



201310140063

After Recording Return to:
Jack R. Wallace
P.O. Box 372
Burlington, WA 98233

Skagit County Auditor \$128.00
10/14/2013 Page 1 of 7 12:52PM

Document Title: Farm Lease

Reference Number:

Grantor(s): additional grantor names on page ___

1. Lloyd R. Loop, Trustee of the Lloyd R. Loop Revocable Living Trust (Landlord)
- 2.

Grantee(s): additional grantee names on page ___

1. G & D Wallace, Inc., a Washington Corporation (Tenant)
- 2.

Abbreviated legal description: full legal on page(s) ___ 6 of Farm Lease

OPEN SPACE #300 #751860 1973 and O/S#2 AF#9502090090 1996 DT25 DK25

Assessor Parcel / Tax ID Number: additional tax parcel number(s) on page ___

P34351

I, Barbara A. Schiedt, am hereby requesting an emergency non-standard recording for an additional fee provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document. Recording fee is \$72.00 for the first page, \$1.00 per page thereafter per document. In addition to the standard fee, an emergency recording fee of \$50.00 is assessed. This statement is to become part of the recorded document.

Signed Barbara A. Schiedt Dated 10/14/13

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

OCT 14 2013

Amount Paid \$
Skagit Co. Treasurer
By *hmm* Deputy

FARM LEASE

Loop Parcel I - West of Thomas Road
(With Right of First Refusal)

THIS LEASE is made and effective February 18, 2008,
between **Lloyd R. Loop, Trustee of the Lloyd R. Loop Revocable
Living Trust ("Landlord")**, and **G & D WALLACE, INC.,** a Washington
Corporation, ("Tenant").

R E C I T A L S

Landlord owns approximately ___ acres of farmland south of
Field Road and west of Thomas Road in Skagit County, Washington,
known as the north 14.89 acres of Skagit County Assessor Parcel
#P34351, legally described on Exhibit "A," and as marked as "Parcel
I" on the sketch attached as Exhibit "B", attached hereto and
incorporated herein by this reference (hereinafter the "Property").
Landlord previously leased the Property (together with other
adjacent farmland being purchased by Tenant) to Knutzen Farms, LP
("Knutzen"), pursuant to a written lease dated January 1, 2007 (the
"Knutzen Lease"). Landlord has agreed to lease the Property to
Tenant commencing upon the expiration of the Knutzen Lease, upon
the terms and conditions provided herein.

The parties agree as follows:

1. **Lease of Farm Land.** For good and valuable consideration,
the receipt and sufficiency of which are hereby acknowledged by
Landlord, the Landlord hereby leases the Property to Tenant to
occupy and use for agricultural and related purposes.

2. **Term of Lease.** The term of this lease shall be for 10
years commencing upon the expiration of the Knutzen Lease and
following the vacation of the Property by Knutzen.

3. **Rental.** The rental for said premises shall be the sum of
\$200 per acre per year payable each year on April 1st. Rent shall
be payable only after the Knutzen Lease has expired and after
Knutzen Farms, LP has vacated the Property, whereupon the lease
term shall commence. Tenant shall not be responsible for enforcing
or interpreting the Knutzen Lease.



4. **Possession.** The Tenant shall be entitled to the full, complete and uninterrupted possession thereof for the term of this lease agreement, which term does not commence until Knutzen Farms, LP has vacated the Property.

5. **Heirs and Successors.** This Lease shall be binding upon the heirs, executors, administrators, and successors of the Landlord and Tenant in like manner as upon the original parties.

6. **First Right of Refusal.** If the Landlord, at any time during the term of this Lease, receives one or more bona fide offers from third parties to purchase the Property, and if any such offer is acceptable to Landlord, then Landlord shall notify Tenant in writing, giving the name and address of the offeror, and the price, terms and conditions of such offer, and Tenant shall have thirty (30) days from and after the receipt of such notice from Landlord together with a complete copy of such bona fide offer in which to elect to purchase the Property (and any other real estate included in the offer) for the consideration and on the terms and conditions contained in the bona fide offer. **If Tenant does not elect to purchase said Property and if Landlord sells the Property to said offeror, then this Lease shall expire at the end of the calendar year in which the sale takes place.** If Landlord does not sell the Property to said offeror, then this Lease shall remain in effect and remain subject the Tenant's right of first refusal. For the purpose of the foregoing Section 6, "third parties" shall mean any person, partnership, firm or corporation other than the Landlord; provided, however, that said right of first refusal shall not apply in the case of transfers to members of Landlord's family, whether by intervivos transfer, or by will, or according to law in the event of death.

7. **Landlord's Option to Terminate.** Upon the death of Lloyd Loop, the successor trustee of the Lloyd R Loop Revocable Living Trust shall have the option to terminate this Lease effective upon the end of the calendar year in which Lloyd Loop dies. This option shall be exercisable for 60 days following the death of Lloyd R Loop. Notice of exercise of this option to terminate must be in writing and received by Tenant within said 60-day period.

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

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

b. **Good Husbandry.** The Tenant will operate the farm in an efficient and husbandlike way, and will do the plowing, seeding,



cultivating and harvesting in a manner that will conserve the Landlord's property, all in accordance with good farming standards and practices in Skagit County. The parties agree that potatoes may not be planted on the Property more often than one out of every three consecutive crop seasons.

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

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

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

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

12. **Notices.** All notices under and payments made pursuant to this Lease shall be given and made to the respective parties hereto at the following addresses:

Landlord: Lloyd Loop
15694 Field Road
Bow, WA 98233
766-6894

Tenant: G & D Wallace, Inc.
P.O. Box 569
Burlington, WA 98233
757-0981



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Unless, by prior notice hereunder, a different person or address shall have been specified for such purpose, in which event, notice and payments shall be made as so specified. All notices shall be in writing and shall be deemed to have been effectively given upon the receipt thereof if delivered by hand or sent by regular mail or three days after mailing if mailed by certified mail, return receipt requested, postage prepaid, addressed as above specified.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures this 18 day of February, 2008.

Lloyd R. Loop
Lloyd R. Loop, Trustee, Landlord

G & D WALLACE, INC., Tenant

By: [Signature]

its [Signature]

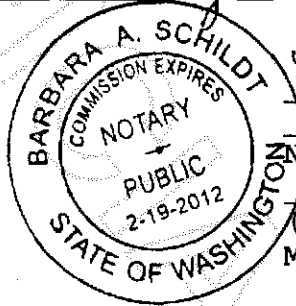


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STATE OF WASHINGTON)
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Lloyd R. Loop is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: February 18, 2008.



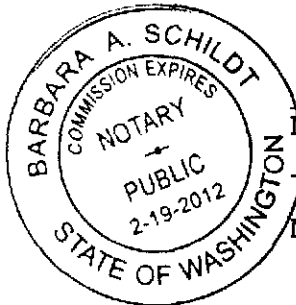
Barbara A. Schildt

Notary Public,
Barbara A. Schildt
(Print or Type Name of Notary)
My Appointment Expires: 2/19/12

STATE OF WASHINGTON)
COUNTY OF SKAGIT)

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

DATED: February 18, 2008.



Barbara A. Schildt

Notary Public,
Barbara A. Schildt
(Print or Type Name of Notary)
My Appointment Expires: 2/19/12



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EXHIBIT A

LEGAL DESCRIPTION

OPEN SPACE#300 #751860 1973 AND O/S#2 AF#9502090090 1996 DT25 DK25 THE N1/2 OF THE NE1/4 NW1/4 EXCEPT ROADS AND EXCEPT THE FOLLOWING DESCRIBED PARCELS: BEGINNING AT A POINT WHERE THE LINE BETWEEN THE NW1/4 OF THE NW1/4 AND THE NE1/4 OF THE NW1/4 OF SAID SECTION 15 INTERSECT WITH THE SOUTH LINE OF THE COUNTY ROAD; THENCE EAST 37 1/2 RODS; THENCE SOUTH 12 1/2 RODS; THENCE WEST 37 1/2 RODS TO THE WEST LINE OF SAID NE1/4 OF THE NW1/4; THENCE NORTH 12 1/2 RODS TO THE POINT OF BEGINNING. ALSO EXCEPT THE NORTH 20 RODS OF THE WEST 24 RODS OF THE NE1/4 OF THE NW1/4 OF SAID SECTION; EXCEPT THAT PORTION LYING WITH THE NORTH 12 1/2 RODS OF THAT PORTION OF SAID SUBDIVISION LYING SOUTH OF THE COUNTY ROAD. ALSO INCLUDES THE SOUTH 7.5 ROADS OF THE 20 RODS OF THE WEST 24 RODS OF THE NE1/4 NW1/4



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