

**RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:**

Larry R. Jensen/Raymond A. Jensen
15356 Produce Lane
Mount Vernon, WA 98273

GNW 19-2947

LIFE ESTATE AGREEMENT

This Life Estate Agreement ("Agreement") is made and entered into as of March, 2020 by and between Raymond A. Jensen ("Life Tenant") and The Westland Distillery Company Limited, a Delaware corporation ("Purchaser"), collectively referred to as the "Parties."

RECITALS

A. Concurrently, Life Tenant, Larry R. Jensen, and Purchaser are parties to a Purchase and Sale Agreement with the Effective Date of August 2, 2019 (the "Purchase Agreement"), pursuant to which Life Tenant and Larry R. Jensen shall convey to Purchaser fee simple title certain improved real property in the County of Skagit, State of Washington, consisting of Parcel Nos. P35373; P107503, P35374; P107502; P35362; P35375; and P35376 (collectively, "Property"), which Property is more specifically described on Exhibit A attached hereto and incorporated herein by reference.

B. Purchaser will acquire the Property from Life Tenant subject to a life estate (the "Life Estate"), reserved for the benefit of Life Tenant, in and to the residence (the "Residence"), located on Parcel Nos. P35362 and P35375 (the "Life Estate Parcels") of the Property. The Residence consists of a home, [garage and fenced yard], not to exceed 1.67 acres, the dimensions of which and means of access to are identified more particularly on the map attached hereto as Exhibit B.

C. This Agreement establishes the terms and condition under which Life Tenant may reside at the Residence for the term of the Life Estate (the "Term").

D. Purchaser and Life Tenant each desire to make and enter into an agreement with and between each other to provide for the proper and orderly ownership, operation and management Residence during the Life Estate.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein, the Parties, and each of them, agree as follows:

AGREEMENT

1. **Life Estate.** Life Tenant reserves the Life Estate from the grant of the Life Estate Parcels under the Purchase Agreement for the Term, on and subject to the terms and conditions set forth in this Agreement. The relationship of Life Tenant and Purchaser in and to the Residence is that of a life estate owner and remainder owner, and the Parties do not intend to create or be a partnership, joint venture, joint enterprise or association taxable as a corporation, and the Parties hereby expressly disclaim any such relationship. Except as otherwise expressly provided in this Agreement, the Parties do not intend to grant to any Party the power to act as agent for any other Party.

2. **Recordation.** The Parties agree that this Agreement shall be recorded with the County Recorder's Office in the County of Skagit at the close of Escrow and the requirement for the recording of this Agreement shall be part of the Escrow instructions for the sale of the Property under the Purchase Agreement.

3. **Occupancy.** The Parties agree that Life Tenant may occupy the Residence as his primary residence and that Life Tenant has exclusive use of his Residence for the Life Estate Term, subject to the terms and conditions in this Agreement. The Parties agree that Purchaser shall not cause any construction or development to occur on the Residence for the term of this Agreement except with Life Tenant's prior written consent. Life Tenant shall not unreasonably withhold, delay or condition such consent.

4. **Term.** This Life Estate shall commence upon the conveyance of the Property to Purchaser (the "**Commencement Date**") and continue for a Term ending upon the earliest to occur of (a) the death of the Life Tenant, or (b) 11:59 p.m. local time on the date preceding the tenth (10th) anniversary of the Commencement Date. Notwithstanding the foregoing, Purchaser shall have the right to terminate the Life Estate prior to the expiration of the Term if any of the following occur if Life Tenant materially defaults under this Agreement, and does not cure such default within a reasonable time after written notice from Purchaser to Life Tenant. Upon termination of the Life Estate, Purchaser shall have no further obligations, and Life Tenant shall have no further rights, under this Agreement and Purchaser shall own the Property and the Residence free and clear of any interest of Life Tenant therein. Upon the expiration of the Term or earlier termination of the Life Estate, Life Tenant shall execute, acknowledge and deliver to Purchaser a deed in form satisfactory to release of record any and all right, title or interest of Life Tenant in and to the Residence and the Property.

5. **Access.** The Parties agree that Life Tenant, and his invitees, shall have access to the Residence over the Property by the means depicted on **Exhibit B**. Purchaser shall have access to, and use of, Jensen Lane.

6. **Demolition of Structures.** Purchaser shall have the right, but not the obligation, to demolish all structures shown on **Exhibit C** attached hereto (the "**Excluded Structures**"), and such Excluded Structures are not included in this Agreement or otherwise subject to the Life Estate. Life Tenant grants Purchaser rights of access for the inspection and demolition of the Excluded Structures and for the performance of any other work by Purchaser under this Agreement. Life Tenant shall not use or occupy, or suffer or permit others to use or occupy, the Excluded Structures.

[Note to Draft – Jensen to provide schematic of the property and the homes in order for Purchaser to determine what is excluded.]

7. **Property Taxes.** Life Tenant will reimburse Purchaser on demand for property taxes assessed against the Residence. If the Residence is not separately assessed, Life Tenant will reimburse Purchaser for an equitable proportion of such property taxes promptly following receipt of an invoice from Purchaser with reasonable supporting documentation. [Note to draft: It is our intention that to the extent the valuations take into account the improvements on the Life Estate Parcels, Life Tenant will be responsible for the taxes assessed for the land of the Life Estate Parcels as well as the taxes assessed against the Life Estate improvements. Purchaser would be responsible for the payment of taxes related to any of its improvements located on the Life Estate Parcels.]

8. **Insurance.** Throughout the Term and any time thereafter until Life Tenant surrenders possession of the Residence, Life Tenant shall maintain at his cost a policy of broad form liability insurance, identifying the Residence as an insured location, with a minimum coverage limit of \$1,000,000 and naming Purchaser as an additional insured. With respect to property insurance, Purchaser may elect to maintain replacement cost coverage on the Residence, provided such policy shall not exceed the replacement cost, in which case Life Tenant will reimburse Purchaser promptly following receipt of an invoice (with reasonable supporting documentation) setting forth the share of Purchaser's property insurance premium reasonably attributable to the Residence. Alternatively, Purchaser may require Life Tenant to maintain such property insurance, in which case Purchaser shall be an additional named insured and loss payee on Life Tenant's property insurance policy. Life Tenant will bear all risk of loss to personal property owned by Life Tenant or otherwise located at the Residence, and may maintain personal property insurance, if Life Tenant desires. Upon request, Life Tenant shall provide proof of insurance as required by this Agreement. Should Life Tenant fail to do so, and without limiting the remedies for Life Tenant's breach, Purchaser may procure such insurance coverage for Life Tenant, in which case Life Tenant shall reimburse Purchaser for the cost thereof Purchaser within thirty (30) days of an invoice therefor, accompanied by reasonable supporting documentation.

9. **Maintenance.** Life Tenant will be responsible, at his sole cost, for maintaining the Residence in good and habitable condition and state of repair and in compliance with all applicable laws. Upon termination of the Life Estate, Life Tenant will deliver exclusive possession of the Residence to Purchaser in the same or better condition as existed on the Commencement Date, ordinary wear and tear accepted. Purchaser will have no obligation to maintain, repair or replace the Residence. However, if Purchaser maintains the property insurance, Purchaser will make the proceeds attributable to the Residence available for Life Tenant's repair or replacement of the Residence, subject to disbursement under a customary construction cost-control and disbursement agreement.

10. **Indemnification.** Life Tenant will defend, indemnify and hold Purchaser harmless from and against all claims, demands, actions and causes of action arising from acts or omissions of Life Tenant, and any person Life Tenant suffers or permits to occupy or visit the Residence.

11. **Further Assurances.** Each of the Parties agrees that he or she shall execute such further documents and instruments as shall be necessary to fully effectuate the terms and provisions of this Agreement.

12. **Attorneys' Fees and Costs.** If any Party hereto institutes any legal action or arbitration to enforce or interpret this Agreement, or for damages for any alleged breach hereof, the prevailing party shall be entitled to reasonable attorneys' fees as awarded by the court or arbitrator in addition to all other recoverable costs and damages.

13. **Governing Law.** This Agreement shall be subject to, governed by and construed in accordance with the laws of the State of Washington.

14. **Entire Agreement.** This Agreement contains the entire agreement of the Parties with respect to the Residence and supersedes any and all prior agreements or understandings, written or oral, between them respecting the same; provided, however, that this Agreement is entered into pursuant to the Purchase Agreement and does not modify this Agreement. There are no representations, agreements, arrangements or undertakings, oral or written, between or among the Parties relating to the subject matter of this Agreement which are not fully expressed herein.

15. **Amendment.** This Agreement may be amended in whole or in part only by the unanimous written consent of all of the Parties. Any amendment to this Agreement shall be recorded.

16. **Notices.** Notices, demands and acceptances required to be given hereunder shall be in writing and, unless personally served upon the Owner, shall be sent by U. S. Mail (certified or registered with return receipt requested) or by a nationally recognized overnight courier service guaranteeing next-day delivery ("**Overnight Service**") to the following addresses:

Raymond A. Jensen
11223 Jensen Lane
Burlington, WA 98233

Such notice shall be deemed delivered and effective, if personally served, upon personal service, or if served by Overnight Service, on the business day following the date of deposit with the Overnight Service. All of the Parties may change their addresses for purposes of this Agreement by giving written notice to the other at the address above.

17. **Severability.** In the event any part or provision of this Agreement shall be determined to be invalid or unenforceable under the laws of the State of Washington, the remaining portions of this Agreement which can be separated from the invalid, unenforceable provision shall, nevertheless, continue in full force and effect.

18. **No Waiver.** The waiver by any Party of any covenant contained herein shall not be deemed a continuing waiver of the same or of any other covenant contained herein.

19. **Binding; Number and Gender.** This Agreement shall inure to the benefit of, and shall be binding upon, each of the Parties' heirs, assigns and successors in interest, and shall constitute a covenant running with the Property. As used in this Agreement, the singular number includes the plural, and the masculine gender includes the feminine and neuter, and vice versa, as the context requires.

20. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties, and each of them, have executed this Agreement on the Execution Date.

Life Tenant:

Raymond A. Jensen

Purchaser:

**The Westland Distillery Company Limited,
a Delaware corporation**

By: 

Name: Matthew Hofmann

Its: Vice President and Treasurer

NOTARY PAGES TO FOLLOW EXHIBITS

IN WITNESS WHEREOF, the Parties, and each of them, have executed this Agreement on the Execution Date.

Life Tenant:

Raymond A. Jensen
Raymond A. Jensen

Purchaser:

The Westland Distillery Company Limited,
a Delaware corporation

By: M. H.
Name: Matthew Hofmann
Its: Vice President and Treasurer

NOTARY PAGES TO FOLLOW EXHIBITS

EXHIBIT A**LEGAL DESCRIPTION OF REAL PROPERTY****P35362 Legal Description:**

(1.2500 ac) DK 12: DR 14: TAX 17 TH PTN W1/2 NW1/4 BAT INT OF W LI SD SUB W1 N LI CRT 30FT EASE TO P.U.D # 1 AF#596929 TH SELY ALG NLY LI SD EASE 275FT TH N PLW W LI SD SUB 365FT TH W PLW N LI SD SUB 200FT M/L TO W LI 175FT M/L TPB TGW NON-ECL EASE

P35375 Legal Description:

PTN W1/2 NW1/4 DAF COM AT W1/4 COR SD DT 14 DK 12 SEC TH N 1-11-10 W ALG W LI SURVEY MAP AF#7910250041 A DIST OF 1428.37FT TO SW COR OF TR CONV TO MARILYN JENSEN SD PT BEING TPOB TH SELY ALG S LI OF JENSEN T RS 45-47-40 E A DIST OF 125.51FT TH CONT SELY ALG S LI S 48-59-40 E A DIST OF 149.49FT TH S 89-56-15 W A DIST OF 198.94FT TO W LI OF SEC TH N 1-11-10 W ALG W LI A DIST OF 185.85FT TO TPOB

EXHIBIT B

DEPICTION OF RESIDENCE AND ACCESS THERETO

life estate parcels 35375 and 35362



June 29, 2019

Legend

County Boundary

City Names

Road Labels

Hydro Labels

Regional Labels

Data Accuracy Warning: All GIS data was created from available public records and existing map sources. Map features have been adjusted to achieve a best-fit registration. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. Map discrepancies can be as great as 300 feet.

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EXHIBIT C
EXCLUDED STRUCTURES FOR DEMOLITION

A single wide mobile home with the address of 11197 Jensen Lane, Burlington, WA 98233

STATE OF WA)
COUNTY OF Snohomish) ss

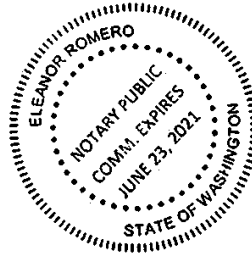
On March 19, 2020 before me, Eleanor Romero,
(here insert name and title of the officer), personally appeared Matthew Hoffman
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Washington ~~California~~ that the
foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Eleanor Romero

[Seal]



STATE OF Arizona)
COUNTY OF LaPaz) ss

On March 20th, 2020 before me, Amy LoPresti,
(here insert name and title of the officer), personally appeared Raymond A. Jensen,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the
foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Amy LoPresti

[Seal]

