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WHEN RECORDED MAIL TO:

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P.O. Box 336
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Skagit County Auditor

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4/23/2018 Page 1 of 5 12:16PM \$78.00

RE-RECORD TO CORRECT SCRANNER ERROR

The information contained in this boxed section is for recording purposes only pursuant to RCW 65.04, and is not to be relied upon for any other purpose, and shall not affect the intent of or any warranty contained in the document itself.

Document Title: Memorandum of Lease

Landlord: PATTEE INVESTMENTS, LLC, a Washington limited liability company

Tenant: WATERMARK BOOKS LLC., a Washington limited liability company

Abbreviated Legal Description: Map of the City of Anacortes, Ptn Lots 18-20, Blk 35, S18 T35N R2E

Parcel/Tax Id. Number: P55079/3772-035-020-0101

Reference Number(s) of Documents Affected: N/A

Full Legal Description set forth in Exhibit A of Document.

MEMORANDUM OF LEASE WITH RIGHT OF FIRST REFUSAL TO PURCHASE

THIS MEMORANDUM OF LEASE WITH RIGHT OF FIRST REFUSAL TO PURCHASE (the "Memorandum") is entered into by **PATTEE INVESTMENTS, LLC**, a Washington limited liability company ("Landlord"), whose address is 1302 6th Street, Anacortes, Washington, and **WATERMARK BOOKS LLC.**, a Washington limited liability company ("Tenant"), whose address is 1815 36th Street, Anacortes, Washington.

RECITALS

A. The parties have entered into a Lease ("Lease") in which Tenant has leased the building located on real property, the legal description of which is set forth in **Exhibit A**, which by this reference is incorporated herein ("Property"), from Landlord.

B. The purpose of this Memorandum is to put third parties on notice of certain terms of the Lease, including, but not limited to, the term of the Lease, the option to extend, and the Tenant's right of first refusal to purchase the Property.

AGREEMENT

1. Defined Terms. All capitalized terms used herein that are not defined shall have the same meaning as used in the Lease.

2. Term of Lease. The initial term of the Lease is for a period of three (3) years

("Initial Term"), beginning on April 20, 2018, and terminating on April 19, 2021, subject to an option to extend.

3. Option to Extend. Provided Tenant is not in default under the Lease at the time of exercise of its Option to Extend or under the terms of the conditions of any of its loan documents with respect to its purchase and financing of the assets as described in the Asset Purchase and Sale Agreement by and between Patricia A. Pattee and Tenant dated March 6, 2018 ("Purchase Agreement"), Tenant shall have an option to extend the term of this Lease beyond the Initial Term for two (2) additional terms, with the first option consisting of a three-year renewal and the second option consisting of a four-year renewal (separately or collectively "Extended Term").

4. Right of First Refusal to Purchase. Landlord has granted to Tenant a one-time right of first refusal to purchase the Building during the Initial Term, if Landlord chooses to sell the Building during the Initial Term and Landlord has a prospective purchaser for the Building, further provided: a) Tenant is not, and has not been, in default of the terms and conditions of the Lease; b) provided Tenant has the financial ability to exercise its right of first refusal; and c) Tenant exercises its right of first refusal within fifteen (15) days of Landlord's written notice. The right of first refusal is strictly personal to Tenant, is not assignable, and is a one-time right that, if not exercised within the fifteen-day period shall lapse. If not timely and properly exercised, the right of first refusal shall terminate with no action required by the parties, on the earlier of: a) April 19, 2021; or b) upon Tenant defaulting on its obligations under the Agreement or not exercising its rights within the Initial Term if and when give the opportunity to do so.

5. Successors and Assigns. This Memorandum and the Lease bind and inure to the benefit of the parties and their respective heirs, successors, and assigns.

6. No Alteration of Lease. This Memorandum is subject to the terms, covenants, conditions, and provisions of the Lease, and is not intended to, and shall not be construed to, alter, modify, limit, or abridge any of the terms, covenants, conditions, or provisions of the Lease. In the event of any conflict or inconsistency between this Memorandum and the Lease, the Lease shall control.

7. Governing Law. This Memorandum and the Lease shall be governed by and construed in accordance with the laws of the State of Washington. Venue for any action with respect to the interpretation or enforcement of the Lease, or this Memorandum, shall be in Skagit County.

IN WITNESS WHEREOF, the undersigned have caused this Memorandum to be executed by their duly authorized representatives as of the date first set forth above.

[Signatures on following page]

LANDLORD:

PATTEE INVESTMENTS, LLC, a
Washington limited liability company

By: Patricia A. Pattee
Patricia A. Pattee, Member

TENANT:

WATERMARK BOOKS LLC., a Washington
limited liability company

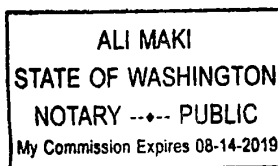
By: Brandy Bowen
Brandy Bowen, Member

By: Ben Bowen
Ben Bowen, Member

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 18th day of April, 2018, I certify that I know or have satisfactory evidence that PATRICIA A. PATTEE is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a Member of PATTEE INVESTMENTS, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

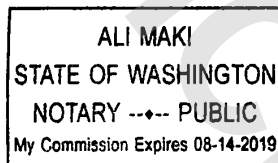


Ali Maki
Printed Name: Ali Maki
Notary Public in and for the State of Washington
residing at Mukilteo
My commission expires: 08-14-2019

STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

On this 18th day of April, 2018, I certify that I know or have satisfactory evidence that Brandy Bowen is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a Member of WATERMARK BOOKS LLC., a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

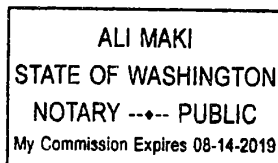


Ali Maki
 Printed Name: Ali Maki
 Notary Public in and for the State of Washington
 residing at Mukilteo
 My commission expires: 08-14-2019

STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

On this 18th day of April, 2018, I certify that I know or have satisfactory evidence that Ben Bowen 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 WATERMARK BOOKS LLC., a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Ali Maki
 Printed Name: Ali Maki
 Notary Public in and for the State of Washington
 residing at Mukilteo
 My commission expires: 08-14-2019

EXHIBIT A

The North 25 feet of Lots 19 and 20; and the East 20 feet of the North 25 feet of Lot 18, all in Block 35, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in Volume 2 of Plats, pages 4 through 7, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

SUBJECT TO: All easements, exceptions, restrictions, and reservations of record.