur administrative expenses in an amount not readily ascertainable and which has not been elsewhere provided for herein between Landlord and Tenant. Accordingly, if Tenant should fail to pay to Landlord when due any installment of Rent or other sum to be paid hereunder, Tenant will pay Landlord on demand an administrative charge of \$100. Failure to pay such administrative charge upon demand therefor will constitute an Event of Default hereunder. Provision for such administrative charge will be in addition to all other rights and remedies available to Landlord hereunder or at law or in equity and will not be construed as liquidated damages or as a limitation on Landlord's remedies in any manner.

23. Miscellaneous.

23.1. Captions; Construction of Terms. The captions used herein are for convenience only and do not limit or amplify the provisions hereof. The language in all parts of this Lease will in all cases be construed as a whole and according to its fair meaning, and not strictly for or against either Landlord or Tenant, and the construction of this Lease and any of its various provisions will be unaffected by any argument or claim that it has been prepared by or on behalf of Landlord or Tenant. Whenever the singular number is used, the same will include the plural, and words of any gender will include each other gender.

23.2. Recording. Tenant will not record this Lease or any memorandum of lease.

23.3. No Waiver. One or more waivers of any breaches of any covenant, term or condition of this Lease by either party will not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party to or of any act by the other party requiring such consent or approval will not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

23.4. Quiet Enjoyment. Landlord agrees that if Tenant performs all of the covenants and agreements herein required to be performed by Tenant, Tenant will, subject to the terms of this Lease, at all times during the continuance of this Lease have the peaceable and quiet enjoyment and possession of the Premises, without molestation, hindrance or ejection by Landlord or anybody claiming by, through or under Landlord.

23.5. Amendment. No amendment will be effective to change or modify this Lease in whole or in part unless such amendment is in writing and duly signed by the party against whom enforcement of such change or modification is sought.

23.6. Waiver of Right of Redemption. To the fullest extent permitted by law, Tenant expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease, or otherwise. Additionally, to the fullest extent permitted by law, Tenant waives all homestead rights and exemptions that Tenant may have under any law as against any obligations occurring under this Lease.

23.7. Governing Law. The internal laws of the State of Washington will govern the interpretation, validity, performance and enforcement of this Lease.

23.8. Benefit and Burden. The terms, provisions and covenants contained in this Lease will inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors in interest and legal representatives except as otherwise herein expressly provided.

23.9. Validity and Severability. Each provision of this Lease will be construed in such manner as to give such provision the fullest legal force and effect possible. To the extent any provision herein (or part of such provision) is held to be unenforceable or invalid when applied to a particular set of facts, or otherwise, the unenforceability or invalidity of such provision (or part thereof) will not affect the



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enforceability or validity of the remaining provisions hereof (or of the remaining parts of such provision), which will remain in full force and effect, nor will such unenforceability or invalidity render such provision (or part thereof) invalid for any other purposes. All parties have been given the opportunity to have this Lease reviewed by their independent counsel, and all parties agree that, in construing any term of this Lease, no inferences will be drawn based upon which party was responsible for drafting this Lease or any term hereof.

23.10. Tenant's Authority. If Tenant is a corporation, partnership or limited liability company, the officers, partners or members of Tenant (as the case may be) executing this Lease on Tenant's behalf hereby make the following warranties and representations upon which Landlord is relying in agreeing to lease the Premises to Tenant in accordance with the terms of this Lease:

(i) that Tenant has been duly organized, is validly existing and is in good standing in the State of Washington;

(ii) that Tenant has been duly qualified and is, as of the date hereof, in good standing to transact business in the state of Washington and will continue to be so until the end of the Lease Term; and

(iii) that the officers, partners or members executing this Lease on Tenant's behalf have been duly authorized by all necessary corporate or partnership action to execute the same, and that upon the execution hereof this Lease will be the valid and binding obligation of Tenant.

23.11. Attorney's Fees. In any legal dispute between the parties, the prevailing party will be entitled to recover reimbursement of its legal fees from the non-prevailing party, including attorney's fees in any bankruptcy proceedings or on appeal.

23.12. Independent Covenants. If Landlord commences any proceeding for nonpayment of Rent, or any other payment of any other kind to which Landlord may be entitled, or which it may claim hereunder, Tenant will not interpose any counterclaim or set-off of whatever nature or description (other than compulsory counterclaim) in such proceedings. The parties hereto specifically agree that Tenant's covenants to pay Rent or any other payments required of it hereunder are independent of all other covenants and agreements herein contained. The foregoing will not be construed as a waiver of Tenant's rights to assert any such claim in a separate action brought by Tenant against Landlord.

23.13. Full Execution. This Lease will not be effective, and no leasehold or other agreement will be deemed or construed to have been created between Landlord and Tenant, until this Lease has been fully executed by both Landlord and Tenant and a fully executed original has been delivered from Landlord to Tenant. Delivery to Tenant of drafts of this Lease by Landlord or agents of Landlord will in no way constitute the making of an offer to lease by Landlord to Tenant, and Landlord will not be bound by any terms or provisions set forth in such drafts even if the draft in question was prepared by Landlord or its agents and signed by Tenant, unless and until it has been duly executed and delivered by both Landlord and Tenant.

23.14. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated will be deemed to be other than on account, nor will any endorsement or statement on any check or any letter accompanying any check or payment of Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of Rent or pursue any other remedy provided for in this Lease or available at law or in equity.




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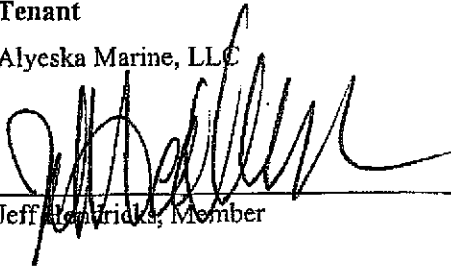
Landlord

Twin Bridge Marine Park, LLC


William J. Youngsman, Member

Tenant

Alyeska Marine, LLC

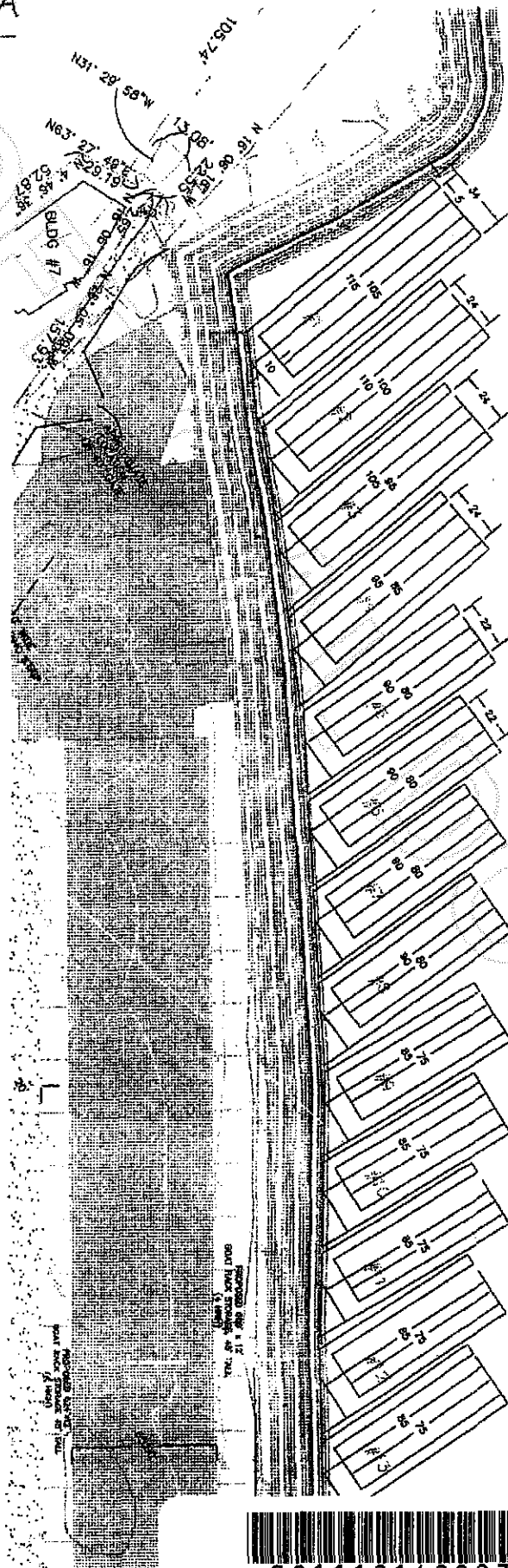

Jeff Hendricks, Member



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EXHIBIT A



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EXHIBIT B

Legal Description of Marina Property

DK12 DT19 BAT INT OF S LI S & M RLY WI LI MEAN HI TIDE PADILLA BAY TH SELY ALG S LI SD RLY TO INT
WI CO RD TH WLY ALG N LI CO RD TO LI MEAN HI TDE TH NWLY TPB PTN IN SEC 2 11 & 12



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STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that **William J. Youngsman** 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 member of Twin Bridge Marine Park, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated 9/21



Kathi M. Borgen
NOTARY PUBLIC FOR WASHINGTON
My Appointment Expires: 6-20-11

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that **Jeff Hendricks** 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 member of Alyeska Marine, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated 9/21, 2007.



Kathi M. Borgen
NOTARY PUBLIC FOR WASHINGTON
My Appointment Expires: 6-20-11



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AMENDMENT TO COMMERCIAL
LEASE AGREEMENT

This Amendment of that certain Twin Bridges Marina Commercial Lease Agreement is made this 3rd day of June 2008, by and between Twin Bridge Marine Park LLC (Landlord) and Alyeska Marine LLC (Tenant), provides as follows:

Paragraph 1.1 Premises

It is agreed that the moorage space shall be increased from 90' to a 95' boathouse.

Paragraph 4.1 Lease Acquisition Fee

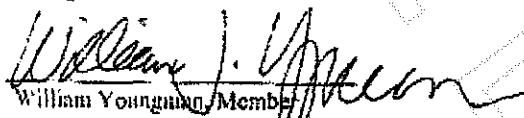
It is agreed that the Lease Acquisition fee shall be increased to \$371,054.

Paragraph 4.2

It is agreed that the basic rent shall increase to \$739 per month.

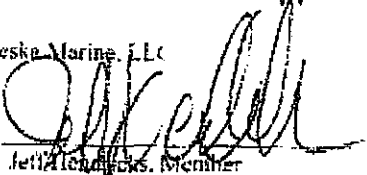
Twin Bridge Marine Park, LLC

By:


William Youngman, Member

Alyeska Marine, LLC

By:


Jeff Leach, Member

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