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Skagit County Auditor

REVIEWED BY
SKAGIT COUNTY TREASURER

DEPUTY Kaylee Davidson

DATE 10/3/2024

EIC INVESTMENTS, LLC LEASE AGREEMENT

SPECIFIC TERMS:

DATE: 10/1/2023 ("Execution Date")

LANDLORD: EIC INVESTMENTS, LLC ("Landlord")

LANDLORD'S ADDRESS: 14264 Crater Lake Rd. Anacortes, WA 98221

TENANT: MD3 Investments, LLC ("Tenant")

TENANT'S ADDRESS: 1204 Cleveland Ave. Mount Vernon, WA 98273-4810

BUILDING ADDRESS: 9642 Padilla Heights Rd, Anacortes WA 98221 (the "Building")

LEASED UNIT: 9642 Padilla Heights Rd, Anacortes WA 98221

UNIT 114, Skagit County Parcel Number P127609 (the "Premises")

Padilla Heights Suites Condo

USE: office, warehouse, manufacturing, sales and related business activities and specifically excluding Marijuana retail sales. Business use and use of the leased unit must be legal including Washington State and local use laws and regulations. ("Permitted Use")

START DATE: 10-01-2023 ("Commencement Date")

END DATE: 12-31-2026 ("Termination date")

MONTHLY RENT: \$2,500 ("Base Rent")

DEPOSIT: \$5,000 ("Deposit")

DUE AT EXECUTION: First month's rent \$2500 plus Security Deposit \$5,000.

TOTAL DUE AT EXECUTION: \$7,500

The specific terms as defined above shall apply throughout this lease unless otherwise stated.

This is a lease entered into as of the Execution Date by and among Landlord and Tenant. NOW THEREFORE, the Landlord and Tenant hereby agree as follows:

1. Leased Property.

Landlord does hereby lease to the Tenant and Tenant does hereby lease from the Landlord the Premises, a real property described on the attached Exhibit "A". MD3 Investments, LLC., a Washington Limited Liability Company and Donna Gibson and Morgan Briggs individually; shall each be directly, jointly and severally liable for all obligations of Tenant under this lease.

2. Purpose.

Tenant shall use the Premises exclusively for the Permitted Use(s).

3. Term.

This lease shall commence on the Commencement Date and terminate on the Termination Date.

4. Rent.

Tenants covenant and agree to pay to Landlord the Base Rent set forth above, each month. Rental payments shall be due, in advance, on the first of each month, commencing on the Commencement Date. Payments shall be made to Landlord at the address for Landlord provided above, or such other place, as Landlord shall direct in writing. If the lease commences or is terminated prior to its expiration as provided herein on a day other than the first or last day of a calendar month, the monthly rental for such month shall be a pro-rated portion of the monthly rental, computed on a daily rate based on the number of days in the subject month.

5. Security Deposits.

Tenant has tendered to Landlord a security deposit in the amount shown above, receipt of which is hereby acknowledged. Upon termination of this tenancy, all or a portion of the remainder of this deposit may be retained by the Landlord, and any refund to Tenant is conditioned as follows:

- a) Tenant shall have fully performed the obligations hereunder.
- b) Tenant shall have occupied the Premises at least through the Termination Date of the initial term of any lease.
- c) Tenant shall have returned to Landlord all keys provided during tenancy.
- d) Tenant shall have cleaned and restored the Premises to its original condition at the commencement of this tenancy, except for normal wear and tear resulting from ordinary use.
- e) Tenant shall have remedied to Landlord's satisfaction any damage to premises or furnishings.

If Tenant fails to pay rent or other charges due hereunder, or otherwise default with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said deposit,

Tenant shall within ten (10) days after written demand therefore deposit cash with Landlord in an amount sufficient to restore said deposit to the full amount hereinabove stated, and Tenant's failure to do so shall be a breach of this Lease. Landlord shall not be required to keep said deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder, said deposit or so much thereof as has not theretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) after the expiration of the term hereof, or after Tenant has vacated the Premises, whichever is later.

6. Tenant Improvements.

The Tenant is responsible for insuring their own tenant improvements and all personal property located on the Premises. Any Tenant Improvements Tenant wishes to leave in place after the Termination Date must be agreed to in writing with Landlord 30 days prior to Termination Date.

7. Binding on Heirs, Successors and Assigns.

The covenants and agreements of this Lease shall be binding upon the heirs, successors and assigns of both parties hereto.

8. Notices.

Any notices required to be served in accordance with the terms of this lease shall personally be served or shall be sent by registered or certified mail to the Landlord and Tenant at the addresses shown above or to such address as the parties designate in writing.

9. Conditions of Premises/Repairs.

Tenants accept the premises "as is, where is, with all faults." Tenant shall comply at Tenant's expense with all Laws that apply to Tenant's internal Premises improvements, including compliance with the American with Disabilities Act (the "ADA") and any other city, state or federal requirement. Landlord makes no express or implied warranties and Tenant waives any such express or implied warranties, including warranties of habitability. Tenant shall be responsible for the installation and/or maintenance of any communication/data or security systems or other improvements unique to Tenant's intended use of the Premises, unless otherwise agreed to in writing by Tenant and Landlord.

Upon Termination of the lease, Tenant shall leave the premises in as good as condition as when received, reasonable wear and tear and damage by the elements beyond the control of the Tenants excepted.

10. Tenant's Obligations.

Tenant agrees as follows:

- a) To keep the premises in a clean and sanitary condition.
- b) Not to use the premises for any purpose deemed hazardous by insurance companies.
- c) To provide and maintain receptacles for garbage and trash.

d) To properly dispose of all rubbish, garbage, and other organic or flammable waste at reasonable and regular intervals and to assume all costs of extermination and fumigation for infestation caused by Tenants.

e) To maintain the interior of the building, including fixtures not contained within the walls, above ceilings or under floors.

f) Not to intentionally or negligently destroy, deface, damage, impair or remove any part of the structure, including the facilities, equipment, appliances of the Landlord, or permit any of Tenant's clients, invitees, licensees or any other person under Tenant's control to do so.

g) To keep any sidewalk and parking lot surrounding the Premises free and clear of obstructions, snow, and ice. To replace any glass that becomes cracked or broken. To keep any landscaping around the Premises maintained in good condition to present a professional appearance.

h) To repair at Tenant's expense any damage to the premises caused by Tenant's acts or neglect within thirty (30) days of receipt of written notice from the Landlord requiring such repairs, or within a shorter time if made necessary by emergency.

i) To use due precaution against freezing of water pipes and waste pipes and stoppage of same in or about the premises. In event that any water pipes or waste pipes on the Premises or on the Property are frozen or become clogged by reason of neglect of Tenant, Tenant agrees to repair same at Tenant's expense, as well as all damage to the Premises, the Building or any other real or personal property, caused thereby.

j) Not to install an air conditioning unit or other major appliance or mechanical system in the premises without prior written approval of the Landlord, which approval shall not be unreasonably withheld.

k) Not to make any alterations, additions, painting or improvements in or to the premises without the prior written approval of the Landlord, which approval shall not be unreasonably withheld.

l) To notify the Landlord immediately in writing of any necessary repairs or damage to the premises. Tenant shall also make all efforts to contact Landlord immediately by telephone to notify Landlord of any situation involving ongoing deterioration, damage, risk or degradation of the Premises.

m) Tenant shall not install additional locks upon any doors or access points for the Premises

n) Tenant will not permit anything in the Premises that will increase the rate of any insurance or prevent Landlord from taking advantage of any ruling of an insurance bureau which would allow reduced rates for insurance policies; or that may be dangerous to any person or the Property or permit any objectionable noise, vibration or odor to be emitted from the Property or Premise or to create a nuisance or to disturb any other tenant or occupant of the Property. Tenant shall not overload the floor or other load bearing capacities of the Premises or Property.

o) Exterior Security Lighting, Dusk to Dawn, is mandatory for Safety and criminal activity prevention. Exterior lights are included as standard lighting on the building. Maintenance of such lighting is included as a portion of common area maintenance fees.

- p) Tenant must provide proper fire extinguishers for building use per UFC Std. 10-1.
- q) Areas outside the building perimeter are NOT to be used for permanent parking (greater than 72 hours) or storage.
- r) Until the City of Anacortes completes its urban growth plans and extends sanitary sewer to the Padilla Heights site and sanitary sewer utility system is connected; the sanitary sewer utilities are part of an on-site septic system. Costs for operation and maintenance of the common septic system are incorporated with Rent. Individual units are serviced via gravity flow or pump stations and force mains. On-site septic systems are fragile by nature and Tenant agrees that Tenant shall allow only toilet paper, water and biodegradable liquids to be introduced into drains.

Costs associated with repair and maintenance on the onsite septic system that can be identified as specific to the Unit will be charged to Tenant and not as a portion of rent.

For example if the toilets in your suite are used to flush foreign materials, paper towels, sanitary napkins, latex gloves etc., these objects will result in maintenance costs and pump failure and they will be invoiced directly to responsible lessee.

11. Landlord's Obligations.

Landlord agrees to maintain the exterior of the building, the common areas (subject to reimbursement as provided herein) the roof, all structural aspects of the building, all pipes, ducts, electrical and other fixtures contained within walls or under floors, and the structural integrity of the sidewalks. However, Landlord shall not be liable for maintenance or repair of: (i) any improvements made by or for Tenant; (ii) any plumbing, electrical, HVAC, communication, or other system or utility that serves only the Premises occupied by Tenant.

12. Accidents and Liability.

Tenant agrees to indemnify, defend, and hold Landlord and its agents harmless from and against claims or liability resulting from injury or damage to person or property sustained by the Tenant or others in or about the premises, except where caused solely by a negligent act or omission of Landlord, or its agents, contractors, employees.

13. Waste.

Tenant covenants not to do or suffer any waste, damage, disfigurement, or injury to any building or improvements now or hereafter on the demised Premises, nor to the fixtures and equipment thereof, ordinary wear and tear excepted.

14. Abandonment.

Notwithstanding anything to the contrary herein, if tenant defaults in payment of rent and is absent from the Premises for a period of seven (7) consecutive days, it shall be conclusively presumed that the Tenant has abandoned the Premises and its contents and does not intend to resume tenancy. In the event of such abandonment, Landlord may immediately enter the Premises and take possession of any property of Tenant found therein, NOT INCLUDING ANY CANNABIS OR CANNABIS PRODUCTS. Landlord acknowledges that in the event of Default, Landlord will contact the Washington State Liquor and Cannabis Board Enforcement Division for removal of Cannabis. Landlord also acknowledges that they

are not allowed by law to remove, sell or destroy and Cannabis Product. Upon reentry, Landlord shall be entitled to change all locks for the Premises. Tenant shall not be entitled to regain access to the Premises or to Tenant's property until all delinquent charges are paid.

15. Alterations.

After prior written consent of Landlord, in Landlord's sole and absolute discretion, including review and approval of plans, blueprints, design, color, materials, location, and contractors, Tenant, at Tenant's sole cost and expense, may make alterations, additions and improvements in the Premises. In the performance of such work, Tenants shall hold Landlord harmless from any damage, loss or expense, and shall comply with all laws, ordinance, rules and regulations of any public authority, obtaining all necessary permits, approvals or authorizations. All such alterations, additions and improvements to the Premises (except trade fixtures) shall be the property of Landlord, and shall be surrendered with the Premises upon termination of the lease. Upon demand by Landlord given at least thirty (30) days prior to the end of the lease term, Tenants shall remove any alterations, additions or improvements made by Tenants, designated by Landlord to be removed, at Tenants' sole cost and expense. In such event, Tenants shall repair any damage to the Premises caused by such removal, and as far as possible, return the Premises to their condition prior to making of any such alterations, improvements or additions.

16. Entry and Inspection.

Tenants will permit Landlord or its agents to enter the Premises at reasonable times to inspect, clean, repair, alter, or improve the Premises, or to show the Premises to prospective purchasers or tenants. In exercising its rights under this section, Landlord will not unreasonably interfere with the conduct of Tenants' business. Except in the event of an emergency, Landlord shall provide Tenant with 24 hours notice prior to entering the Premises. Except in the event of an emergency, Landlord will not enter the premises unless accompanied by tenant or tenant's agents.

17. Hazardous Substances.

Tenants agree to comply with all applicable air and water pollution control and prevention laws, regulations and state and federal air pollution and water pollution control agencies' recommendations in the maintenance of all facilities located on the leased Premises. Tenants agree to comply with all federal and state laws and regulations regarding hazardous waste or substances. In the event of any discharge by Tenants or Tenants' agents of hazardous or toxic substances on or to the Premises, after execution of the lease, Tenants shall immediately notify Landlord and all relevant governmental agencies, and restore the leased premises to its previous condition. After the termination of this lease for any reason, Tenants shall remove all hazardous and toxic materials and containers for those materials from the Premises.

Tenants hereby indemnify and hold harmless the Landlord, its successors and assigns, from any and all claims, damages, finds, judgments, penalties, costs, liabilities or losses (including, without limitation any and all sums paid for settlement (with Tenant's advance written approval), claims, attorneys' fees, consulting and expert fees) relating to or in connection with the presence or suspected presence of hazardous or toxic substances or materials ("hazardous substances") in or on the Premises or areas adjacent to the Premises, to the extent the hazardous substances are present as a result of the negligence, willful conduct or other acts of Tenants, Tenants' agents, employees, contractors or invitees (or Tenants' predecessor in interest under prior leases), or which are present because the hazardous

substances were physically placed upon the Premises during the term of the lease. Without limitation of the foregoing, this indemnification shall include the reasonable costs incurred due to any investigation of the site confirming the presence of hazardous substances, and the reasonable cost of any cleanup, removal or restoration mandated by any federal, state or local agency or political subdivision.

If Tenant causes or allows any hazardous substances to be brought onto the Premises, Tenant shall provide Landlord with a deposit of \$5,000.00 prior to any hazardous substances being brought onto the Premises. The deposit shall be applied by Landlord toward the cost of disposing or cleaning of hazardous substances in the event of a default by Tenant. The provisions of this paragraph in no way limit Tenant's responsibility to clean up and/or remove any hazardous substances from the Premises and in no way limit Landlord's remedies against Tenant in the event that Tenant is in default of Tenant's obligations with respect to hazardous substances. Landlord shall have the right of entry into the Premises, from time to time, to determine whether any hazardous substances are being used on or about the Premises.

18. Insurance.

In addition to the insurance coverage referenced above, Landlord and Tenant agree as follows:

a) Accidents - Hold Harmless - Indemnity. All personal property on the premises leased shall be at the sole risk of the Tenants and Tenants will indemnify and save Landlords harmless from any damage or claim connected in any way with such personal property. Tenant will indemnify and save Landlord harmless from any damage or claim caused by or resulting from any act or omission of Tenant or its agents or employees, except to the extent that the loss is covered by insurance maintained by Landlord or Tenant and subrogation is waived under this Lease. Landlords shall not be liable for, and Tenants will indemnify and save Landlords harmless from, any damage or injury, either to persons or personal property, sustained by Tenants or others, caused by any condition or defects now or hereafter existing or occurring in the premises leased, regardless of whether such condition, defect or lack of repair was caused by the bursting or leaking of water, gas, sewer, or steam pipes, or due to the happening of any accident of whatever cause in and about the leased estate except if such damage or injury is caused by the negligent acts of Landlord or Landlord's agents.

Tenants agree to provide and maintain liability insurance in the minimum sum of One Million (\$1,000,000.00) Dollars per occurrence, naming the Landlords as additional insureds, and shall deliver to Landlords copies of said policies or a certificate of insurance, and shall have provided in said policy or by way of instructions to the insurance carrier or carriers that any notice of termination of said policy shall be sent to Landlords at least 30 days prior to the expiration of the policy. The insurance carrier must be rated a B+ per A.M. Best's rating guidelines.

Tenant must provide continuous insurance coverage. A certificate of insurance must be on file at all times with the Landlord. Most insurance companies will provide annual certificates to be sent automatically, if requested. If the certificate expires and a new certificate is not sent, Landlord will make two attempts to contact Tenant to have the renewed insurance certificate sent. If not received within one week of last contact with Tenant, there will be a \$50.00 charge per week until a valid insurance certificate is on file with Landlord per the terms of this Lease.

The Landlord shall have no liability whatsoever for any loss or damage to property of Tenants, except if such loss or damage is caused by the negligent acts of Landlord or Landlord's agents. Tenants agree to

indemnify and hold harmless Landlord from any expense, costs or damages, incurred by reason of any claim or action based in whole or in part upon such subrogation, including all attorneys' fees incurred by Landlord in connection with such claim or action if it is ultimately determined by a court or arbitrator that any loss or damage giving rise to a subrogation action was not proximately caused by the negligence of Landlord or Landlord's agent.

19. Fire and Other Casualty.

In the event the premises are destroyed or damaged by fire, earthquake, or other casualty to such an extent as to render the same untenable for the herein described business purpose in whole or in a substantial part thereof, it shall be optional with the Lessors to rebuild or repair the same, and after the happening of any such contingency, the Tenants shall give Landlords or Landlords' agents immediate notice thereof. Landlords shall have not more than fifteen (15) days after date of such notification, to notify the Tenants in writing of Landlords' intentions to rebuild or repair said premises or the part so damaged as aforesaid, and if Landlords elect to rebuild or repair said premises, Landlords shall prosecute the work of such rebuilding or repairing without unnecessary delay, and during such period the rent of said premises shall be abated in the same ratio that that portion of the premises rendered for the time being unfit for occupancy shall bear to the whole of the leased premises. If the Landlords shall fail to give the notice aforesaid Tenants shall have the right to declare this lease terminated by written notice served upon the Landlords or Landlords' agents. If Landlords shall fail to prosecute the necessary repair or rebuilding in a timely fashion, Tenants shall have the right to declare the lease terminated by written notice served upon the Landlords or Landlords' agents. Landlord may from time to time, require that the limits under the liability and property damage insurance to be maintained by Tenant under this Lease be increased to adequately protect Landlord, as Landlord reasonably determines.

20. Assignment and Subletting.

Tenants shall not either voluntarily or by operation of law assign, sell, or otherwise transfer this lease or any of Tenants' rights hereunder, or sublet the Premises or any portion thereof without Landlord's written consent in each instance, which shall not be unreasonably denied. If Tenants are a corporation or association, the sale or assignment of any stock or interest in such corporation or association (for other than security purposes) in the aggregate in excess of forty-five percent (45%) in any two-year period, shall be deemed an assignment within the meaning and provisions of this Section. Tenants agree to reimburse Landlord for Landlord's reasonable costs and attorney's fees incurred with the documentation of such assignment, subletting or other transfer of this lease or Tenants' interest in and to the Premises.

21. Rules.

Landlord may from time to time make regulations appropriate for the use and operation of the Building and interior and exterior common areas including parking lots so long as not inconsistent with the terms, covenants and conditions of this Lease and so long as such regulations do not unreasonably, adversely affect Tenant's business. Such regulations may include, among other things, prohibition of smoking in the Premises as well as in the common areas, and parking restrictions. Landlord may change the name of the Property.

22. Condemnation.

a) Entire or Substantial Taking. If the entire Premises, or so much thereof as to make the

balance not reasonably adequate for the conduct of Tenants' business (notwithstanding restoration by Landlord as herein provided) shall be taken under the power of eminent domain, this lease shall automatically terminate on the date the condemning authority takes possession.

b) Partial Taking. In the event of any taking under the power of eminent domain which does not so result in a termination of this lease, the monthly rental payable hereunder shall be reduced, effective on the date the condemning authority takes possession, in the same portion as the value of the Premises after the taking relates to the value of the Premises prior to the taking. Landlord shall promptly, at its sole expense, restore the portion of the Premises not taken to as near its former condition as is reasonably possible, and this lease shall continue in full force and effect.

c) Awards. Any award for taking of all or any part of the Premises under the power of eminent domain shall be the property of the Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for taking of the fee. Nothing herein, however, shall be deemed to preclude Tenants from obtaining, or to give Landlord any interest in, any award to Tenants for loss of or damage to or cost of removal of Tenants' trade fixtures and removable personal property, or for damages for cessation or interruption of Tenants' business. Any awards for condemnation of the leasehold interest held by Tenant shall be the property of Tenant.

23. Liens and Encumbrances.

Tenants agree that they will pay all costs for work done or caused to be done by them on the Premises, and Tenants will keep the Premises free and clear of all mechanic's and other liens on account of work done for Tenants or persons claiming under Tenants. Should any claim of lien be filed against the Premises or any action affecting the title to such property be commenced, the party receiving notice of such lien or action shall promptly give the other party written notice thereof. In the event a dispute between Tenants and a third party having lien rights arising from work performed for Tenants, results in litigation to enforce such lien right in which Landlord or any party deriving rights from Landlord is named a party defendant, defense of such action shall, at Landlord's option immediately be assumed by Tenants. Tenants shall appear and defend Landlord and any parties deriving interest through Landlord or shall pay any costs or attorney's fees incurred by Landlord or parties deriving interest through Landlord in respect to their own defenses to such action and shall indemnify and hold Landlord and parties deriving interest through Landlord harmless from any judgment arising out of such litigation.

24. Surrender of Premises.

a) Surrender of Premises. Tenants shall promptly surrender possession of the Premises to Landlord upon the expiration or prior termination of the Lease. The Premises shall be surrendered in the same condition as they were at the commencement of the lease term, normal wear and tear excepted.

b) Holding Over. Any holding over by Tenants after the expiration or termination of the Lease shall be construed to be a tenancy for a month-to-month, on all of the terms and conditions set forth herein, to the extent not inconsistent with a month-to-month tenancy. During such tenancy, the Tenants agree to pay monthly, Base Rent in the amount of one hundred and fifty percent of the highest, previous monthly rental amount, plus all other amounts identified in this Lease.

c) Sub-Tenancies. The voluntary or other surrender of this Lease by Tenants, or a mutual cancellation thereof, terminate all and any existing sub-tenancies, or may, at the option of Landlord, operate as an assignment to it of any and all such sub-tenancies.

25. Default by Tenants.

a) Default. The occurrence of any one or more of the following events shall constitute breach of this Lease by Tenants.

i) Failure to Pay Rent. The failure by Tenants to make any payment of rent or any other payment required to be made by Tenants hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof by Landlord to Tenants.

ii) Tenant's Failure to Perform. The failure by Tenants to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenants, other than payment of rent, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenants; provided, however, that if the nature of Tenants' default is such that more than thirty (30) days are reasonably required for its cure, then Tenants shall not be deemed to be in default if Tenants commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion.

iii) Landlord's Failure to Perform. The failure by Landlord to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Landlord, where such failure shall continue for a period of thirty (30) days after written notice thereof by Tenants to Landlord; provided, however, that if the nature of Landlord's default is such that more than thirty (30) days are reasonably required for its cure, then Landlord shall not be deemed to be in default if Landlord commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion.

iv) Bankruptcy. The making by Tenants of any general assignment or general arrangement for the benefit of creditors; or by the filing by or against Tenants of a petition to have Tenants adjudged bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenants, the same is dismissed within sixty (60) days filing); or the appointment of a trustee or a receiver to take possession of substantially all of Tenants' assets located at the Premises or of Tenants' interest in this Lease, where such seizure is not discharged in thirty (30) days after appointment of said trustee or receiver, or the filing of a petition for the appointment of the same, whichever shall first occur.

v) Vacating the Premises. The vacating or abandonment of the Premises by Tenants, except in the event of damage or destruction to the Premises which prevents Tenants from conducting any business thereon. Tenants shall be conclusively deemed to have abandoned the Premises upon removal of all or substantially all personal property of Tenants from the Premises (unless prior written notice was given to Landlord explaining the basis for such removal and that occupancy was intended to be re-commenced within twenty (20) days).

b) Remedies in Default. In the event of any such default or breach, the non-breaching party may at any time thereafter, with or without notice or demand and without limiting such party in the exercise of a right or remedy which that party may have by reason of such default or breach:

i) Terminate Lease. Terminate Tenants' right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenants shall immediately surrender possession of the Premises to Landlord. If Tenant shall terminate the lease prior to its term due to Landlord's breach and failure to cure, tenant shall have the right to terminate the lease, let suitable alternative office space, void any future obligation to make payments to Landlord under this Lease. If Landlord shall terminate this Lease prior to its Term due to Tenants' breach and failure to cure, Landlord shall be entitled to recover from the Tenants all past due rents, Adjustments, and other charges and, unless Terminated by Tenant due to Landlord's breach; Landlord shall also be entitled to recover the expenses of reletting the Premises, including necessary renovation and alteration of the Premises, reasonable attorneys' fees and costs; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges and Adjustments called for herein for the balance of the Lease Term after the time of such award exceeds the amount of such loss for the same period that Tenants prove could be reasonably avoided; and that portion of any leasing commission paid by Landlord and applicable to the un-expired Lease Term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of fifteen percent (15%) per annum; or

ii) Continue the Lease. Maintain Tenants' right to possession, in which case this Lease shall continue in effect whether or not Tenants shall have abandoned or vacated the Premises. In such event Landlord shall be entitled to enforce all Landlord's rights and remedies under this Lease, including the right to recover past due rents, Adjustments, and other charges, the rent and any other charges and Adjustments as may become due hereunder, and at Landlord's option, to recover the worth at the time of the award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges and Adjustments called for herein for the balance of the Lease Term after the time of such award exceeds the amount of such loss for the same period that Tenants prove could be reasonably avoided.

iii) Reletting for Tenants' Account. Landlord may reenter and attempt to relet without terminating this Lease and remove all persons and property from the Premises (which property may be removed and stored in a public warehouse or elsewhere at the cost and risk of, and for the account of, Tenants), all without service of notice or resort to legal process and without being deemed guilty of trespass, or any liability of Landlord for any loss or damage which may be occasioned thereby. If Landlord, without terminating this Lease, either (1) elects to reenter the Premises and attempt to relet, or (2) takes possession of the Premises pursuant to legal proceedings, or (3) takes possession of the Premises pursuant to any notice provided by law, then Landlord may, from time to time, make such alterations and repairs as may be necessary in order to relet the Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rent and other terms as Landlord in its reasonable discretion deems advisable. Upon such reletting, all rents received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness of Tenants (other than any rents due hereunder) to Landlord; second, to the payment of any costs and expenses of obtaining possession and any such reletting, including expense of alterations and repairs, brokerage fees and attorneys' fees; third, to the payment of any rents due and unpaid hereunder. If such rents and any other amounts received from such reletting during any month be less than that to be paid during that month by Tenants, Tenants shall immediately pay such deficiency to Landlord. No such reentry or taking possession of the Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless a notice of such intention be given to Tenants. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach.

Should Landlord at any time terminate this Lease for any breach, in addition to any other remedies it may have, Landlord may recover from Tenants all damages it may incur by reason of such breach, including the cost of recovering the Premises, reimbursement of any brokerage fees incurred by Landlord in connection with Tenants' Lease and all rent (accrued or to accrue during the term of the Lease) which, at Landlord's election, shall be accelerated and be due in full on demand.

iv) Other Remedies. Pursue any other remedy now or hereafter available to the non-breaching party under the laws or judicial decisions of the State of Washington. Such remedy shall for Landlord, include but not be limited to the right to assess against Tenants an amount equal to the attorneys' fees incurred by Landlord in collecting any rent or other payment due hereunder, which amount shall be due in full within ten (10) days of Tenants' receipt of the assessment by Landlord.

26. Late Charges.

In addition to all other remedies available for nonpayment, if any amount due from Tenants is not received by the Landlord on or before the 5th day following the date upon which such amount is due and payable, a late charge of \$250.00 shall become due and payable as additional rent hereunder, which represents a fair and reasonable estimate of the processing and accounting costs that Landlord will incur by reason of such late payment. For each day that all or any portion of the amount due remains unpaid after the five day period Tenant shall pay a late fee of an additional (\$50.00) per day which represents a fair and reasonable estimate of the processing and accounting costs the landlord will incur by reason of such delinquency. Should Tenant at any time tender a check to Landlord that is dishonored by reason of insufficient funds, Landlord shall be entitled to a charge against Tenant in the amount of \$50, which represents Landlord's reasonable costs for handling Tenant's dishonored check.

27. Remedies.

Tenant agrees, at all times, to look only to Landlord's interest in the Property for satisfaction of any claim whatsoever against Landlord and not to any other property or assets of Landlord.

28. Signs & Windows.

No signs shall be displayed or attached to any glass, metal or woodwork in the Premises except as approved by Landlord and made by a sign maker approved by Landlord. No signs of any kind shall be placed on the windows of the Premises, the Building exterior or anywhere outside the Building on the Property unless Landlord has first approved the design and location of the proposed sign, which approval Landlord agrees to not withhold unreasonably.

29. Priority and Attornment.

a) This Lease is subordinate to any mortgages now a lien or hereafter placed upon the Building and to all advances made thereunder, and all interest thereon, and all renewals, replacements, consolidations and extensions thereof. Any mortgagee may elect to have this Lease prior in right to its mortgage, and in the event of such election, and upon notification by such mortgagee to Tenant to that effect, this Lease shall be deemed to have priority over the lien of such mortgage, whether this Lease is dated prior or subsequent to such mortgage. In addition Tenant further agrees to execute such amendments to this Lease or other related documents as Landlord's first lien lender may require; provided no such

amendments or other documents shall materially affect the economic payment terms of this Lease. Tenant shall execute and deliver whatever instruments may be required from time to time by any mortgagee for any of the foregoing purposes, and in the event Tenant fails so to do within ten (10) days after demand, Tenant hereby makes and irrevocably appoints Landlord as its attorney-in-fact and in its name, place and stead so to do.

b) Tenant waives any right of election to terminate this Lease in the event any foreclosure proceeding is brought by any mortgagee. Tenant agrees, in the event of any foreclosure proceedings, to attorn to the purchaser, at such purchaser's request, at such foreclosure sale and to recognize such purchaser as its lessor and landlord under this Lease.

c) Tenant covenants and agrees that in the event of a sale or assignment of Landlord's interest in the Building Tenant will attorn to the transferee of Landlord's interest in the Building and will recognize such transferee as Tenant's lessor and landlord under this Lease. In the event of a subsequent transfer of such interest, Tenant covenants and agrees it will similarly attorn to and recognize such subsequent transferee(s). Tenant agrees, on ten (10) days' prior notice by Landlord, to execute and deliver, from time to time, any instrument which may be appropriate to evidence Tenant's attornment and Tenant irrevocably appoints Landlord, the attorney-in-fact of Tenant to execute, acknowledge, and deliver for and on behalf of Tenant any such instrument.

d) "Mortgage" and "mortgagee" herein shall include a mortgage, deed of trust or security agreement and the mortgagee, the beneficiary of a deed of trust or secured party. Tenant shall within ten (10) days of request by Landlord deliver an executed and acknowledged instrument amending this Lease in such respects as may be required by any present or future mortgagee, provided that such amendment does not materially alter or impair Tenant's rights or remedies under this Lease or increase its rent.

30. Acknowledgements.

At Landlord's request from time to time after the beginning of the Lease Term, Tenant agrees within fifteen (15) days of demand to execute, acknowledge and deliver to Landlord a certificate which acknowledges tenancy and possession of the Premises and recites such other facts concerning any provision of this Lease or payment made under this Lease which a prospective mortgagee or purchaser may reasonably request. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that this Lease is in full force and effect, without modification except as may be represented by Landlord, that there are no uncured defaults in Landlord's performance, and that not more than one month's rent has been paid in advance or, at Landlord's option, such failure shall constitute a default by Tenant under this Lease.

31. Waivers.

No waiver by Landlord or Tenant of any provision of this lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Tenants or Landlord of the same or any other provision. Landlord's consent to or approval of any act by Tenants requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenants, whether or not similar to the act so consented to or approved.

32. Waiver of Subrogation.

Notwithstanding anything contained herein to the contrary, in the event of loss or damage to the Premises, the Property or the Building and/or any contents therein, Landlord and Tenant agree to look to any insurance they have purchased for coverage. Tenant shall obtain for each policy of insurance to include a waiver of subrogation (CG 24 04 10/93 or its equivalent). This waives any claim against the other party for loss or damage within the scope of the insurance policy, and the Landlord and Tenant, to such extent permitted, for itself and its insurers, waives all such claims against the other party.

33. Construction.

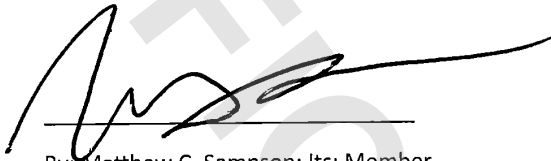
a) General Provisions

- i. This Lease shall be construed and governed by the laws of the State of Washington;
 - ii. The failure of the Landlord or Tenant to insist upon strict performance of any of the covenants and agreements of this lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver but the same shall be and remain in full force and effect.
 - iii. The invalidity or unenforceability of any provision hereof shall not affect or impair any other provisions hereof;
 - iv. The Lease constitutes the entire agreement of the parties and supersedes all prior agreements or understandings between the parties with respect to the subject matter hereof. Landlord has made no representations or promises except as contained in the express provisions of this Lease.
 - v. This Lease may not be modified or amended except by written agreement signed and acknowledged by both parties;
 - vi. Time is of the essence of this Lease in each and every provision thereof; and
 - vii. Nothing contained herein shall create the relationship of principal and agent or of partnership or of joint venture between the parties hereto and no provisions contained herein shall be deemed to create any relationship other than that of landlord and tenants.
 - viii. Tenants have had the opportunity to have this document reviewed by counsel of its choice. Tenants agree that no interpretation or construction shall be made with respect to this document based on which party drafted the document.
- b. Successor. Subject to any limitations on assignments herein, all of the provisions of this Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.
- c. Costs and Attorneys' Fees. If by reason of any breach or default on the part of either party hereto it becomes necessary for the other party hereto to employ an attorney, then the non-breaching party shall have and recover against the other party in addition to costs allowed by law, reasonable attorneys' fees and litigation-related expenses. The non-breaching party shall be entitled to recover reasonable attorneys' fees and costs and expenses, as provided above, regardless of whether litigation is actually commenced.
- d. Jurisdiction and Venue. The parties hereto do hereby consent to jurisdiction and venue of the Superior Court of Skagit County, State of Washington.

IN WITNESS WHEREOF the parties have hereunto set their hand the date and year first above written.

LANDLORD

EIC INVESTMENTS, A Washington Limited Liability Company



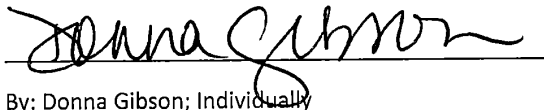
By: Matthew C. Sampson; Its: Member

TENANT

MD3 Investments, A Washington Limited Liability Company



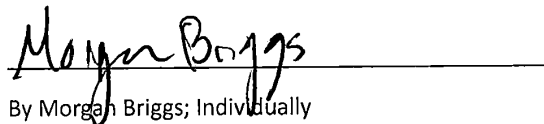
By: Donna Gibson; Its: Registered Agent/Member/Attorney



By: Donna Gibson; Individually



By: Morgan Briggs; Its: Managing Member



By Morgan Briggs; Individually

Schedule A**Legal Definition of Premises**

Legal Description of Premises at time of Assessment:

This is the legal description as of the most recent certification of the assessment roll.
The Current Legal Description reflects any changes resulting from boundary modifications after certification.

UNIT A-114, OF PADILLA HEIGHTS SUITES, A CONDOMINIUM, RECORDED
UNDER AF#200805090148, BEING IN THE SW1/4 OF THE SE1/4 OF SECTION
3, TOWNSHIP 34 NORTH, RANGE 2 EAST, W.M

Skagit County Parcel Number P127609

Schedule B**Acknowledgement of Previous Lease Termination**

Both Parties acknowledge that this Lease supersedes any Previous existing Lease between the Parties. Both Parties acknowledge that this is the only binding agreement between the parties as it pertains to Unit 114 at 9642 Padilla Heights Rd. in Anacortes, Washington.

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Matthew Sampson 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 the Owner of EIC INVESTMENTS, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated: 10/14/2023

Darla T. Simpson

(Signature)

NOTARY PUBLIC

Darla T. Simpson

Print Name of Notary

My appointment expires: 10/25/2024

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Donna Gibson 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 the Registered Agent of Law Office of Donna Beasley Gibson, PLLC , a Washington professional limited liability company, and as the Registered Agent, Attorney and Member of MD3 Investments, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10/14/2023

Darla T. Simpson

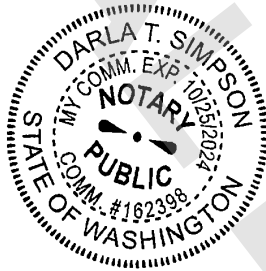
(Signature)

NOTARY PUBLIC

Darla T. Simpson

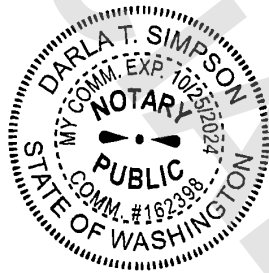
Print Name of Notary

My appointment expires: 10/25/2024



State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Morgan Briggs 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 the Managing Member of MD3 Investments, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated: 10/14/2023

[Signature]

(Signature)

NOTARY PUBLIC

Darla T. Simpson

Print Name of Notary

My appointment expires: 10/25/2024