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12/19/2019 10:38 AM Pages: 1 of 37 Fees: \$139.50
Skagit County Auditor

Russell W. Pritchett
Pritchett & Jacobson, P.S.
P.O. Box 1977
Bellingham, WA 98227-1977

Document Title:

2019 ASSIGNMENT OF LEASE

Reference Number :

Grantor(s):

☐ additional grantor names on page ____.

1. MANZO & CARDENAS LLC

2.

Grantee(s):

☐ additional grantee names on page ____.

1. VELASCO FAMILY CORP.

2.

Abbreviated legal description:

☐ full legal on page(s) ____.

Tract 8, "PLATE NO. 2, SEDRO HOME ACREAGE, SKAGIT CO., WASH.", as per plat recorded in Volume 3 of Plats, page 60, records of Skagit Counrty, Washington. Siuate in the City of Sedro Woolley, County of Skagt, state of Washington.

Assessor Parcel / Tax ID Number:

☐ additional tax parcel number(s) on page ____.

P77157; 4171-002-008-0003

2019 ASSIGNMENT OF LEASE

WHEREAS, Manzo & Cardenas LLC ("Lessee") and Parman Holdings Ltd. (Lessor) are parties by means of assignments to a Lease Agreement dated September 1, 2016, attached hereto as Exhibit A and incorporated herein, including the Legal Description, by reference ("Lease");

AND WHEREAS, Lessor became the lessor under the Lease by virtue of an assignment of the Lease dated October 24, 2017;

AND WHEREAS, Lessee became the lessee under the Lease by virtue of an assignment of the Lease dated October 19, 2018;

AND WHEREAS, Lessee now desires to assign its interest in the Lease to Velasco Family Corp.;

KNOW ALL MEN BY THESE PRESENTS, that Lessee, for good and valuable consideration given to Lessee by Velasco Family Corp., a Washington corporation ("Assignee"), the receipt and sufficiency of which is hereby acknowledged, does convey, transfer, assign and set over unto Assignee, all of Lessee's right, title and interest in and to the Lease.

TO HAVE AND TO HOLD unto Assignee, Assignee's successors and assigns; subject to the terms, covenants, conditions and obligations set forth in said Lease.

IT IS THE INTENT and purpose of this Assignment to convey and assign unto Assignee, Assignee's successors and assigns, all of the leasehold estate and interest of Lessee in the described real property, subject to all the terms and conditions stated in said Lease.

IN CONSIDERATION of this Assignment, Assignee, Assignee's successors and assigns, assume to perform henceforth all of the covenants and agreements undertaken by Lessee in said Lease, and agree to protect, defend and save harmless Lessee from and against any and all claims, suits or actions arising thereunder.

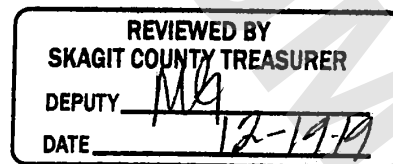
AS INDUCEMENT FOR LANDLORD to consent to this Assignment:

(1) Lessee agrees to execute in favor of Landlord the Guaranty of Tenant's Lease Obligations in form attached hereto as Exhibit B; and

(2) Assignee's principals, Fidencio Velasco Gonzalez and Laura Carreon Velasco, agree to execute in favor of Landlord the Guaranty of Tenants's Lease Obligations in form attached hereto as Exhibit B.

It is agreed that this Assignment shall not be effective until a fully executed original of said Guaranty of Tenants's Lease Obligations has been delivered to Landlord, and Landlord has executed a Consent to Lease Agreement in form attached hereto as Exhibit C.

THIS ASSIGNMENT may be executed in counterparts.



Dated: November 27, 2019.

LESSEE:

Manzo & Cardenas LLC

By: [Signature]

Octavio Manzo, Member

By: [Signature]

Jesus Manzo, Member

By: [Signature]

Yolanda Manzo, Member

ASSIGNEE:

Velasco Family Corp.

By: [Signature]

Fidencio Velasco Gonzalez, as Governor of Assignee

By: [Signature]

Laura Carreon Velasco, as Governor of Assignee

By: [Signature]

Fidencio Velasco Gonzalez, Individually

By: [Signature]

Laura Carreon Velasco, Individually

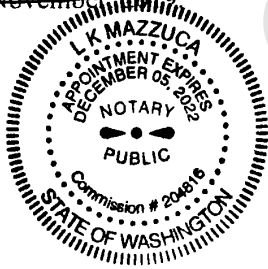
ACKNOWLEDGMENTS

STATE OF WASHINGTON)

COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Fidencio Velasco Gonzalez is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was also authorized to execute the instrument and acknowledged it as a Governor of Velasco Family Corp. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 9th day of November, 2019



Name: [Signature]
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

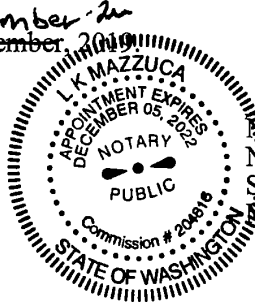
STATE OF WASHINGTON)

COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Laura Carreon Velasco is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was also authorized to execute the instrument and acknowledged it as a

Governor of Velasco Family Corp. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 9th day of ^{December 2nd} ~~November~~ 2019.

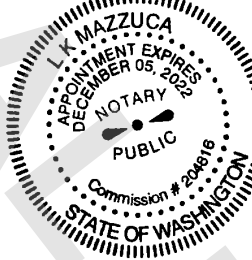


Name: L.K. Mazzuca
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

STATE OF WASHINGTON)
COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Fidencio Velasco Gonzalez is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 9th day of ^{December 2nd} ~~November~~ 2019.

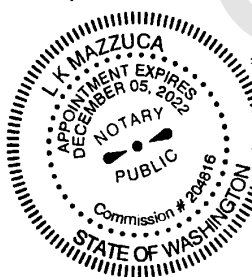


Name: L.K. Mazzuca
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

STATE OF WASHINGTON)
COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Laura Carreon Velasco is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 9th day of ^{December 2nd} ~~November~~ 2019.



Name: L.K. Mazzuca
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

STATE OF WASHINGTON)
COUNTY OF _____)

I certify that I know or have satisfactory evidence that Jesus Manzo is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath

stated that (he/she) was authorized to execute the instrument and acknowledged it as a Member of Manzo & Cardenas LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 29 day of November, 2019.



Name: Yolanda Flores Marcia
Notary Public in and for the
State of Washington
My commission expires: N/A

STATE OF WASHINGTON)
COUNTY OF _____)

I certify that I know or have satisfactory evidence that Yolanda Manzo is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as a Member of Manzo & Cardenas LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 29 day of November, 2019.

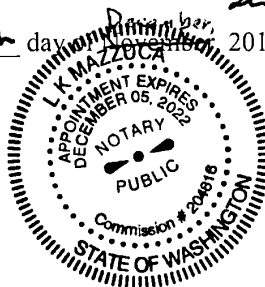


Name: Yolanda Flores Marcia
Notary Public in and for the
State of Washington
My commission expires: N/A

STATE OF WASHINGTON)
COUNTY OF Whatcom)

I certify that I know or have satisfactory evidence that Octavio Manzo is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as a Member of Manzo & Cardenas LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 9th day of December, 2019.



Name: L.K. Mazzuca
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

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CBA

CBA Form ST-NNN
Single Tenant NNN Lease
Rev. 3/2011
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LEASE AGREEMENT
(Single Tenant for Entire Parcel - NNN)

THIS LEASE AGREEMENT (the "Lease") is entered into and effective as of September 1, 2018 (date), between Parminder Singh Narwal and Jasbir Narwal ("Landlord"), and Araçeli Cardenas Moran and Adalid Cardenas Moran ("Tenant"). Landlord and Tenant agree as follows:

1. LEASE SUMMARY.

a. **Leased Premises.** The leased commercial real estate (the "Premises") consists of the real property legally described on attached Exhibit A, and all improvements thereon, and commonly described as 221 Central Avenue Sedro-Woolley WA

b. **Lease Commencement Date.** The term of this Lease shall be for a period of 60 months and shall commence on _____ or such earlier or later date as provided in Section 3 (the "Commencement Date").

c. **Lease Termination Date.** The term of this Lease shall terminate at midnight on August 31, 2021 or such earlier or later date as provided in Section 3 (the "Termination Date"). Tenant shall have no right or option to extend this Lease, unless otherwise set forth in a rider attached to this Lease (e.g., Option to Extend Rider, CBA Form OR).

d. **Base Rent.** The base monthly rent shall be (check one): ☐ \$ _____, or ☒ according to the Rent Rider attached hereto ("Base Rent"). Rent shall be payable at Landlord's address shown in Section 1(h) below, or such other place designated in writing by Landlord.

e. **Prepaid Rent.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$14,427.74 as prepaid rent, to be applied to the Rent due for the months first and last mo. through _____ of the Lease.

f. **Security Deposit.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$1,900.00 to be held as a security deposit pursuant to Section 5 below. The security deposit shall be in the form of (check one): ☒ cash, or ☐ letter of credit according to the Letter of Credit Rider (CBA Form LCR) attached hereto.

g. **Permitted Use.** The Premises shall be used only for Mexican Restaurant

and for no other purpose without the prior written consent of Landlord (the "Permitted Use").

h. Notice and Payment Addresses.

Landlord: Parminder Singh Narwal and Jasbir Narwal
216 North Samish Way
Bellingham WA 98225

Fax No.: _____
Email: pnarwal@yahoo.ca

Tenant: Araçeli Cardenas Moran and Adalid Cardenas Moran

Fax No.: _____
Email: _____

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LEASE AGREEMENT
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2. PREMISES.

a. **Lease of Premises.** Landlord leases to Tenant, and Tenant leases from Landlord the Premises upon the terms specified in this Lease.

b. **Acceptance of Premises.** Except as specified elsewhere in this Lease, Landlord makes no representations or warranties to Tenant regarding the Premises, including the structural condition of the Premises or the condition of all mechanical, electrical, and other systems on the Premises. Except for any tenant improvements to be completed by Landlord as described on attached Exhibit B (the "Landlord's Work"), Tenant shall be responsible for performing any work necessary to bring the Premises into a condition satisfactory to Tenant. By signing this Lease, Tenant acknowledges that it has had an adequate opportunity to investigate the Premises; acknowledges responsibility for making any corrections, alterations and repairs to the Premises (other than the Landlord's Work); and acknowledges that the time needed to complete any such items shall not delay the Commencement Date.

c. **Tenant Improvements.** Attached Exhibit B sets forth all Tenant's Work, if any, and all tenant improvements to be completed by Tenant (the "Tenant's Work"), if any, that will be performed on the Premises. Responsibility for design, payment and performance of all such work shall be as set forth on attached Exhibit B. If Tenant fails to notify Landlord of any defects in the Landlord's Work within thirty (30) days of delivery of possession to Tenant, Tenant shall be deemed to have accepted the Premises in their then condition. If Tenant discovers any major defects in the Landlord's Work during this 30-day period that would prevent Tenant from using the Premises for the Permitted Use, Tenant shall notify Landlord in writing and the Commencement Date shall be delayed until after Landlord has notified Tenant that Landlord has corrected the major defects and Tenant has had five (5) days to inspect and approve the Premises. The Commencement Date shall not be delayed if Tenant's inspection reveals minor defects in the Landlord's Work that will not prevent Tenant from using the Premises for the Permitted Use. Tenant shall prepare a punch list of all minor defects in Landlord's Work and provide the punch list to Landlord, which Landlord shall promptly correct.

3. **TERM.** The term of this Lease shall commence on the Commencement Date specified in Section 1, or on such earlier or later date as may be specified by notice delivered by Landlord to Tenant advising Tenant that the Premises are ready for possession and specifying the Commencement Date, which shall not be less than 0 days (thirty (30) days if not filled in) following the date of such notice.

a. **Early Possession.** If Landlord permits Tenant to possess or occupy the Premises prior to the Commencement Date specified in Section 1, then such early occupancy shall not advance the Commencement Date or the Termination Date set forth in Section 1, but otherwise all terms and conditions of this Lease shall nevertheless apply during the period of early occupancy before the Commencement Date.

b. **Delayed Possession.** Landlord shall act diligently to make the Premises available to Tenant; provided, however, neither Landlord nor any agent or employee of Landlord shall be liable for any damage or loss due to Landlord's inability or failure to deliver possession of the Premises to Tenant as provided in this Lease. If possession is delayed, the Commencement Date set forth in Section 1 shall also be delayed. In addition, the Termination Date set forth in Section 1 shall be modified so that the length of the Lease term remains the same. If Landlord does not deliver possession of the Premises to Tenant within 0 days (sixty (60) days if not filled in) after the Commencement Date specified in Section 1, Tenant may elect to cancel this Lease by giving written notice to Landlord within ten (10) days after such time period ends. If Tenant gives such notice of cancellation, the Lease shall be cancelled, all prepaid rent and security deposits shall be refunded to Tenant, and neither Landlord nor Tenant shall have any further obligations to the other.

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The first "lease year" shall commence on the Commencement Date and shall end on the date which is twelve (12) months from the end of the month in which the Commencement Date occurs. Each successive lease year during the initial term and any extension terms shall be twelve (12) months, commencing on the first day following the end of the preceding Lease Year. To the extent that the tenant improvements are not completed in time for the Tenant to occupy or take possession of the Premises on the Commencement Date due to the failure of Tenant to fulfill any of its obligations under this Lease, the Lease shall nevertheless commence on the Commencement Date set forth in Section 1.

4. RENT.

a. **Payment of Rent.** Tenant shall pay Landlord without notice, demand, deduction, or offset, in lawful money of the United States, the monthly Base Rent stated in Section 1 in advance on or before the first day of each month during the Lease term beginning on (check one): ☐ the Commencement Date, or ☒ February 1, 2017 (if no date specified, then on the Commencement Date), and shall also pay any other additional payments due to Landlord ("Additional Rent"), including Operating Costs (collectively the "Rent") when required under this Lease. Payments for any partial month at the beginning or end of the Lease shall be prorated. All payments due to Landlord under this Lease, including late fees and interest, shall also constitute Additional Rent, and upon failure of Tenant to pay any such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent.

b. **Triple Net Lease.** This Lease is what is commonly called a "Net, Net, Net" or "triple-net" Lease, which means that, except as otherwise expressly provided herein, Landlord shall receive all Base Rent free and clear of any and all other impositions, taxes, liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises. In addition to Base Rent, Tenant shall pay to the parties respectively entitled thereto, or satisfy directly, all Additional Rent and other impositions, insurance premiums, repair and maintenance charges, and any other charges, costs, obligations, liabilities, requirements, and expenses, which arise with regard to the Premises or may be contemplated under any other provision of the Lease during its term, except for costs and expenses expressly made the obligation of Landlord in this Lease.

c. **Late Charges; Default Interest.** If any sums payable by Tenant to Landlord under this Lease are not received within five (5) business days after their due date, Tenant shall pay Landlord an amount equal to the greater of \$100 or five percent (5%) of the delinquent amount for the cost of collecting and handling such late payment in addition to the amount due and as Additional Rent. All delinquent sums payable by Tenant to Landlord and not paid within five (5) business days after their due date shall, at Landlord's option, bear interest at the rate of fifteen percent (15%) per annum, or the highest rate of interest allowable by law, whichever is less (the "Default Rate"). Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.

d. **Less Than Full Payment.** Landlord's acceptance of less than the full amount of any payment due from Tenant shall not be deemed an accord and satisfaction or compromise of such payment unless Landlord specifically consents in writing to payment of such lesser sum as an accord and satisfaction or compromise of the amount which Landlord claims. Any portion that remains to be paid by Tenant shall be subject to the late charges and default interest provisions of this Section 4.

5. **SECURITY DEPOSIT.** Upon execution of this Lease, Tenant shall deliver to Landlord the security deposit specified in Section 1 above. Landlord's obligations with respect to the security deposit are those of a debtor and not of a trustee, and Landlord may commingle the security deposit with its other funds. If Tenant breaches any covenant or condition of this Lease, including but not limited to the payment of Rent, Landlord may apply all or any part of the security deposit to the payment of any sum in default and any damage suffered

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by Landlord as a result of Tenant's breach. Tenant acknowledges, however, that the security deposit shall not be considered as a measure of Tenant's damages in case of default by Tenant, and any payment to Landlord from the security deposit shall not be construed as a payment of liquidated damages for Tenant's default. If Landlord applies the security deposit as contemplated by this Section, Tenant shall, within five (5) days after written demand therefore by Landlord, deposit with Landlord the amount so applied. If Tenant complies with all of the covenants and conditions of this Lease throughout the Lease term, the security deposit shall be repaid to Tenant without interest within thirty (30) days after the surrender of the Premises by Tenant in the condition required hereunder by Section 11 of this Lease.

6. **USES.** The Premises shall be used only for the Permitted Use specified in Section 1 above, and for no other business or purposes without the prior written consent of Landlord. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises, or cause the cancellation of any insurance on the Premises. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant shall not do or permit anything to be done on the Premises which will obstruct or interfere with the rights of other tenants or occupants of the Premises, or their employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees or to injure or annoy such persons.
7. **COMPLIANCE WITH LAWS.** Tenant shall not cause or permit the Premises to be used in any way which violates any law, ordinance, or governmental regulation or order. Landlord represents to Tenant that, as of the Commencement Date, to Landlord's knowledge, but without duty of investigation, and with the exception of any Tenant's Work, the Premises comply with all applicable laws, rules, regulations, or orders, including without limitation, the Americans With Disabilities Act, if applicable, and Landlord shall be responsible to promptly cure at its sole cost any noncompliance which existed on the Commencement Date. Tenant shall be responsible for complying with all laws applicable to the Premises as a result of the Permitted Use, and Tenant shall be responsible for making any changes or alterations as may be required by law, rule, regulation, or order for Tenant's Permitted Use at its sole cost and expense. Otherwise, if changes or alterations are required by rule, law, regulation, or order unrelated to the Permitted Use, Landlord shall make changes and alterations at its expense.
8. **UTILITIES.** Landlord shall not be responsible for providing any utilities to the Premises and shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities due to any cause whatsoever, and rent shall not abate as a result thereof, except to the extent due to the intentional misconduct or gross negligence of Landlord. Tenant shall be responsible for determining whether available utilities and their capacities will meet Tenant's needs. Tenant shall install and connect, if necessary, and directly pay for all water, sewer, gas, janitorial, electricity, garbage removal, heat, telephone, and other utilities and services used by Tenant on the Premises during the term, whether or not such services are billed directly to Tenant. Tenant will also procure, or cause to be procured, without cost to Landlord, all necessary permits, licenses or other authorizations required for the lawful and proper installation, maintenance, replacement, and removal on or from the Premises of wires, pipes, conduits, tubes, and other equipment and appliances for use in supplying all utilities or services to the Premises. Landlord, upon request of Tenant, and at the sole expense and liability of Tenant, shall join with Tenant in any reasonable applications required for obtaining or continuing such utilities or services.
9. **TAXES.** Tenant shall pay all Taxes (defined below) applicable to the Premises during the Lease term. All payments for Taxes shall be made at least ten (10) days prior to their due date. Tenant shall promptly furnish Landlord with satisfactory evidence that Taxes have been paid. If any Taxes paid by Tenant cover any period of time before or after the expiration of the term, Tenant's share of those Taxes paid will be prorated to cover only the period of time within the tax fiscal year during which this Lease was in effect, and Landlord shall

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promptly reimburse or credit Tenant to the extent required. If Tenant fails to timely pay any Taxes, Landlord may pay them, and Tenant shall repay such amount to Landlord upon demand. Landlord may also elect to pay all such Taxes directly to the appropriate taxing authority/ies and receive reimbursement thereof from Tenant within ten (10) days after invoice, either of the full amount paid or at Landlord's election in equal monthly installments.

The term "Taxes" shall mean: (i) any form of tax or assessment imposed on the Premises by any authority, including any city, county, state or federal government, or any improvement district, as against any legal or equitable interest of Landlord or Tenant in the Premises or in the real property of which the Premises are a part, or against rent paid for leasing the Premises; and (ii) any form of personal property tax or assessment imposed on any personal property, fixtures, furniture, tenant improvements, equipment, inventory, or other items, and all replacements, improvements, and additions to them, located on the Premises, whether owned by Landlord or Tenant. "Taxes" shall exclude any net income tax imposed on Landlord for income that Landlord receives under this Lease.

Tenant may, upon reasonable prior notice to Landlord, contest the amount or validity, in whole or in part, of any Taxes at its sole expense, only after paying such Taxes or posting such security as Landlord may reasonably require in order to protect the Premises against loss or forfeiture. Upon the termination of any such proceedings, Tenant shall pay the amount of such Taxes or part of such Taxes as finally determined, together with any costs, fees, interest penalties, or other related liabilities. Landlord shall reasonably cooperate with Tenant in contesting any Taxes, provided Landlord incurs no expense or liability in doing so.

10. ALTERATIONS. Tenant may make alterations, additions or improvements to the Premises, including any Tenant Work identified on attached Exhibit C (the "Alterations"), only with the prior written consent of Landlord, which, with respect to Alterations not affecting the structural components of the Premises or utility systems therein, shall not be unreasonably withheld, conditioned, or delayed. Landlord shall have thirty (30) days in which to respond to Tenant's request for any Alterations so long as such request includes the name of Tenant's contractors and reasonably detailed plans and specifications therefor. The term "Alterations" shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures that may be performed without damaging existing improvements or the structural integrity of the Premises and Landlord's consent shall not be required for Tenant's installation or removal of those items. Tenant shall perform all work at Tenant's expense and in compliance with all applicable laws and shall complete all Alterations in accordance with plans and specifications approved by Landlord, using contractors approved by Landlord. Tenant shall pay, when due, or furnish a bond for payment (as set forth in Section 18) all claims for labor or materials furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialsmen's liens against the Premises or any interest therein. Tenant shall remove all Alterations at the end of the Lease term unless Landlord conditioned its consent upon Tenant leaving a specified Alteration at the Premises, in which case Tenant shall not remove such Alteration, and it shall become Landlord's property. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.

11. REPAIRS AND MAINTENANCE; SURRENDER. Tenant shall, at its sole expense, maintain the entire Premises including without limitation the roof surface and normal repairs and maintenance to all heating, ventilation, and air conditioning ("HVAC") equipment at the Premises, in good condition and promptly make all repairs and replacements, whether structural or non-structural, necessary to keep the Premises in safe operating condition, including all utilities and other systems serving the Premises, but excluding the roof structure, subfloor, foundation, exterior walls, and capital repairs and replacements to the HVAC system (collectively, "Landlord's Repair Items"), which Landlord shall maintain in good condition and repair at Landlord's expense, provided that Tenant shall not damage any Landlord's Repair Items and shall promptly repair any damage or injury done thereto caused by Tenant or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. Notwithstanding anything in

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this Section to the contrary, Tenant shall not be responsible for any repairs to the Premises made necessary by the negligence or willful misconduct of Landlord or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees therein. If Tenant fails to perform Tenant's obligations under this Section, Landlord may at Landlord's option enter upon the Premises after ten (10) days' prior notice to Tenant and put the same in good order, condition and repair and the cost thereof together with interest thereon at the default rate set forth in Section 4 shall be due and payable as Additional Rent to Landlord together with Tenant's next installment of Base Rent. Upon expiration of the Lease term, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises, together with all keys, to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty excepted.

12. ACCESS AND RIGHT OF ENTRY. After twenty-four (24) hours' notice from Landlord (except in cases of emergency, when no notice shall be required), Tenant shall permit Landlord and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, inspections, alterations or improvements, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises. This Section shall not impose any repair or other obligation upon Landlord not expressly stated elsewhere in this Lease. After reasonable notice to Tenant, Landlord shall have the right to enter the Premises for the purpose of (a) showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term; and, (b) for posting "for lease" signs within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term.

13. SIGNAGE. Tenant shall obtain Landlord's written consent as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Tenant shall install any approved signage at Tenant's sole expense and in compliance with all applicable laws. Tenant shall not damage or deface the Premises in installing or removing signage and shall repair any injury or damage to the Premises caused by such installation or removal.

14. DESTRUCTION OR CONDEMNATION.

a. Damage and Repair. If the Premises are partially damaged but not rendered untenable, by fire or other insured casualty, then Landlord shall diligently restore the Premises to the extent required below and this Lease shall not terminate. The Premises shall not be deemed untenable if twenty-five percent (25%) or less of the Premises are damaged. Landlord shall have no obligation to restore the Premises if insurance proceeds are not available to pay the entire cost of such restoration. If insurance proceeds are available to Landlord but are not sufficient to pay the entire cost of restoring the Premises, or if Landlord's lender shall not permit all or any part of the insurance proceeds to be applied toward restoration, then Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty.

If the Premises are entirely destroyed, or partially damaged and rendered untenable, by fire or other casualty, Landlord may, at its option: (a) terminate this Lease as provided herein, or (b) restore the Premises to their previous condition to the extent required below; provided, however, if such casualty event occurs during the last six (6) months of the Lease term (after considering any option to extend the term timely exercised by Tenant) then either Tenant or Landlord may elect to terminate the Lease. If, within sixty (60) days after receipt by Landlord from Tenant of written notice that Tenant deems the Premises untenable, Landlord fails to notify Tenant of its election to restore the Premises, or if Landlord is unable to restore the Premises within six (6) months of the date of the casualty event, then Tenant may elect to terminate the Lease upon twenty (20) days' written notice to Landlord unless Landlord, within such twenty (20) day period, notifies Tenant that it will in fact restore the Premises or actually completes such restoration work to the extent required below, as applicable.

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If Landlord restores the Premises under this Section 14, Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises, provided that there shall be a rent abatement only if the damage or destruction of the Premises did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises. Landlord shall have no obligation to carry insurance of any kind for the protection of Tenant or any alterations or improvements paid for by Tenant; any Tenant Improvements identified in Exhibit B (regardless of who may have completed them); Tenant's furniture; or on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord's restoration obligations hereunder shall not include any obligation to repair any damage thereto or replace the same.

b. **Condemnation.** If the Premises are made untenable by eminent domain, or conveyed under a threat of condemnation, this Lease shall automatically terminate as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises and all Rents and other payments shall be paid to that date. If the condemning authority takes a portion of the Premises that does not render the Premises untenable, then this Lease shall continue in full force and effect and the base monthly rent shall be equitably reduced based on the proportion by which the floor area of any structures is reduced. The reduction in Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses, provided that in no event shall Tenant's claim reduce Landlord's award.

15. INSURANCE.

a. **Tenant's Liability Insurance.** During the Lease term, Tenant shall pay for and maintain commercial general liability insurance with broad form property damage and contractual liability endorsements. This policy shall name Landlord, its property manager (if any), and other parties designated by Landlord as additional insureds using an endorsement form acceptable to Landlord, and shall insure Tenant's activities and those of Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees with respect to the Premises against loss, damage or liability for personal injury or bodily injury (including death) or loss or damage to property with a combined single limit of not less than \$2,000,000, and a deductible of not more than \$10,000. Tenant's insurance will be primary and noncontributory with any liability insurance carried by Landlord. Landlord may also require Tenant to obtain and maintain business income coverage for at least six (6) months, business auto liability coverage, and, if applicable to Tenant's Permitted Use, liquor liability insurance and/or warehouseman's coverage.

b. **Tenant's Property Insurance.** During the Lease term, Tenant shall pay for and maintain special form clauses of loss coverage property insurance (with coverage for earthquake if required by Landlord's lender and, if the Premises are situated in a flood plain, flood damage) for all of Tenant's personal property, fixtures and equipment in the amount of their full replacement value, with a deductible of not more than \$10,000.

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c. **Miscellaneous.** Tenant's insurance required under this Section shall be with companies rated A-/VI or better in Best's Insurance Guide, and which are admitted in the state in which the Premises are located. No insurance policy shall be cancelled or reduced in coverage and each such policy shall provide that it is not subject to cancellation or a reduction in coverage except after thirty (30) days prior written notice to Landlord. Tenant shall deliver to Landlord upon commencement of the Lease and from time to time thereafter, copies of the insurance policies or evidence of insurance and copies of endorsements required by this Section. In no event shall the limits of such policies be considered as limiting the liability of Tenant under this Lease. If Tenant fails to acquire or maintain any insurance or provide any policy or evidence of insurance required by this Section, and such failure continues for three (3) days after notice from Landlord, Landlord may, but shall not be required to, obtain such insurance for Landlord's benefit and Tenant shall reimburse Landlord for the costs of such insurance upon demand. Such amounts shall be Additional Rent payable by Tenant hereunder and in the event of non-payment thereof, Landlord shall have the same rights and remedies with respect to such non-payment as it has with respect to any other non-payment of rent hereunder.

d. **Waiver of Subrogation.** Landlord and Tenant hereby release each other and any other tenant, their agents or employees, from responsibility for, and waive their entire claim of recovery for any loss or damage arising from any cause covered by property insurance required to be carried or otherwise carried by each of them. Each party shall provide notice to the property insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective property insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such property policies or to the extent of liabilities exceeding the limits of such policies.

16. INDEMNIFICATION.

a. **Indemnification by Tenant.** Tenant shall defend, indemnify, and hold Landlord and its property manager, if any, harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Tenant or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises, or arising from any breach of this Lease by Tenant. Tenant shall use legal counsel reasonably acceptable to Landlord in defense of any action within Tenant's defense obligation.

b. **Indemnification by Landlord.** Landlord shall defend, indemnify and hold Tenant harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Landlord or Landlord's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises, or arising from any breach of this Lease by Landlord. Landlord shall use legal counsel reasonably acceptable to Tenant in defense of any action within Landlord's defense obligation.

c. **Waiver of Immunity.** Landlord and Tenant each specifically and expressly waive any immunity that each may be granted under the Washington State Industrial Insurance Act, Title 51 RCW. Neither party's indemnity obligations under this Lease shall be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under the Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts.

d. **Exemption of Landlord from Liability.** Except to the extent of claims arising out of Landlord's gross negligence or intentional misconduct, Landlord shall not be liable for injury to Tenant's business or assets or any loss of income therefrom or for damage to any property of Tenant or of its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, or any other person in or about the Premises.

e. **Survival.** The provisions of this Section 16 shall survive expiration or termination of this Lease.

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17. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Lease (collectively referred to as a "Transfer") or any part of the Premises, without first obtaining Landlord's written consent which shall not be unreasonably withheld, conditioned, or delayed. No Transfer shall relieve Tenant of any liability under this Lease notwithstanding Landlord's consent to such Transfer. Consent to any Transfer shall not operate as a waiver of the necessity for Landlord's consent to any subsequent Transfer. In connection with each request for consent to a Transfer, Tenant shall pay the reasonable cost of processing same, including attorneys' fees, upon demand of Landlord, up to a maximum of \$1,250.

If Tenant is a partnership, limited liability company, corporation, or other entity, any transfer of this Lease by merger, consolidation, redemption or liquidation, or any change in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interest in Tenant, shall constitute a Transfer under this Section.

As a condition to Landlord's approval, if given, any potential assignee or sublessee otherwise approved by Landlord shall assume all obligations of Tenant under this Lease and shall be jointly and severally liable with Tenant and any guarantor, if required, for the payment of Rent and performance of all terms of this Lease. In connection with any Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption agreement or documents.

18. LIENS. Tenant is not authorized to subject the Landlord's assets to any liens or claims of lien. Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability for any such liens including, without limitation, liens arising from any Alterations. If a lien is filed against the Premises by any person claiming by, through or under Tenant, Tenant shall, within 10 days after Landlord's demand, at Tenant's expense, either remove the lien or furnish to Landlord a bond in form and amount and issued by a surety satisfactory to Landlord, indemnifying Landlord and the Premises against all liabilities, costs and expenses, including attorneys' fees, which Landlord could reasonably incur as a result of such lien.

19. DEFAULT. The following occurrences shall each constitute a default by Tenant (an "Event of Default"):

a. **Failure To Pay.** Failure by Tenant to pay any sum, including Rent, due under this Lease following five (5) days' notice from Landlord of the failure to pay.

b. **Vacation/Abandonment.** Vacation by Tenant of the Premises (defined as an absence for at least fifteen (15) consecutive days without prior notice to Landlord), or abandonment of the Premises (defined as an absence of five (5) days or more while Tenant is in breach of some other term of this Lease). Tenant's vacation or abandonment of the Premises shall not be subject to any notice or right to cure.

c. **Insolvency.** Tenant's insolvency or bankruptcy (whether voluntary or involuntary), or appointment of a receiver, assignee or other liquidating officer for Tenant's business; provided, however, that in the event of any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding shall constitute an Event of Default only if such proceeding is not dismissed or vacated within sixty (60) days after its institution or commencement.

d. **Lien or Execution.** The taking of Tenant's interest in this Lease or the Premises, or any part thereof, by execution or other process of law directed against Tenant, or attachment of Tenant's interest in this Lease by any creditor of Tenant, if such attachment is not discharged within fifteen (15) days after being levied.

e. **Other Non-Monetary Defaults.** The breach by Tenant of any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section or elsewhere in this Lease, which breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach.

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f. **Failure to Take Possession.** Failure by Tenant to take possession of the Premises on the Commencement Date or failure by Tenant to commence any Tenant's Work in a timely fashion.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event less than thirty (30) days after notice by Tenant to Landlord. If Landlord fails to cure any such default within the allotted time, Tenant's sole remedy shall be to seek actual money damages (but not consequential or punitive damages) for loss arising from Landlord's failure to discharge its obligations under this Lease. Nothing herein contained shall relieve Landlord from its duty to perform of any of its obligations to the standard prescribed in this Lease.

Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

20. **REMEDIES.** Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

a. **Termination of Lease.** Landlord may terminate Tenant's interest under the Lease, but no act by Landlord other than notice of termination from Landlord to Tenant shall terminate this Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease term, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's Reletting Expenses (as defined below). Landlord shall be entitled to either collect damages from Tenant monthly on the days on which rent or other amounts would have been payable under the Lease, or alternatively, Landlord may accelerate Tenant's obligations under the Lease and recover from Tenant: (i) unpaid rent which had been earned at the time of termination; (ii) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rent loss that Tenant proves could reasonably have been avoided; (iii) the amount by which the unpaid rent for the balance of the term of the Lease after the time of award exceeds the amount of rent loss that Tenant proves could reasonably be avoided (discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%); and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, or which in the ordinary course would be likely to result from the Event of Default, including without limitation Reletting Expenses described in Section 20(b) below.

b. **Re-Entry and Reletting.** Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord all Reletting Expenses (defined below); second, to pay any indebtedness of Tenant to Landlord other than rent; third, to the rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a notice of termination is given to

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Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises and after deducting Landlord's Reletting Expenses. "Reletting Expenses" is defined to include all expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs for securing new tenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

c. **Waiver of Redemption Rights.** Tenant, for itself, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, hereby waives and surrenders all rights and privileges which they may have under any present or future law, to redeem the Premises or to have a continuance of this Lease for the Lease term, or any extension thereof.

d. **Nonpayment of Additional Rent.** All costs which Tenant is obligated to pay to Landlord pursuant to this Lease shall in the event of nonpayment be treated as if they were payments of Rent, and Landlord shall have the same rights it has with respect to nonpayment of Rent.

e. **Failure to Remove Property.** If Tenant fails to remove any of its property from the Premises at Landlord's request following an uncured Event of Default, Landlord may, at its option, remove and store the property at Tenant's expense and risk. If Tenant does not pay the storage cost within five (5) days of Landlord's request, Landlord may, at its option, have any or all of such property sold at public or private sale (and Landlord may become a purchaser at such sale), in such manner as Landlord deems proper, without notice to Tenant. Landlord shall apply the proceeds of such sale: (i) to the expense of such sale, including reasonable attorneys' fees actually incurred; (ii) to the payment of the costs or charges for storing such property; (iii) to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and (iv) the balance, if any, to Tenant. Nothing in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law or to foreclose Landlord's lien for unpaid rent.

21. **MORTGAGE SUBORDINATION AND ATTORNMEN.** This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements or extensions ("Landlord's Mortgage"). Tenant shall attorn to the holder of any Landlord's Mortgage or any party acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided the acquiring party assumes the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than fifteen (15) days after request execute, acknowledge and deliver documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section to subordinate in the future are conditioned on the holder of each Landlord's Mortgage and each party acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy and other rights under this Lease, so long as no uncured Event of Default by Tenant exists.

22. **NON-WAIVER.** Landlord's waiver of any breach of any provision contained in this Lease shall not be deemed to be a waiver of the same provision for subsequent acts of Tenant. The acceptance by Landlord of Rent or other amounts due by Tenant hereunder shall not be deemed to be a waiver of any previous breach by Tenant.

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- 23. HOLDOVER.** If Tenant shall, without the written consent of Landlord, remain in possession of the Premises and fail to return them to Landlord after the expiration or termination of the term, the tenancy shall be a holdover tenancy and shall be on a month-to-month basis, which may be terminated according to Washington law. During such tenancy, Tenant agrees to pay to Landlord 150% of the rate of rental last payable under this Lease, unless a different rate is agreed upon by Landlord. All other terms of the Lease shall remain in effect. Tenant acknowledges and agrees that this Section does not grant any right to Tenant to holdover, and that Tenant may also be liable to Landlord for any and all damages or expenses which Landlord may have to incur as a result of Tenant's holdover.
- 24. NOTICES.** All notices under this Lease shall be in writing and effective (i) when delivered in person or via overnight courier to the other party, (ii) three (3) days after being sent by registered or certified mail to the other party at the address set forth in Section 1; or (iii) upon confirmed transmission by facsimile to the other party at the facsimile numbers set forth in Section 1. The addresses for notices and payment of rent set forth in Section 1 may be modified by either party only by written notice delivered in conformance with this Section.
- 25. COSTS AND ATTORNEYS' FEES.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments, or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, whether in mediation or arbitration, at trial, on appeal, and in any bankruptcy proceeding.
- 26. ESTOPPEL CERTIFICATES.** Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the total rentable square footage of the Premises; (ii) the date the Lease term commenced and the date it expires; (iii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iv) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (v) that this Lease represents the entire agreement between the parties; (vi) that all obligations under this Lease to be performed by either party have been satisfied; (vii) that there are no existing claims, defenses or offsets which the Tenant has against the enforcement of this Lease by Landlord; (viii) the amount of Rent, if any, that Tenant paid in advance; (ix) the amount of security that Tenant deposited with Landlord; (x) if Tenant has sublet all or a portion of the Premises or assigned its interest in the Lease and to whom; (xi) if Tenant has any option to extend the Lease or option to purchase the Premises; and (xii) such other factual matters concerning the Lease or the Premises as Landlord may reasonably request. Tenant acknowledges and agrees that any statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or assignee of any mortgage or new mortgagee of Landlord's interest in the Premises. If Tenant shall fail to respond within ten (10) days to Landlord's request for the statement required by this Section, Landlord may provide the statement and Tenant shall be deemed to have admitted the accuracy of the information provided by Landlord.
- 27. TRANSFER OF LANDLORD'S INTEREST.** This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for collateral purposes only, upon the assumption of this Lease by the transferee, Landlord shall be automatically relieved of obligations and liabilities accruing from and after the date of such transfer, including any liability for any retained security deposit or prepaid rent, for which the transferee shall be liable, and Tenant shall attorn to the transferee.
- 28. LANDLORD'S LIABILITY.** Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Landlord personally or the assets of Landlord but are made and intended for the purpose of binding only the Landlord's interest in the Premises, as the same may from time to time be encumbered. In no event shall Landlord or its partners, shareholders, or members, as the case may be, ever be personally liable hereunder.

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29. RIGHT TO PERFORM. If Tenant shall fail to timely pay any sum or perform any other act on its part to be performed hereunder, Landlord may make any such payment or perform any such other act on Tenant's behalf. Tenant shall, within ten (10) days of demand, reimburse Landlord for its expenses incurred in making such payment or performance. Landlord shall (in addition to any other right or remedy of Landlord provided by law) have the same rights and remedies in the event of the nonpayment of sums due under this Section as in the case of default by Tenant in the payment of Rent.

30. HAZARDOUS MATERIAL. As used herein, the term "Hazardous Material" means any hazardous, dangerous, toxic or harmful substance, material or waste including biomedical waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government, due to its potential harm to the health, safety or welfare of humans or the environment. Landlord represents and warrants to Tenant that, to Landlord's knowledge without duty of investigation, there is no Hazardous Material on, in, or under the Premises as of the Commencement Date except as may otherwise have been disclosed to Tenant in writing before the execution of this Lease. If there is any Hazardous Material on, in, or under the Premises as of the Commencement Date which has been or thereafter becomes unlawfully released through no fault of Tenant, then Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred or suffered by Tenant either during or after the Lease term as the result of such contamination.

Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except with Landlord's prior consent and then only upon strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, or elsewhere; damages arising from any adverse impact on marketing of space at the Premises; and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease term. These indemnifications by Landlord and Tenant include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any unlawful release of any Hazardous Materials on the Premises or any other property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises or any other property to the condition existing prior to the release of any such Hazardous Material; provided that Landlord's approval of such actions shall first be obtained, which approval may be withheld at Landlord's sole discretion. The provisions of this Section shall survive expiration or termination of this Lease.

31. QUIET ENJOYMENT. So long as Tenant pays the Rent and performs all of its obligations in this Lease, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming by, through or under Landlord.

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- 32. MERGER.** The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.
- 33. GENERAL.**
- a. **Heirs and Assigns.** This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.
 - b. **Brokers' Fees.** Tenant represents and warrants to Landlord that except for Tenant's Broker, if any, described or disclosed in Section 35 of this Lease, it has not engaged any broker, finder or other person who would be entitled to any commission or fee for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant that except for Landlord's Broker, if any, described and disclosed in Section 35 of this Lease, it has not engaged any broker, finder or other person who would be entitled to any commission or fee for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability or expense incurred by Tenant as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.
 - c. **Entire Agreement.** This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or amended to except in writing signed by Landlord and Tenant.
 - d. **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.
 - e. **Force Majeure.** Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fire, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.
 - f. **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington.
 - g. **Memorandum of Lease.** Neither this Lease nor any memorandum or "short form" thereof shall be recorded without Landlord's prior consent.
 - h. **Submission of Lease Form Not an Offer.** One party's submission of this Lease to the other for review shall not constitute an offer to lease the Premises. This Lease shall not become effective and binding upon Landlord and Tenant until it has been fully signed by both of them.
 - i. **No Light, Air or View Easement.** Tenant has not been granted an easement or other right for light, air or view to or from the Premises. Any diminution or shutting off of light, air or view by any structure which may be erected on or adjacent to the Premises shall in no way effect this Lease or the obligations of Tenant hereunder or impose any liability on Landlord.
 - j. **Authority of Parties.** Each party signing this Lease represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery, this Lease shall be binding upon and enforceable against the party on signing.

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CBA Form ST-4NN
Single Tenant NNN Lease
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LEASE AGREEMENT
(Single Tenant for Entire Parcel - NNN)
(Continued)

k. Time. "Day" as used herein means a calendar day and "business day" means any day on which commercial banks are generally open for business in the state where the Premises are situated. Any period of time which would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Lease.

34. **EXHIBITS AND RIDERS.** The following exhibits and riders are made a part of this Lease, and the terms thereof shall control over any inconsistent provision in the sections of this Lease:

Exhibit A Legal Description of the Premises

Exhibit B Tenant Improvement Schedule

CHECK THE BOX FOR ANY OF THE FOLLOWING THAT WILL APPLY. CAPITALIZED TERMS USED IN THE RIDERS SHALL HAVE THE MEANING GIVEN TO THEM IN THE LEASE.

- ☒ Rent Rider
☐ Arbitration Rider
☐ Letter of Credit Rider
☒ Guaranty of Tenant's Lease Obligations Rider
☐ Option to Extend Rider

35. **AGENCY DISCLOSURE.** At the signing of this Lease, Landlord is represented by Richard G. Nord Sr. Windermere/Stagik

(insert both the name of the Broker and the Firm as licensed) (the "Landlord's Broker"), and Tenant is represented by Kim Schlimmer Keller Williams Realty Burlington WA

(insert both the name of the Broker and the Firm as licensed) (the "Tenant's Broker").

This Agency Disclosure creates an agency relationship between Landlord, Landlord's Broker (if any such person is disclosed), and any managing brokers who supervise Landlord's Broker's performance (collectively the "Supervising Brokers"). In addition, this Agency Disclosure creates an agency relationship between Tenant, Tenant's Broker (if any such person is disclosed), and any managing brokers who supervise Tenant's Broker's performance (also collectively the "Supervising Brokers"). If Tenant's Broker and Landlord's Broker are different real estate licensees affiliated with the same Firm, then both Tenant and Landlord confirm their consent to that Firm and both Tenant's and Landlord's Supervising Brokers acting as dual agents. If Tenant's Broker and Landlord's Broker are the same real estate licensee who represents both parties, then both Landlord and Tenant acknowledge that the Broker, his or her Supervising Brokers, and his or her Firm are acting as dual agents and hereby consent to such dual agency. If Tenant's Broker, Landlord's Broker, their Supervising Brokers, or their Firm are dual agents, Landlord and Tenant consent to Tenant's Broker, Landlord's Broker and their Firm being compensated based on a percentage of the rent or as otherwise disclosed on the attached addendum. Neither Tenant's Broker, Landlord's Broker nor either of their Firms are receiving compensation from more than one party to this transaction unless otherwise disclosed on an attached addendum, in which case Landlord and Tenant consent to such compensation. Landlord and Tenant confirm receipt of the pamphlet entitled "The Law of Real Estate Agency."

36. **COMMISSION AGREEMENT.** If Landlord has not entered into a listing agreement (or other compensation agreement with Landlord's Broker), Landlord agrees to pay a commission to Landlord's Broker (as identified in the Agency Disclosure paragraph above) as follows:

- ☐ \$ _____
☐ _____ % of the gross rent payable pursuant to the Lease
☐ \$ _____ per square foot of the Premises
☐ Other _____

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CBA Form ST-NNN
Single Tenant NNN Lease
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LEASE AGREEMENT
(Single Tenant for Entire Parcel - NNN)
(Continued)

Landlord's Broker ☐ shall ☐ shall not (shall not if not filled in) be entitled to a commission upon the extension by Tenant of the Lease term pursuant to any right reserved to Tenant under the Lease calculated ☐ as provided above or ☐ as follows _____ (If no box is checked, as provided above). Landlord's Broker ☐ shall ☐ shall not (shall not if not filled in) be entitled to a commission upon any expansion of the Premises pursuant to any right reserved to Tenant under the Lease, calculated ☐ as provided above or ☐ as follows _____ (If no box is checked, as provided above).

Any commission shall be earned upon execution of this Lease, and paid one-half upon execution of the Lease and one-half upon occupancy of the Premises by Tenant. Landlord's Broker shall pay to Tenant's Broker (as identified in the Agency Disclosure paragraph above) the amount stated in a separate agreement between them or, if there is no agreement, \$ _____ or _____ % (complete only one) of any commission paid to Landlord's Broker, within five (5) days after receipt by Landlord's Broker.

If any other lease or sale is entered into between Landlord and Tenant pursuant to a right reserved to Tenant under the Lease, Landlord ☐ shall ☐ shall not (shall not if not filled in) pay an additional commission according to any commission agreement or, in the absence of one, according to the commission schedule of Landlord's Broker in effect as of the execution of this Lease. Landlord's successor shall be obligated to pay any unpaid commissions upon any transfer of this Lease and any such transfer shall not release the transferor from liability to pay such commissions.

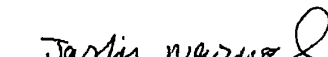
37. BROKER PROVISIONS.

LANDLORD'S BROKER, TENANT'S BROKER AND THEIR FIRMS HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE PREMISES; THE MEANING OF THE TERMS AND CONDITIONS OF THIS LEASE; LANDLORD'S OR TENANT'S FINANCIAL STANDING; ZONING OR COMPLIANCE OF THE PREMISES WITH APPLICABLE LAWS; SERVICE OR CAPACITY OF UTILITIES; OPERATING COSTS; OR HAZARDOUS MATERIALS. LANDLORD AND TENANT ARE EACH ADVISED TO SEEK INDEPENDENT LEGAL ADVICE ON THESE AND OTHER MATTERS ARISING UNDER THIS LEASE.

IN WITNESS WHEREOF, this Lease has been executed the date and year first above written.


LANDLORD


TENANT


LANDLORD


TENANT

BY _____

BY _____

ITS: OWNER

ITS: Tenant

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Single Tenant NNN Lease
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LEASE AGREEMENT
(Single Tenant for Entire Parcel - NNN)
(Continued)

STATE OF WASHINGTON

COUNTY OF Skagit

ss.

I certify that I know or have satisfactory evidence that Parminder S. Narwal 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 lease of property to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 20 day of August, 2016.



Gretchen A. Thomas
(Signature of Notary)
Gretchen A. Thomas
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington
Residing at Bow

My appointment expires 04-24-2018

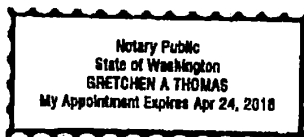
STATE OF WASHINGTON

COUNTY OF Skagit

ss.

I certify that I know or have satisfactory evidence that Jashir K. Narwal 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 the lease of property to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 20 day of August, 2016.



Gretchen A. Thomas
(Signature of Notary)
Gretchen A. Thomas
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington
Residing at Bow

My appointment expires 04-24-2018

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LEASE AGREEMENT
(Single Tenant for Entire Parcel - NNN)
(Continued)

STATE OF WASHINGTON

COUNTY OF Skagit

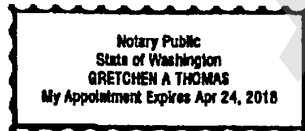
ss.

I certify that I know or have satisfactory evidence that Adalid A Cardenas 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 lease of property to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 20 day of August, 2016.

Matt C. Johnson
(Signature of Notary)

Gretchen A. Thomas
(Legally Print or Stamp Name of Notary)



Notary public in and for the state of Washington

Residing at BowMy appointment expires 04-24-2018

STATE OF WASHINGTON

COUNTY OF Skagit

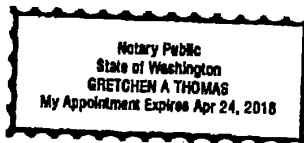
ss.

I certify that I know or have satisfactory evidence that Araceli Cardenas 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 the lease of property to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 20 day of August, 2016.

Matt C. Johnson
(Signature of Notary)

Gretchen A. Thomas
(Legally Print or Stamp Name of Notary)



Notary public in and for the state of Washington

Residing at BowMy appointment expires 04-24-2018

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CSA Form ST-NNN
Single Tenant NNN Lease
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LEASE AGREEMENT
(Single Tenant for Entire Parcel - NNN)
(Continued)

EXHIBIT A
(Legal Description of the Property)

1. Legal Description. The Property is more particularly described as follows:

Tract 8, "PLATE NO. 2, SEDRO HOME ACREAGE,
SKAGIT CO., WASH.", as per plat recorded in Volume 3 of
Plats, page 60, records of Skagit County, Washington.

Situate in the City of Sedro Woolley, County of Skagit, State
of Washington

Skagit County Assessor's Parcel Number
P77157; 4171-002-008-0003

EXHIBIT A

Unfiled

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CBA

LEASE AGREEMENT
(Single Tenant for Entire Parcel - NNN)
(Continued)

[Tenant Improvement Schedule (Landlord's Work)]

The Building is being leased in as is condition, and includes all furnishings and fixtures now in the building. It is understood that a new kitchen hood is being installed by the tenant as well as some other kitchen equipment at the tenants expense. The landlord agrees to participate in the cost of the hood as defined below.

The property is being leased to the Tenant in as is condition. It is the intention of the Tenant to install a commercial kitchen hood fan. The Landlord will participate in the installation of the kitchen hood fan as follows:

It will be the responsibility of the Tenant to contract for and install a kitchen hood fan of his choice. The Landlord agrees to pay up to 50% of the cost of the kitchen hood fan and its installation in an amount up to, but not to greater than \$12,500. The Landlord's 50% payment will be due and payable directly to the hood installer at such time as the hood is completely installed and operating and the billing is presented to the Landlord.

EXHIBIT B

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CBA Form No. LA
Addendum/Amendment to Lease
Rev. 6/07
Page 1 of 1

First ADDENDUM/AMENDMENT TO
CBA LEASES

The following is part of the Commercial Lease Agreement dated September 1, 2016,
Between Parminder Singh Narwal and Jasbir Narwal ("Landlord")
And Araceli Cardenas Moran and Adelfo Cardenas Moran ("Tenant")
regarding the lease of the property known as 221 Central Ave, Sedro-Woolley, WA 98284
(the "Premises").

IT IS AGREED BETWEEN THE LANDLORD AND TENANT AS FOLLOWS:

The landlord agree to provide to the tenant an additional 5 year option to lease from the termination date of August 31 2021 at continuing rental rates with an annual rental escalation rate of 3%. The tenant must give the landlord notice of his intent to exercise this option not later than January 31, 2021.

In the event the landlord elects to sell the property, in order to give the tenant an opportunity to purchase the property, the landlord will provide to the tenant written notice of their intent to sell including the listing price 30 days prior to listing the property for sale as long as the leases are in force.

In the event the option for a second 5 year lease is negotiated and a lease entered into between the tenant and the landlord, then an amount equal to 50% of the real estate commissions paid for the initial 5 year lease will be due and payable to the real estate agents at the time of the lease extension.

The Tenant will have the right to transfer the lease to another operator at any time during the term of the lease upon receipt of the landlords written approval of the new operator. The landlords approval of the new operator will not be unreasonably denied.

The parties agree that a "to be" formed Washington State Corporation will substituted as the Tenant in this lease agreement prior to September 1, 2016, and the parties now named as tenant will be the guarantors of the lease as defined in the attached "GUARANTY OF TENANT'S LEASE OBLIGATIONS RIDER".

AGENT (COMPANY): Richard G. Nord Sr. Windermere/Skyline

By: 

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged.

INITIALS:

Tenant/Lessee AC
Tenant/Lessee AS

DATE 8-20-16
DATE 08-20-16

Landlord/Lessor An.
Landlord/Lessor J. N.

DATE Aug/20/16
DATE Aug/20/16

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CBA Form RR
Rent Rider
Rev. 1/2011
Page 1 of 1

RENT RIDER

This Rent Rider ("Rider") is made part of the Lease Agreement dated September 1, 2016, (the "Lease") between Permlinder Singh Narwal and Jasbir Narwal ("Landlord") and Araceli Cardenas Moran and Adalid Cardenas Moran ("Tenant") concerning the space commonly known as 3 Rivers Restaurant (the "Premises"), located at the property commonly known as 221 Central Ave, Sedro-Woolley, WA 98284 (the "Property").

- ☒ 1. **BASE MONTHLY RENT SCHEDULE.** Tenant shall pay Landlord base monthly rent during the Lease Term according to the following schedule:

Lease Year (Stated in Years or Months)

See attached addendum

Base Monthly Rent Amount

\$ See attached addendum
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____

- ☐ 2. **CONSUMER PRICE INDEX ADJUSTMENT ON BASE MONTHLY RENT.** The base monthly rent shall be increased on the first day of the second year of the Lease and on the first day of each year of the Lease thereafter (each, an "Adjustment Date") during the term of this Lease (but not during any extension term(s) unless specifically set forth elsewhere in the Lease or another Rider attached thereto). The increase shall be determined in accordance with the increase in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (all items for the geographical statistical area in which the Premises is located on the basis of 1982-1984 equals 100) (the "Index"). The base monthly rent payable immediately prior to the applicable adjustment date shall be increased by the percentage that the Index published for the date nearest preceding the applicable Adjustment Date has increased over the Index published for the date nearest preceding the first day of the Lease Year from which the adjustment is being measured. Upon the calculation of each increase, Landlord shall notify Tenant of the new base monthly rent payable hereunder. Within twenty (20) days of the date of Landlord's notice, Tenant shall pay to Landlord the amount of any deficiency in Rent paid by Tenant for the period following the subject Adjustment Date, and shall thereafter pay the increased Rent until receiving the next notice of increase from Landlord. If the components of the Index are materially changed after the Commencement Date, or if the Index is discontinued during the Lease term, Landlord shall notify Tenant of a substitute published index which, in Landlord's reasonable discretion, approximates the Index, and shall use the substitute index to make subsequent adjustments in base monthly rent. In no event shall base monthly rent be decreased pursuant to this Rider.

INITIALS: LANDLORD PS DATE Aug 20/16 TENANT AC DATE 8-20-16
LANDLORD J.N. DATE Aug 20/16 TENANT AC DATE 08-20-16

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CBA Form No. LA
Addendum/Amendment to Leases
Rev. 6/07
Page 1 of 1

**Second ADDENDUM/AMENDMENT TO
CBA LEASES**

The following is part of the Commercial Lease Agreement dated September 1, 2016
Between Narwall Parminder Singh and Narwal Jasbir ("Landlord")
And Araceli Cardenas Moran and Adalberto Cardenas Moran ("Tenant")
regarding the lease of the property known as 221 Central Ave., Sedro-Woolley, WA 98284
(the "Premises").

IT IS AGREED BETWEEN THE LANDLORD AND TENANT AS FOLLOWS:

The Rent Rider payment schedule will be as follows:

BASE MONTHLY RENT SCHEDULE

Lease period (Stated in years or months)	Base monthly rent amount
September 1, 2016	\$ Free/no rent due
October 1, 2016	\$ Free/no rent due
November 1, 2016	\$ Free/no rent due
December 1, 2016	\$ Free/no rent due
January 1, 2017	\$ Free/no rent due
February 1, 2017	\$ 7,000.00 rent paid from first months deposit
March 1, 2017 through August 31, 2017	\$ 7,000.00 due on the first day of each month
September 1, 2017 through August 31, 2018	\$ 7,070.00 due on the first day of each month
September 1, 2018 through August 31, 2019	\$ 7,211.40 due on the first day of each month
September 1, 2019 through August 31, 2020	\$ 7,211.40 due on the first day of each month
September 1, 2020 through July 31, 2021	\$ 7,427.74 due on the first day of each month
August 1 2021	\$ 7,427.74 rent paid from last months deposit

AGENT (COMPANY): Richard G. Nord Sr. Windermere/Skegit By: _____

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged.

INITIALS:

Tenant/Lessee

Tenant/Lessee

DATE

DATE

Landlord/Lessor

Landlord/Lessor

DATE

DATE

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CBA

CBA Form LOR
Guaranty
Rev. 1/2011
Page 1 of 2

GUARANTY OF TENANT'S LEASE OBLIGATIONS RIDER

*This has been prepared for submission to your attorney for review and approval prior to signing.
No representation is made by licensee as to its sufficiency or tax consequences.*

This Guaranty of Tenant's Lease Obligations Rider (the "Guaranty") is made by Anaceli Cardenas Moran & Adelid Cardenas Moran, whose address is _____ ("Guarantor"), for the benefit of of Panninder Singh Narwal and Jasbir Narwal ("Landlord"), whose address is 216 North Samish Way, Bellingham WA 98225.

1. Underlying Lease. Landlord and Anaceli Cardenas Moran and Adelid Cardenas Moran ("Tenant"), have entered into that certain Lease Agreement dated September 1, 2016 (the "Lease") concerning the leased space commonly known as 221 Central Ave, Sedro-Woolley, WA 98284 (the "Premises").
2. Guaranty. Guarantor induced Landlord to enter into the Lease in consideration for Guarantor's guaranty, and Guarantor further acknowledges that it receives direct financial and economic benefits because Tenant will lease the Premises. Therefore, Guarantor absolutely, unconditionally and irrevocably guarantees to Landlord and its successors and assigns, without deduction by reason of set-off, defense or counterclaim, a) the full, punctual, and complete payment of all rent and other sums to be paid to Landlord under the Lease, including all attorney's fees, costs and expenses of collection incurred by Landlord in enforcing its rights and remedies under the Lease and this Guaranty; and b) the full, punctual, and complete discharge and performance of each and every other term, covenant, obligation and warranty of Tenant contained in the Lease. If Tenant defaults or breaches the Lease, Guarantor shall perform Tenant's obligations on Tenant's behalf. This Guaranty shall remain in full force and effect until all the terms, covenants, conditions, and agreements contained in the Lease are fully performed and observed. This Guaranty shall be enforceable against Guarantor without the necessity of any suit or proceeding on the part of Landlord against Tenant or any other party.
3. No Discharge of Guarantor. This Guaranty shall not be discharged and the liability of Guarantor shall in no way be affected by (a) the release or discharge of Tenant in any receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of any liability to Landlord of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease or resulting from the operation of any present or future provision of federal or state bankruptcy or insolvency laws or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Lease in any bankruptcy, insolvency, or similar proceeding; (d) the assignment, transfer, or encumbrance of all or any portion of the Tenant's interest in the Lease, the subletting of all or any portion of the Premises, or the granting to any third party of any rights of occupancy of all or any portion of the Premises; (e) waiver of discharge by Landlord of default or future performance by Tenant of any term of the Lease or Guaranty; (f) the exercise, forbearance, or election by Landlord of any of its rights or remedies reserved under the Lease, this Guaranty, or by law; (g) the release by Landlord of any security given to Landlord; or (h) any extension, renewal, amendment, expansion, or termination of the Lease.

INITIALS: LANDLORD PN DATE Aug 20/16 TENANT AC DATE 8-20-16
LANDLORD J-N DATE Aug 20/16 TENANT JB DATE 08-20-16

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CBA Form LOR
Guaranty
Rev. 1/2011
Page 2 of 2

GUARANTY OF TENANT'S LEASE OBLIGATIONS RIDER
(Continued)


4. **Notice.** Landlord shall have no obligation to notify Guarantor of any of the events described in Paragraph 3 of this Guaranty, and Guarantor waives any such notice and acknowledges specifically that such waiver includes notice of acceptance of this Guaranty, notice of any event of default under the Lease or this Guaranty, opportunity to cure any event of default under the Lease or this Guaranty, and proof of notice or demand to Tenant relating to any event of default. Guarantor hereby further waives any and all defenses, rights of subrogation, reimbursement, indemnification, contribution, and any other rights and defenses that are or may become available to it. Until all of the obligations of Tenant set forth in the Lease are fully performed and observed (including without limitation the payment of all rent and other sums required to be paid by Tenant to Landlord), Guarantor shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor hereunder, and subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant to Landlord under the Lease.
5. **Attorneys' Fees.** If either party is required to employ an attorney to enforce or declare its rights hereunder, including in any appeal, bankruptcy or insolvency proceeding involving Tenant or any Guarantor, the prevailing party in any such action shall be entitled to recover its attorneys' fees and costs.
6. **Successors and Assigns.** The benefits of this Guaranty shall inure to the successors and assigns of Landlord and shall be binding upon Guarantor's successors, assigns, heirs, and legal and personal representatives.



GUARANTOR

08-20-16

DATE



GUARANTOR

08-20-16

DATE

CONSENT OF SPOUSE

DATE

CONSENT OF SPOUSE

DATE

GUARANTY OF TENANT'S LEASE OBLIGATIONS

This Guaranty of Tenant's Lease Obligations (the "Guaranty") is made by Manzo & Cardenas LLC, Fidencio Velasco Gonzalez individually, and Laura Carreon Velasco individually (collectively and individually referred to herein as "Guarantor"), for the benefit of Parman Holdings Ltd. ("Landlord").

1. **Underlying Lease.** Upon certain conditions as set forth in the Consent to Lease Assignment dated November 27, 2019 and executed on behalf of Landlord (the "Consent"), Landlord has consented to the assignment to Velasco Family Corp., a Washington corporation ("Tenant"), of the Lease dated September 1, 2016, a copy of which is attached hereto as Exhibit A and is incorporated herein (the "Lease") concerning the leased space commonly known as 221 Central Avenue, Sedro Woolley, WA 98284 (the "Premises").
2. **Guaranty.** Guarantor induced Landlord to enter into the Consent in consideration for Guarantor's guaranty, and Guarantor further acknowledges that it receives direct financial and economic benefits because Tenant will lease the Premises. Therefore, Guarantor absolutely, unconditionally and irrevocably guarantees to Landlord and its successors and assigns, without deduction by reason of set-off, defense or counterclaim, a) the full, punctual, and complete payment of all rent and other sums to be paid to Landlord in enforcing its rights and remedies under the Lease and this Guaranty; and b) the full, punctual, and complete discharge and performance of each and every other term, covenant, obligation and warranty of Tenant contained in the Lease. If Tenant defaults or breaches the Lease, Guarantor shall perform Tenant's obligations on Tenant's behalf. This Guaranty shall remain in full force and effect until all the terms, covenants, conditions, and agreements contained in the Lease are fully performed and observed. This Guaranty shall be enforceable against Guarantor without the necessity of any suit or proceeding on the part of Landlord against Tenant or any other party.
3. **No Discharge of Guarantor.** This Guaranty shall not be discharged and the liability of Guarantor shall in no way be affected by (a) the release or discharge of Tenant in any receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of any liability to Landlord of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease or resulting from the operation of any present or future provision of federal or state bankruptcy or insolvency laws or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Lease in any bankruptcy, insolvency, or similar proceeding; (d) the assignment, transfer, or encumbrance of all or any portion of the Tenant's interest in the Lease, the subletting of all or any portion of the Premises, or the granting to any third party of any rights of occupancy of all or any portion of the Premises; (e) waiver of discharge by Landlord of default or future performance by Tenant of any term of the Lease of Guaranty; (f) the exercise, forbearance, or election by Landlord of any of its

Guaranty of Tenant's Lease Obligations - 1

EXHIBIT B

rights or remedies reserved under the Lease, this Guaranty, or by law; (g) the release by Landlord of any security given to Landlord or of any other Guarantor; or (h) any extension, renewal, amendment, expansion, or termination of the Lease.

4. **Notice.** Landlord shall have no obligation to notify Guarantor of any of the events described in Paragraph 3 of this Guaranty, and Guarantor waives any such notice and acknowledges specifically that such waiver includes notice of acceptance of this Guaranty, notice of any event of default under the Lease or this Guaranty, opportunity to cure any event of default under the Lease or this Guaranty, and proof of notice or demand to Tenant relating to any event of default. Guarantor hereby further waives any and all defenses, rights of subrogation, reimbursement, indemnification, contribution, and any other rights and defenses that are or may become available to it. Until all of the obligations of Tenant set forth in the Lease are fully performed and observed (including without limitation the payment of all rent and other sums required to be paid by Tenant to Landlord), Guarantor shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor hereunder, and subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant to Landlord under the Lease.
5. **Attorneys' Fees.** If either party is required to employ an attorney to enforce or declare its rights hereunder, including in any appeal, bankruptcy or insolvency proceeding involving Tenant or any Guarantor, the prevailing party in any such action shall be entitled to recover its attorneys' fees and costs.
6. **Successors and Assigns.** The benefits of this Guaranty shall inure to the successors and assigns of Landlord and shall be binding upon Guarantor's successors, assigns, heirs, and legal and personal representatives.
7. **Venue.** Venue for any action brought under or relating to this Guaranty shall lie exclusively in the Courts of the State of Washington located in Bellingham, Washington.

Dated: November 27, 2019.

Manzo & Cardenas LLC

By: 

Octavio Manzo, Member

By: 
Jesus Manzo, Member

By: Yolanda Manzo
Yolanda Manzo, Member

Fidencio Velasco
Fidencio Velasco Gonzalez, Individually

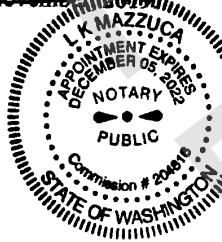
Laura C. Velasco
Laura Carreon Velasco, Individually

STATE OF WASHINGTON)

COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Fidencio Velasco Gonzalez is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 9th day of November, 2019



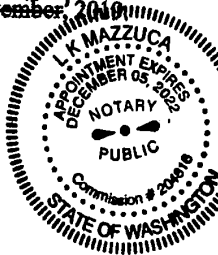
Name: Laura K. Mazzuca
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

STATE OF WASHINGTON)

COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Laura Carreon Velasco is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 9th day of ^{December} ~~November~~, 2019



Name: Mrs. L. MAZZUCA
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

STATE OF WASHINGTON)
COUNTY OF _____)

I certify that I know or have satisfactory evidence that Jesus Manzo is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as a Member of Manzo & Cardenas LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 29 day of November, 2019



Name: Yolanda Flores Marcia
Notary Public in and for the
State of Washington
My commission expires: N/A

STATE OF WASHINGTON)
COUNTY OF _____)

I certify that I know or have satisfactory evidence that Yolanda Manzo is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as a Member of Manzo & Cardenas LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 29 day of November, 2019

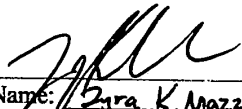


Name: Yolanda Flores Marcia
Notary Public in and for the
State of Washington
My commission expires: N/A

STATE OF WASHINGTON)
)
COUNTY OF Whatcom)

I certify that I know or have satisfactory evidence that Octavio Manzo is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as a Member of Manzo & Cardenas LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 9th day of ^{December}~~November~~, 2019.


Name: Syra K. Mazzuca
Notary Public in and for the
State of Washington
My commission expires: 12-05-22

#1/ Parties - Guaranty of Tenant's Lease Obligations

Guaranty of Tenant's Lease Obligations - 5

CONSENT TO LEASE ASSIGNMENT

WHEREAS, Manzo & Cardenas LLC ("Lessee") is the lessee under a Lease Agreement with Parman Holdings Ltd. as the assignee lessor ("Lessor"), dated September 1, 2016, with respect to the property located at 221 Central Avenue, Sedro Woolley, WA 98284 and contained in Exhibit A ("Lease"); and

WHEREAS, Lessee has agreed to transfer substantially all of its assets and business at said address, including its leasehold interests, to Velasco Family Corp., a Washington corporation ("Assignee") under a document entitled 2019 Assignment of Lease and dated November 27, 2019;

WHEREAS, Assignee has agreed to assume all of the obligations of Lessee under the Lease ("Lease Obligations") in connection with the transfer of the assets and business of Lessee; and

WHEREAS, Lessee and Assignee's principals, Fidencio Velasco Gonzalez and Laura Carreon Velasco, have executed in favor of Landlord the Guaranty of Tenants's Lease Obligations dated November 27, 2019;

NOW, THEREFORE, LESSOR ENTERS ITS CONSENT AS FOLLOWS: Lessor hereby consents to the assignment by Lessee to Assignee of Lessee's right, title, and interest as lessee under the Lease and to the assumption by Assignee of all obligations under the Lease. This consent shall not be construed as a waiver of any rights Lessor may have by reason of the past performance of Lessee nor as an estoppel of the assertion of any such rights by Lessor against Lessee.

No provision of this Consent shall be deemed to alter or modify any of the terms and conditions of the Lease, including the requirement that the written consent of Lessor be obtained with respect to any future assignment of the Lease.

Dated: November 27, 2019.

LANDLORD:
Parman Holdings Ltd.

By: Kuldeep K. Manhas
Kuldeep Manhas, Director

EXHIBIT C

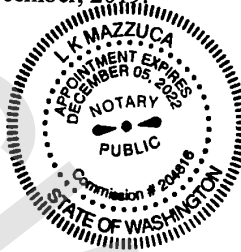
Page 1 of 2


ACKNOWLEDGMENT

STATE OF WASHINGTON)
COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Kuldeep Manhas 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 Director of Parman Holdings Ltd. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 9th day of December, 2019.




Lyra K. Mazzuca
Notary Public in and for the
State of Washington,
Residing at Bellingham.
My Appointment Expires: Dec-05-22

#1/ Parman - 2019 Consent to Lease Assignment