

• After recording return to:

Adelstein, Sharpe & Serka LLP
400 North Commercial Street
Bellingham, WA 98225



201303290180

Skagit County Auditor

3/29/2013 Page 1 of 4 4:08PM

LAND TITLE OF SKAGIT COUNTY

145639-0E

Document Title: Memorandum of Agricultural Lease
Grantor: Skagit Farmland, LLC, a Washington Limited Liability Company
Grantee: Sterling Hill, L.L.C., a Washington Limited Liability Company
Abbrev. Legal Description: S 1/2 SE 1/4, 28-36-3E WM
(complete legal description on page 10)
Assessor's Parcel/Tax I.D. Number: 360328-4-002-0003, P48462; 360328-4-004-0001, P48464

MEMORANDUM OF AGRICULTURAL LEASE

THIS MEMORANDUM OF LEASE dated March 29, 2013 ("Effective Date") by and between Skagit Farmland, LLC, a Washington Limited Liability Company ("Landlord") and Sterling Hill, L.L.C., a Washington Limited Liability Company ("Tenant").

IT IS THEREFORE AGREED as follows:

1. Premises.

Landlord has leased to Tenant, upon the terms and conditions of a Lease Agreement between the parties dated March __, 2013 (the "Lease") the property ("Leased Premises") more specifically described as:

The South 1/2 of the Southeast 1/4 of Section 28, Township 36 North, Range 3 East, W.M.;

EXCEPT roads;

AND EXCEPT ditch rights of way along the South line of the Southeast 1/4 and along the North line thereof.

Situate in the County of Skagit, State of Washington.

2. Term.

The term of this Lease ("Term") shall be for a period of five (5) years, commencing as of the Effective Date and terminating March 31, 2018.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

MAR 29 2013

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

3. Use and Care of the Leased Property.

Tenant shall use the Leased Property for agricultural use and no other use. Tenant agrees that it shall not plant any crop the life of which exceeds the remaining term of the Lease. For example, if a crop has a life of 3 years, it shall not be planted unless 3 years remain in the term of the Lease. Tenant shall provide all machinery, equipment, pumps, irrigation pipes, labor and materials necessary to raise and harvest any crops. All such machinery, equipment, pumps, irrigation pipes installed by Tenant on the Property shall remain the property of Tenant and may be removed at any time from the Leased Property. Tenant agrees to farm the land and harvest all crops in a manner consistent with good husbandry and pay all costs and expenses arising from Tenant's use of the Leased Property. Tenant further agrees to keep all ditches in as good repair as they now are, ordinary wear, loss by fire or unavoidable destruction excepted. Tenant shall timely control all weeds, including noxious weeds, on the Property. Tenant shall do what is reasonably necessary to control soil erosion including, but not limited to, the maintenance of existing watercourses, and Tenant shall abstain from any practice that would cause unreasonable damage to the Leased Property. Tenant shall comply with all laws, rules and regulations of any governmental entity having jurisdiction over the Leased Property.

4. Subletting or Assignment.

Tenant shall be allowed to sublet the whole or any part of the Leased Property without the written consent of Landlord as long as Tenant obtains such sublease in writing containing a provision pursuant to which the subtenant acknowledges having received a copy of this Lease and agreeing to comply with all provisions of this Lease. Unless released in writing, Tenant shall remain primarily liable under this Lease following any sublease. This Lease shall not be assignable by operation of law or otherwise. If consent is once given by the Landlord to the assignment of this Lease or any interest therein, Landlord shall not be barred from afterwards refusing to consent to any further assignment. Any assignment, encumbrance or sublease in violation of the provisions of this Lease shall be voidable and shall constitute a default.

5. Purpose of Memorandum of Lease.

This Memorandum of Lease is prepared for the purpose of recordation, and it in no way modifies the Lease.

SIGNATURES ON FOLLOWING PAGE

DATED this 29th day of March, 2013

Landlord:

Skagit Farmland, LLC,
a Washington Limited Liability Company

By: _____

Steve Brinn, Manager

Tenant:

Sterling Hill, L.L.C.,
a Washington Limited Liability Company

By: _____

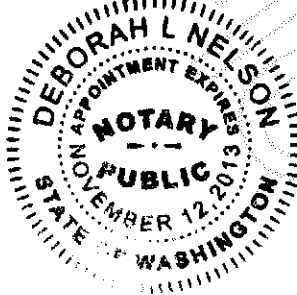
Norm Nelson, Jr., General Manager



STATE OF WASHINGTON)
)ss.
COUNTY OF WHATCOM)

On this 29th day of March, 2013, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Steve Brinn, to me known to be the Manager of Skagit Farmland, LLC, the company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument on behalf of the company.

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

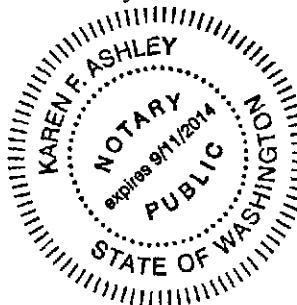


Deborah L. Nelson
Printed Name: Deborah L. Nelson
Notary Public in and for the state of
Washington, residing at Bellingham
My commission expires: 11/12/13

STATE OF WASHINGTON)
)ss.
COUNTY OF SKAGIT)
~~WHATCOM~~

On this 29th day of March, 2013, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Norm Nelson, Jr., to me known to be the General Manager of Sterling Hill, L.L.C., the company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument on behalf of the company.

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



Karen Ashley
Printed Name: Karen Ashley
Notary Public in and for the state of
Washington, residing at Sedro-Woolley
My commission expires: 9-11-2014

