COMMERCIAL LEASE AGREEMENT

Premises:

632A Erin Park Road
Oak Harbor, WA 98277

COMMERCIAL LEASE AGREEMENT

LEASE Agreement shall be "effective" as of _____ between **Ronald E. Christensen**, (herein called "Landlord") and _____ (herein called Tenant"). The named above are also known as the "parties"

AGREEMENT

1. **Premises**. Landlord hereby leases to Tenant upon the terms and conditions herein set forth, a portion of the real property situated in Island County, Washington, commonly known as **632A Erin Park Road, Oak Harbor, Washington 98277** and legally described in Exhibit A attached hereto and by this reference incorporated as though fully set forth herein, (herein called "Landlord's Building").

1.1 The portion of Landlord's Building leased to Tenant shall be located and outlined in "gold" marking pen on the floor plan and labeled "A" attached hereto as Exhibit B and by this reference incorporated as though fully set forth herein, (herein called "leased premises").

1.2 The leased premises is described as a 5,910 (+/-) square feet space (commonly known as 632A) located at the west end of landlord's building located at 632 Erin Park Road, Oak Harbor, Washington situated in Island County, Washington.

1.3 Landlord shall have the exclusive right to assess all or any part of the premises for any purpose Landlord may deem necessary concerning maintenance, repair, or construction of any nature whatsoever.

2. **Common Areas**. Tenant shall have non-exclusive use of all areas of the Landlord's Building that have been designated by Landlord as "common areas" and provided for the general use of all Tenants of Landlord's Building. With the exception of the fire suppression/sprinkler system that services both 632A and 632B spaces, common areas are included in the "base rent".

2.1 The common areas available to the tenant include the parking lot, walkways, and garbage dumpster area.

2.1(a) Tenants shall maintain the common areas free of debris and obstructions.

2.1(b) Tenant shall abide by and observe all reasonable rules and regulations established by Landlord from time to time with respect to the operation of Landlord's Building and its common areas.

2.2 The fire suppression/sprinkler system that services both 632A and 632B spaces.

2.3 The heating and cooling system thermostat which controls the heating and cooling systems.

3. **Use of Premises**. The premises shall be used for the following business purposes and activities incident thereto and for no other purpose without the prior consent of Landlord.

3.1 The use of the leased premises shall be limited to the operation of a _____.

Tenant shall not allow use of the premises in a manner which would increase insurance premiums or for any illegal purpose. Tenant shall comply with all governmental rules, orders, regulations, or requirements relating to the use and occupancy of the premises concerning whatever agency shall have jurisdiction. If landlords building insurance Is increased because of an action by the Tenant, tenant shall reimburse Landlord for the amount of increase in Landlords premium.

3.2 Tenant acknowledges and agrees that the specific limited use prescribed herein is a material consideration to the Landlord in order that Landlord's Building containing the leased premises will maintain an appropriate tenant mix.

4. **Business Name**. Unless otherwise agreed to in writing by Landlord, Tenant agrees to conduct its business in the leased premises under the name of _____ _____or similar terminology.

5. **Permits**. Tenant shall be responsible, at the Tenants sole expense, for obtaining any permits or licenses necessary for Tenant's occupancy of the leased premises this requirement shall also apply to subtenants all of which are the sole responsibility of tenants with prior approval.

6. **Term**. This lease shall be for a term of **36** months, including any initial partial month that may occur at the beginning of this lease (if any), commencing on _____ and ending on _____.

7. **Option to Renew/Cancel**.

7.1 Per Landlord and Tenant mutual agreement. In order to renew this lease, Tenant shall give Landlord written notice of their desire to renew at least one hundred twenty (120) days prior to the end of the Term of this Agreement.

7.2 Tenant may give Landlord written notice of their desire to cancel this lease at least one hundred eighty (180) days prior to their desired vacate date. Such notice may not be given sooner than January 1, 2028.

8. **Base Rental Amount**. Tenant agrees to pay Landlord, at such place as Landlord may designate in writing, rental in the sum **as specified in the attached Rental Rider (CBA Form: RR)**. The rental payments are payable in advance no later than the 5th day of each and every month during the term hereof, which rental amount is referred to as 'base rent."

8.1 It is the intention of the parties hereto that the Landlord shall receive the rents and other charges required to be paid, to the Landlord, by Tenant pursuant to this lease on "Double Net" basis. Accordingly, the Tenant agrees to pay the basic rental amount in addition to the other charges described herein.

8.2 Payment for the initial base rent shall be due January 1, 2027.

9. **Late Charge**. If any payment due under this Agreement is not paid by 5:00 p.m. on the tenth (10^{th}) day after its due date, the Lessee shall also be assessed and pay a late charge in the amount of ten percent (10%) of the delinquent payment in addition to the payment otherwise due. The Parties stipulate said late charge is liquidated damage for the extra expense incurred by the Lessor in handling any payment not paid when due and is a reasonable estimate of the Lessor's damages in said event.

10. **Security Deposit**.

10.1 A security deposit in the amount of $**6,000.00**; however, the Landlord reserves the right to demand an additional security deposit at any time during this lease that the monthly base rent is late more than 2 months within the lease period. Said deposit, if requested, shall not exceed the amount of one month's base rent due to the applicable period.

10.2 The security deposit shall be paid upon mutual acceptance of this lease.

11. **Possession**. Landlord shall deliver possession of the premises at the commencement of the term of this lease.

12. **Common Area Maintenance** and Operation Charges (CAM charges),

12.1 The tenant agrees that it shall be solely responsible for the costs of providing cleaning, supplies for tenant's own use in the restrooms and other common areas, janitorial service, window cleaning, trash removal, restroom and lavatory supplies, minor interior paint, repair and maintenance, and the cost of any personal property tax concerning tenant improvements or tenant's property use at or within the leased spaces, if any. The tenant shall not be liable for roof repair, repairs related to the building integrity, exterior paint, parking lot maintenance, replacement or maintenance of heating and air conditioning units, interest concerning Landlords loans, special assessments levied against Landlord's Building, general income tax or tax measured by receipts or income of Landlord derived from this lease and capital improvements. Special assessments are treated separately in this lease.

12.2 Tenant shall bear equal cost of periodic maintenance/inspection of the fire suppression/sprinkler system.

12.3 If for any reason this lease terminates on a day other than the last day of a lease year, the amount of additional rental payable by Tenant applicable to the lease year in which such termination occurs shall be prorated on the basis which the number of days from the commencement of such lease year to and including the date of termination bears to 365.

13**. Payment Method**. Basic rental and all additional rental and/or double net charges (if any), as provided for under this lease, shall be paid promptly when due. Into an account designated by the Landlord or to such other person and place as may be designated by notice in writing from Landlord (or landlord's representative) to Tenant from time to time.

14. **Tenant's Representations and Warranties**. Tenant represents, warrants, and agrees:

14.1 Tenant is a Washington corporation, in good standing.

14.2 The execution, delivery, and performance of this agreement by the Tenant shall be duly authorized by the Tenant's board of directors or other governing body having authority. The undersigned person, acting on behalf of the tenant, has been given express authority by the Tenant's board of directors to sign this lease agreement on Tenant's behalf. This agreement constitutes a legal, valid and binding obligation of the Tenant.

15. **Tenant's Additional Obligations**. The Tenant agrees to be bound by the following additional conditions:

15.1 Tenant shall handle and dispose of all trash, rubbish, refuse, garbage and waste in accordance with regulations established by Landlord and/or the City of Oak Harbor, WA.

15.2 Tenant shall not permit the leased premises to be used as lodging purposes at any time.

15.3 Tenant shall not use, occupy, suffer or permit any use of its leased premises which would:

(a) violate any Federal, State or city law, ordinance, or regulation,
(b) constitute a nuisance,
(c) constitute an extra-hazardous use, or
(d) violate, suspend or void any policy or policies of insurance of either Landlord or other tenant in Landlord's Building (in which Tenant's leased area is located, including Landlords surrounding property), or increase the cost of such insurance over and above its normal cost to Landlord.

15.4 Tenant shall not erect any satellite dish, radio or television aerial or other device on the roof or exterior walls of the premises without first obtaining Landlord's written consent.

16. **Quiet Enjoyment**. Landlord covenants and agrees that Tenant, upon performance of all of Tenant's obligations under this lease, shall lawfully and quietly hold, occupy and enjoy the premises during the term of this lease without disturbance by Landlord or by any person having title paramount to Landlord's title or by any person claiming under Landlord, subject to the other terms and provisions of this lease and subject to all mortgages, underlying leases and other underlying matters of record to which this lease is or may become subject to any subordinate .

17. **Acceptance of Premises**. The taking of possession of the premises by Tenant shall constitute acknowledgment by Tenant that the premises were then in good and tenantable condition as represented by Landlord. Tenant shall be responsible for any Waste concerning leased property.

18. **Other Operating Costs**. Tenant shall be liable for and pay 100% of the costs Tenant incurs for internet service, telephone service, copying, computer and other equipment purchase, maintenance and repair, utilities and all personal property taxes assessed against fixtures and equipment owned by the tenant.

19. **Utilities**. Tenant shall pay for tenant's portion of any and all utilities provided to the building during tenant lease term with other tenant in the building.

19.1 Any other fees charged to the property owned by Landlord, by the City of Oak Harbor, Island County, State of Washington and the U S Federal Government now assessed and which may be assessed during the term of the lease, including assessments for streets and utility improvements shall be paid by the Landlord.

19.2 In no event shall Landlord be liable for the quality, quantity, failure or interruption of such services to the premises. Tenant shall pay for all those items separately metered to the premises to the agency supplying the service.

19.3 Tenant shall be obligated to pay any snow removal costs, if required.

20. **Maintenance by Landlord**. Landlord shall maintain the structural and exterior components of Landlord's Building in good condition to include the septic system and lawn.

21. **Alterations, Repairs and Maintenance by Tenant**. Tenant shall make no changes, improvements, or alterations to the premises, including interior paint, without the prior consent of Landlord. All such changes, improvements and alterations and repairs, if any, made by Tenant shall remain on the premises and shall become the property of Landlord upon the expiration or sooner termination of this lease or shall be removed by Tenant if so directed in writing by Landlord to Tenant.

21.1 Tenant shall keep the premises in neat. clean and sanitary condition and shall keep the premises and all items therein installed by Tenant in good condition, except only for reasonable wear and tear.

21.2 Tenant shall be responsible for all required repairs and maintenance to the interior of that portion of the premises Tenant is renting from Landlord, with the exception of following item(s): Structural Members. Structural Members shall be defined as meaning repairs made to the foundation, roof supports, and structural steel. Tenant is responsible for any glass breakage, including any and all windows. Any breakage of glass associated with the leased premises shall be repaired or replaced immediately or as soon as possible after such a crack or break may occur. Tenant shall return the Demised Premises to landlord, in a "broom clean" condition and carpet shall be professionally cleaned at the end of the lease period.

22. **Real Property Taxes**. The Landlord shall pay the real property taxes assessed against the leased premises during each year of the lease term, provided, however, that the Landlord shall be entitled to receive reimbursement from the Tenant for the tenant's pro rata share of the real property taxes so paid. The Tenant's pro-rata share of the real estate taxes shall be on 4,410 base Square Feet. Payments shall be paid as set forth in 20.1 (below).

22.1 The Tenant's total obligated reimburse payment to Landlord, for Tenant's pro rata share (25.43%) of the real property taxes, shall be paid in two increments: The amount due for the first half will be paid no later than April 15th of each year and the amount due for the second half shall be paid no later than October 20th, of the year due by the Island County Assessor's Office.

22.2 The term "Real Estate Taxes" means all taxes, rates and assessments, levied or imposed with respect to the land and Landlord's Building including any improvements constructed thereon and as identified in the annual tax statement provided to the Landlord by the Island County Assessor 's Office of Island County.

22.3 The term "Real Estate Tax Year" means each successive twelve (12) month period following and corresponding to the period or periods which may from time to time in the future be established by competent authority for the purposes of levying or imposing Real Estate Taxes.

22.4 The Tenant's obligation to pay real estate taxes shall not include any "one time" or extraordinary assessments payable within one year or less.

22.5 It is understood and agreed that Tenant shall not be liable for any increase in the Real Estate Taxes which is occasioned solely by an increase in the tax assessment due to an expansion of the Landlord's Building, or any part thereof, by Landlord's failure to pay Real Estate Taxes when due.

22.6 Tenant shall pay Landlord "directly" for any Island County Assessor Property Taxes due.

23. **Personal Property Taxes**. Tenant shall pay, before the same become delinquent, all taxes assessed against Tenant's furniture, fixtures and equipment and other property in the premises.

24. **Signs**. Tenant will not cause or permit the display of any sign, notice or advertising matter in or about the premises of Landlord's Building without Landlord's prior consent.

25. **Landlord's Access to Premises**. Landlord may, after providing prior notice via email, text, or phone message, inspect the premises at all reasonable times and enter the same for the purpose of repairing, altering, improving, or exhibiting the same or Landlord's Building, but nothing herein shall be construed as imposing any obligation on Landlord to perform any such work. Tenant shall supply Landlord with a key(s) to all locked doors or areas as locks maybe changed or otherwise altered by tenant, from time to time. Landlord shall coordinate all interior maintenance or repairs with Tenant prior to any work being performed.

26. **Liability Insurance**. Tenant shall, at Tenant's expense, maintain public liability and property damage insurance insuring against any and all claims for injury to or death of persons and loss of or damage to property occurring upon, in or about the premises. Such insurance shall have liability limits of not less than $1 ,000 ,000.00 in respect of injury or death to any one person, not less than $1,000,000.00 in respect of any one occurrence or accident, and not less than $1,000 ,000.00 for property damage. All such insurance shall name Landlord and Tenant as co-insured, with severability of interests' endorsement. All such insurance shall be issued by carriers acceptable to Landlord and shall contain a provision whereby the carrier agrees not to cancel or modify the insurance without 20 days prior written notice to Landlord. When Tenant takes possession of the premises pursuant to this lease, Tenant shall furnish Landlord with a certificate evidencing the aforesaid insurance coverage, and renewal certificates shall be furnished to Landlord at least 30 days prior to the expiration date of each policy for which a certificate was theretofore purchased. Tenant shall provide Landlord with a certificate of insurance at the annual insurance renewal date.

27. **Tenant's Fire Insurance**. Tenant shall, at tenant's expense, maintain on all of Tenant's personal property and on 5,910 Sq. Ft. identified in lease, leasehold improvements, and alterations on the premises a policy of standard fire insurance, with extended coverage in the amount of its replacement value. Such insurance shall name Landlord and Tenant as co-insured. All proceeds of such insurance shall be applied to the restoration of fixtures, improvements and alterations. Any proceeds of such insurance remaining after such restorations shall belong to Tenant. Tenants Policy shall be primary in all cases.

28. **Landlord's Fire Insurance**. Landlord shall, at Landlord's expense, maintain Landlord's utilized portion of the premises, a policy of standard fire insurance with extended coverage in an amount of its replacement value. All proceeds of any such insurance shall be payable to Landlord and shall be applied to the restoration of the premises and Landlord's Building

to the extent hereinafter provided in this lease. Any proceeds of such insurance remaining after such restoration shall belong to Landlord and Tenant shall have no claim to any proceeds therefrom (it shall be at Landlords sole discretion to restore the premises after a fire or any destruction of landlords building).

29. **Assignment and Subletting**. Tenant may sublet any portion of the leased of the premises with Landlords approval, which approval will not be unreasonably withheld.

30. **Damage or Destruction**. If the premises or Landlord's Building are damaged or destroyed by fire or any cause other than an act or omission of Tenant, its employees, agents, invitees or licensees, Landlord shall restore the premises and Landlord's Building, except for such fixtures, improvements, and alterations as are installed by Tenant, as nearly as practicable to their condition immediately prior to such damage or destruction. Tenant, at Tenant's expense, shall so restore all such fixtures, improvements and alterations installed by Tenant. Landlord, at Tenant's expense, shall so restore the premises and Landlord's Building with respect to all damage caused by any act or omission of Tenant, its employees , agents, invitees or licensees, and Tenant agrees to reimburse Landlord upon demand for all sums extended from time to time for such restoration. The obligations to restore provided in this paragraph shall be subject to Landlord's termination rights provided below. Any restoration shall be promptly commenced and diligently prosecuted. Landlord shall not be liable for any consequential damages by reason of any such damage or destruction.

30.1 Notwithstanding any of the foregoing provisions of this Section, in the event the premises or Landlord's Building shall be destroyed or damaged to such an extent that Landlord deems that it is not economically feasible to restore the same, then Landlord may terminate this lease within 30 days of the date of the damage or destruction by giving Tenant notice to that effect.

30.2 If Landlord undertakes to restore the premises and Landlord's Building as provided above in this Section, then commencing with the date of damage or destruction and continuing through the period of restoration, the rent for the premises shall be abated for such period in the same proportion as the tenantable portion of the premises bears to the whole thereof, except that there shall be no abatement to the extent that any such damage or destruction is caused by any act or omission of Tenant, its employees, agents, invitees or licensees.

31. **Liens**. Tenant shall not permit any lien to be filed against Landlord's Building or any part thereof or the Tenant's leasehold interest, by reason of work, labor, services or materials performed or supplied to Tenant or anyone holding the premises or any part thereof under Tenant. If any such lien is filed against Landlord's Building or Tenant's leasehold interest, Tenant shall cause the same to be discharged of record within 30 days after the date of filing the same.

32. **Indemnity by Tenant**. Tenant agrees that Landlord shall not be liable for any claims for death or injury to person or damages to or destruction of any property sustained or owned by Tenant, sub- tenant or by any other person, guest or invitees within the premises, including without limiting the generality of the foregoing, any claims caused by or arising from the condition or maintenance of any part of the premises concerning Landlord's Building. Tenant hereby waives all claims therefore and agrees to indemnify Landlord against any such loss, damage or liability, or any expense incurred by Landlord in connection therewith, including reasonable attorney fees incurred by Landlord. Landlord agrees that Tenant shall not be liable for any claims for death or injury to person or damages to or destruction of property sustained by Landlord or by any other person in the premises, including without limiting the generality of the foregoing, any claims caused by or arising from the condition or maintenance of any part of the leased premises or Landlord's Building, unless such damage is caused by the gross negligence of Tenant. Tenant shall identify Landlord against any claims arising from Tenants business and any sub-tenants business or any guest I invitee.

33. **Default, Remedies**. The occurrence of any of the following events shall be deemed a breach of this lease, namely: if Tenant shall make an assignment for the benefit of creditors or shall file a voluntary petition under any bankruptcy act or under any other law for the relief of debtors; or if an involuntary petition is filed against Tenant under any such law and is not dismissed within 60 days after filing; or an order for relief is entered for or against Tenant under the Bankruptcy Code; or if a receiver be appointed for the property of Tenant and is not discharged or removed within 60 days; or if any department of any government or any officer thereof shall take possession of the business or property of Tenant. Upon any such occurrence Landlord, at its option, may terminate this lease by notice to Tenant and upon such termination Tenant shall quit and surrender the premises to Landlord, Tenant shall remain liable as hereinafter provided.

33.1 If Tenant shall default in performance of any of Tenant's obligations under this lease, including the obligation to pay rent, additional rent, taxes or utilities, or shall violate any term or provision of this lease, or if the premises shall be left vacant or unoccupied for a period of 15 days, Landlord may, upon giving Tenant a written notice and terminate this lease. Upon such termination notice Tenant shall quit and surrender the premises to Landlord, but the Tenant shall remain liable as hereinafter provided. If Landlord must remove Tenants property Landlord shall not be responsible or liable for tenants corporate or personal property during or after removal of said property for the premises.

33.2 If this lease shall be terminated as herein provided, Landlord may immediately or any time thereafter written notice to Tenant re-enter the premises and remove any and all persons and property therefrom , by any suitable proceeding at law or otherwise, without incurring liability therefore , and re-enter the premises, without such re-entry diminishing Tenant's obligation to pay rental for the full term hereof, and Tenant agrees to pay Landlord any deficiency arising from re-entry and re-letting

of the premises at a lesser rental than provided herein. Landlord shall apply the proceeds of any re-letting first to the payment of such reasonable expenses as Landlord may have incurred in recovering possession of the premises, and removing persons and property therefrom, and in putting same into good order or condition or preparing or altering the same for re-letting, and all other expense incurred by Landlord for re-letting the premises; and then to Tenant's obligation to pay rental. Any such re-letting may be for the remainder of the term of this lease or for a longer or shorter period. In any such case and whether or not the premises, or any part thereof , be re-let, Tenant shall pay to Landlord the rent and all other charges required to be paid by Tenant up to the time of such termination of this lease, and thereafter , Tenant agrees to pay the equivalent of the amount of all rent reserved herein and all other charges to be paid by Tenant, less the net proceeds of re-letting, if any , and the same shall be due and payable by Tenant monthly as the amount thereof is ascertained by Landlord, and Landlord may bring an action therefore as such monthly deficiencies arise. In any of the circumstances hereinabove mentioned, Landlord shall have the option, instead of holding Tenant liable for the amount of all the rent and all of the charges required to be paid by Tenant less the net proceeds of re-letting, if any, forthwith to recover from Tenant an aggregate sum representing, at the time of such termination of this lease, the then present worth of the excess, if any, of the aggregate of the rent and all other charges payable by Tenant hereunder that would have accrued until the end of the lease term over the aggregate rental value of the premises during such term.

34. **Memorandum of Lease**. Unless both parties consent thereto in writing, this lease shall not be recorded or otherwise placed of record.

35. **Attorney Review Contingency**. This Agreement is subject to Tenant's attorney's review and approval. This attorney review contingency shall be deemed waived unless, within 5 days business days of mutual acceptance of this Agreement, Tenant gives notice of disapproval and termination of the Agreement. In the event Tenant gives timely notice of disapproval, all rents and deposits shall be returned to Tenant.

36. **Attorney Fees**. If a dispute arises between the parties to this lease to enforce or determine the rights or duties of such parties, the prevailing parties in any such dispute shall be entitled to recover its reasonable attorney's fees, expenses and costs including the costs and fees charged by expert witnesses, whether or not any arbitration, ligation or other dispute resolution proceedings is commenced.

37. **Captions and Construction**. The captions in this lease are for convenience of the reader and or not to be considered in the interpretation.

38. **Trade Fixtures**. Tenant or tenant's subtenant may install on the premises such equipment as is customarily used in the type of business conducted by Tenant on the premises. Upon the expiration or sooner termination of this lease, Tenant shall, at Tenant's expense, remove from the premises all such equipment and all such other property of Tenant and repair any damage to the premises occasioned by the removal thereof. Any property left in the premises after the expiration or sooner termination of this lease shall be deemed to have been abandoned by Tenant and become the property of Landlord, to dispose of as Landlord deems expedient without accounting to Tenant therefore.

39. **Partial Invalidly**. If any term or provision of this lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the reminder of this lease, or application of such term or provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be effected thereby , and each term and provision of this lease shall be valid and enforced as written to the fullest extent permitted by law.

40. **Condemnation**. If all of the premises is taken by any public authority under the power of imminent domain, this lease shall terminate as of the date possession is taken by said public authority pursuant to such condemnation.

40.1 If any part of the premises is so taken, and, in the opinion of either Landlord or Tenant, it is not economically feasible to continue this lease in effect, either party may terminate this lease. If any party Landlord's Building is so taken and, in the opinion of Landlord, it is not economically feasible to continue this lease in effect, Landlord may terminate this lease. Such termination by either party shall be made by notice to the other given not later than 30 days after possession is so taken, the termination to be effective as of the later of 30 days after said notice or the date possession is so taken.

40.2 If part of the premises or part of Landlord's Building is so taken, and neither Landlord nor Tenant elects to terminate this lease, or until termination is effective, as the case may be, the rental shall be abated in the same proportion as the portion of the premises so taken bears to the whole of the premises , and Landlord shall make such repairs or alterations, if any, as are required to render the remainder of the premises tenantable.

40.3 All damages awarded for the taking or damaging of all or any part of Landlord's Building or the premises shall belong to and be the property of Landlord, and Tenant hereby assigns to Landlord any and all claims to such award, but nothing herein contained shall be construed as precluding Tenant from asserting any claim Tenant may have against such public authority for disruption or relocation of Tenant's business on the premises.

41. **Notices**. All notices, demands and requests to be given by either party to the other shall be in writing.

All notices, demands and requests by Landlord to Tenant shall be sent by United States registered or certified mail, postage prepaid, addressed to Tenant at the following address:

_____

Tenant

_____ _____ _____

Street State Zip

or at such other place as Tenant may from time to time designate by notice to Landlord.

All notices, demands and requests by Tenant to Landlord shall be sent by United States registered or certified mail, postage prepaid, addressed to Landlord at:

Ronald E. Christensen
204 E Frostad Road
Oak Harbor, Washington 98277

or at such other place as Landlord may from time to time designate by notice to Tenant.

42. **Performance of Covenants**. If Tenant shall fail to make any payment or perform any of Tenant's obligations under this lease, Landlord, without notice to or demand upon Tenant and without waiving or releasing Tenant from any obligations of Tenant under this lease, may make any payment or perform any other obligation of Tenant under this lease, in such manner and to such extent as Landlord deems desirable. All sums so paid by Landlord and all necessary costs and expenses in connection with the performance of any such obligation by Landlord, together with interest thereon at the rate of 12% per annum, from the date of the making of such expenditure by Landlord, shall be deemed additional rent hereunder and shall be payable to Landlord on demand.

43. **For Rent Signs; Showing Premises**. Landlord may place "For Rent" or "For Sale" signs on the exterior of the premises and may enter the premises for the purpose of showing premises or Landlord's Building to prospective tenants, purchasers and lenders at any time.

44. **Waiver of Subrogation**. Landlord and Tenant shall each procure, if obtainable without payment of an additional premium, an appropriate clause in, or an endorsement on, any policy of fire or extended coverage insurance covering the premises and Landlord's Building, and the personal property, fixtures , and equipment located in or on the premises, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery, and, conditioned upon a party having obtained such clauses

or endorsements or waiver of subrogation or consent to a waiver of right of recovery, such party hereby agrees that it shall not make any claim against or seek to recover from the other for any loss or damage to its property, or the property of the other, resulting from fire or other hazards covered by such insurance, notwithstanding other provisions of this lease; provided, however, that the release, discharge, exoneration and covenant not to sue herein contained shall be limited by the terms and provisions of the waiver of subrogation clauses or endorsements consenting to a waiver of right of recovery, and shall be coextensive therewith . If either Landlord or Tenant is unable to obtain such clause or endorsement, such party shall promptly give the other party notice of such inability. If either Landlord or Tenant is able to obtain such clause or endorsement only upon payment of an additional premium, such party shall promptly give the other party notice to that effect, in which event the other party shall have the right to pay such additional premium, and upon such payment, the party whose insurer requires such payment shall promptly procure such clause or endorsement.

45. **Priority of Tenant's Interest**. This lease is and shall be prior to any encumbrance now of record or any encumbrance hereafter recorded affecting Landlord's Building. If, however, the holder of any encumbrance first in priority after non-consensual liens requires that the lease be subordinate to said encumbrance, this lease shall be subordinate to said encumbrance. Tenant shall attorn any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed in lieu of foreclosure.

46. **Surrender of Premises**. Tenant, at the expiration or sooner termination of this lease, shall quit and surrender the premises in good, neat, clean and sanitary condition, including professional carpet cleaning, Landlord shall accept reasonable wear and tear .

47. **Holdover**. If Tenant lawfully holds over after the expiration of the term of this lease, such tenancy shall be a month-to-month tenancy. During such tenancy Tenant agrees to pay Landlord One Hundred Fifty Percent (150%) of the basic rental and additional rental payable during the last year of the term of this lease or any renewal and/or extensions thereof, and to be bound by all of the terms, covenants and conditions herein specified. Landlord shall also continue to be entitled to retake or recover possession of the premises as herein before provided in case of default on the part of Tenant, and Tenant shall be liable to Landlord for any loss or damage it may sustain by reason of Tenant's failure to surrender possession of the premises immediately upon the expiration or earlier termination of the Term.

48. **Rules and Regulations Concerning Parking**. Tenant and Tenant’s employees shall use the premises and the parking areas adjacent to the building.

49. **Security Interest**. To protect Landlord in the event Tenant defaults hereunder, Tenant hereby grants to Landlord a continuing security interest for all Rental and other sums of money becoming due hereunder from Tenant, and upon all goods, wares, chattels, fixtures, furniture and other personal property of Tenant which are or may be located on the premises and the proceeds thereof , none of which may be removed from the premise without Landlord's consent so long as any Rental or other such sums from time to time

owed to Landlord hereunder remains unpaid. Tenant shall, on its receipt of a written request therefore from Landlord, execute such financing statements, continuation statements and other instruments as are necessary or desirable, in Landlord's judgment, to perfect such security interest.

50. **Implied Warranties**. Tenant and Landlord expressly agree that there are and shall be no implied warranties of any kind or type arising out of this lease, and that there are no warranties which extend beyond those expressly set forth in the terms of this lease.

51. **Memorandum of Lease**. Unless both parties consent thereto in writing, this lease shall not be placed on record. Upon the request of either party, the Landlord and Tenant agree to sign and place of record an instrument, in recordable form, evidencing the commencement date and expiration date of this lease.

52. **Force Majeure**. Landlord's failure to perform any of its obligations under this lease shall be excused if due to causes beyond the control and without the fault or negligence of Landlord, including but not restricted to acts of God, acts of the public enemy, acts of any government, fires, floods, epidemics and strikes.

53. **Non-Waiver**. No waiver of Landlord to insist upon the strict performance of any provision of this lease shall be construed as depriving Landlord of the right to insist on strict performance of such provision or any other provision in the future. No waiver by Landlord of any provision of this lease shall be deemed to have been made unless expressed in writing and signed by Landlord. No acceptance of rent or any other payment by Landlord from Tenant after any default by Tenant shall constitute a waiver of any such default or any other default. Consent by Landlord in any one instance shall not dispense with necessity of consent by Landlord in any other instance.

54. **Captions and Construction**. The captions in this lease are for the convenience of the reader and are not to be considered in the interpretation of its terms.

55. **Partial Invalidity**. If any term or provision of this lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this lease shall be valid and enforced as written to the fullest extent permitted by law.

56. **Governing Law/Venue**. This lease shall be governed by the laws of the State of Washington. The venue for any legal action commenced by either party to enforce the terms and provisions of this lease or to resolve any disputes between the parties shall be the Island County Superior Court, Island County, and State Of Washington.

57. **Estoppel Certificates**. Landlord and Tenant agree from time to time promptly to sign, acknowledge and deliver to the other party a statement in writing certifying that this lease is unmodified and in full force and effect (or if there have been modifications that the same

is in full force and effect as modified and stating the modifications), whether any party is in default or breach of this lease or, with the giving of notice or lapse of time, or both, would be in default or breach of this lease, and the dates to which the basic rent and other charges have been paid in advance, if any.

58. **Personal Guaranty of Lease Agreement**: _____ shall completed and sign the attached Personal Lease Guaranty.

59. **Entire Agreement**. This document contains the entire and integrated agreement of the parties and may not be modified except in writing signed by both parties.

60. **Landlord's Consent**. Except in the case of assignment or subletting, Landlord shall not unreasonably withhold its consent where such consent is expressly provided for in this lease.

61. **Interpretation**. This lease has been submitted to the scrutiny of all parties hereto and their counsel if desired and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel.

62. **Cumulative Remedies**. The specified remedies to which Landlord may resort under the terms of this lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord may lawfully be entitled in case of any breach or threatened breach by Tenant of any provision of this lease. In addition to the other remedies in this lease provided, Landlord shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation , of any of the covenants, conditions, or provisions of this lease.

63. **Number; Gender; Permissive vs . Mandatory Usage**. Where the context permits, references to the singular shall include the plural and vice versa, and to the neuter gender shall include the feminine and masculine. Use of the word "may" shall denote an option or privilege and shall impose no obligation upon the party which may exercise such option or privilege; use of the word "shall" shall denote a duty or an obligation.

64. **Tenant's Liability**. Each Tenant, and all general partners of any partnership which is a tenant, shall be jointly and severally liable under this lease.

65. **Commissions**. The parties warrant and represent to each other that broker's commission is payable as a result of this lease to Coldwell Banker 360 Team as per term in the Listing Agreement which include that Tenant’s Brokerage Firm shall be entitle to one half of the total commission.

66. **Lease Year**. As used herein, the term "lease year" shall mean a twelve month or more period commencing on the date this lease commences (signing date as indicated below) .

67. **Time**. Time is of the essence to this lease.

68. **Binding Effect**. This agreement shall be binding upon the parties hereto and upon the respective executors, administrators, legal representatives, successors and assigns.

Addenda/Exhibits Attached: (which are made a part of this Lease Agreement by this reference)

1. Rent Rider (CBA Form: RR)
2. Lease Addendum
3. Commercial Lease Guaranty
3. Island County Noise Disclosure
4. Exhibit "A" Legal Description
5. Exhibit “B" Building Sketch/Floor Plan (showing Leased area)
6. Exhibit “D” Equipment List

EXECUTED as of the date first above written in paragraph one (effective date)

TENANT:

Signature	Date	Signature	Date
Print Name		Print Name	

LANDLORD:

Ronald E. Christensen	Date