

Dept. of General Administration
Division of Real Estate Services
210 11th Avenue SW, Room 230
PO Box 41015
Olympia, WA 98504-1015



199912230017

Kathy Hill, Skagit County Auditor
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Lease No: SR&L 8335
SR 69-3-99

(Anacortes) GAW/aj
Page 1 of 9
May 28, 1999

LEASE

1. This LEASE is made and entered into between Glen E. Greathouse Sr. and Jacquelyn L. Greathouse, husband and wife and Glen E. Greathouse Jr. and Kandy M. Greathouse, husband and wife, whose address is 5316 Ferry Terminal Road, Anacortes, Washington 98221 for their heirs, executors, administrators, successors, and assigns, hereinafter called the Lessor, and the State of Washington, Department of Transportation, acting through the Department of General Administration, hereinafter called the Lessee.

WHEREAS, the Department of General Administration is granted authority to lease property under RCW 43.82.010;

WHEREAS, the Lessor and Lessee deem it to be in the best public interest to enter into this lease;

NOW, THEREFORE, in consideration of the terms, conditions, covenants and performances contained herein, IT IS MUTUALLY AGREED AS FOLLOWS:

2. The Lessor hereby leases to the Lessee the following described premises:

Tax Parcel Number: 3808.0.11.005

Common Street Address: 5312 Ferry Terminal Rd., Anacortes

Approximately 1,500 BOMA gross building area square feet of residential space, together with four (4) on-site parking spaces in the building located at 5312 Ferry Terminal Rd., Anacortes, Washington, legally described as parcel number 3808.0.11.005 and 3808.000.012.0004, Skagit County.

to be used for the following purposes:

Residence for the Department of Transportation and/or other state agencies.

TERM

3. TO HAVE AND TO HOLD the premises with their appurtenances for the term beginning July 1, 1999 and ending June 30, 2002.

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

DEC 22 1999

Amount Paid \$
Skagit County Auditor
By: *ac*



RENTAL RATE

4. The Lessee shall pay rent to the Lessor for the premises at the following rate:

Two Thousand Two hundred Ninety-five Dollars and No Cents.....\$2,295.00 per month

Payment shall be made at the end of each month upon submission of properly executed vouchers.

EXPENSES

5. During the term of this Lease, Lessor shall pay all real estate taxes, all property assessments, insurance, water, sewer, storm water, garbage collection, and maintenance and repair as described below, together with all utilities, and janitor service -- to include window washing, restroom supplies, light bulbs, etc., as set forth in Exhibit "J" which is attached hereto and incorporated by reference.

MAINTENANCE AND REPAIR

6. The Lessor shall maintain the premises in good repair and tenantable condition during the continuance of this lease, except in case of damage arising from the negligence of the Lessee's clients, agents or employees. For the purposes of so maintaining the premises, the Lessor reserves the right at reasonable times to enter and inspect the premises and to make any necessary repairs to the building. Lessor's maintenance obligations under Paragraph 5 shall include, but not be limited to: the mechanical, electrical, interior lighting (including replacement of ballasts, starters and fluorescent tubes as required), plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual); floor coverings; window coverings; inside and outside walls (including windows); all structural portions of the building (including the roof and the watertight integrity of same); porches, stairways, sidewalks; exterior lighting; parking lot (including snow removal, cleaning and restriping as required); wheel bumpers; drainage; landscaping and continuous satisfaction of all governmental requirements generally applicable to similar office buildings in the area (example: fire, building, energy codes, indoor air quality and requirements to provide architecturally barrier-free premises for persons with disabilities, etc.).

ASSIGNMENT/SUBLEASE

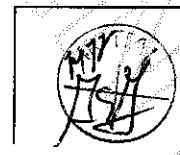
7. The Lessee shall not assign this lease nor sublet the premises except to a desirable tenant, and shall not permit the use of the premises by anyone other than the Lessee, such assignee or sublessee, and the employees, agents, and servants of the Lessee, assignee, or sublessee.

RENEWAL/CANCELLATION

8. The lease may, at the option of the Lessee, be renegotiated for an additional three (3) years.

FIXTURES

9. The Lessee, upon the written authorization of the Department of General Administration, shall have the right during the existence of this lease with the written permission of the Lessor (such permission shall not be unreasonably withheld), to make alterations, attach fixtures, and erect additions, structures or signs, in or upon the premises hereby leased. Such alterations, fixtures, additions, structures and signs shall be authorized only by the Department of General Administration. Performance of any of the rights authorized above shall be conducted in compliance with all applicable governmental regulations, building codes, including obtaining any necessary permits. Any fixtures, additions, or structures so placed in or upon or attached to the premises shall be and remain the property of the Lessee and may be



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removed therefrom by the Lessee upon the termination of this lease. Any damage caused by the removal of any of the above items shall be repaired by the Lessee.

PAYMENT

10. Any and all payments provided for herein when made to the Lessor by the Lessee shall release the Lessee from any obligation therefor to any other party or assignee.

DISCRIMINATION

11. Lessor assures and certifies that he/she will comply with all applicable provisions of the Americans With Disabilities Act of 1990 (42 U.S.C. 12101 - 12213) and the Washington State law against discrimination, Chapter 49.60 RCW, as well as the regulations adopted thereunder.

DISASTER

12. In the event the leased premises are destroyed or injured by fire, earthquake or other casualty so as to render the premises unfit for occupancy, and the Lessor(s) neglects and/or refuses to restore said premises to their former condition, then the Lessee may terminate this lease and shall be reimbursed for any unearned rent that has been paid. In the event said premises are partially destroyed by any of the aforesaid means, the rent herein agreed to be paid shall be abated from the time of occurrence of such destruction or injury until the premises are again restored to their former condition, and any rent paid by the Lessee during the period of abatement shall be credited upon the next installment(s) of rent to be paid. It is understood that the terms "abated" and "abatement" mean a pro rata reduction of area unsuitable for occupancy due to casualty loss in relation to the total rented area.

NO GUARANTEES

13. It is understood that no guarantees, express or implied, representations, promises or statements have been made by the Lessee unless endorsed herein in writing. And it is further understood that this lease shall not be valid and binding upon the State of Washington, unless same has been approved by the Director of the Department of General Administration of the State of Washington or his or her designee and approved as to form by the Office of the Attorney General.

ENERGY

14. The Lessor, or authorized representative, in accordance with RCW 43.19.685, has conducted a walk-through survey of the leased premises with a representative of the Director of the Department of General Administration. Lessor will undertake technical assistance studies and/or subsequent acquisition and installation of energy conservation measures identified as cost effective by the survey.

REIMBURSEMENT FOR DAMAGE TO PREMISES

15. The Lessee hereby agrees to reimburse the Lessor for damages caused by the negligence of its employees, clients and agents, but in no event shall this paragraph be construed as diminishing the Lessor's duty to make repairs as set forth in preceding paragraphs of this lease, or as making Lessee responsible for the repair of normal wear and tear.

HAZARDOUS SUBSTANCES

16. Lessor warrants to his/her knowledge that no hazardous substance, toxic waste, or other toxic substance has been produced, disposed of, or is or has been kept on the premises



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hereby leased which if found on the property would subject the owner or user to any damages, penalty, or liability under any applicable local, state or federal law or regulation.

Lessor shall indemnify and hold harmless the Lessee with respect to any and all damages, costs, attorney fees, and penalties arising from the presence of any hazardous or toxic substances on the premises, except for such substances as may be placed on the premises by the Lessee.

ALTERATIONS/IMPROVEMENTS

17. In the event the Lessee requires alterations/improvements during the term of this lease, any renewals and/or modifications thereof, the Lessor shall have the right to provide such services. If required by state law, the Lessor shall pay prevailing rate of wage to all workers, laborers or mechanics employed to perform such work as well as comply with the rules and regulations of the Department of Labor & Industries. If the Lessee considers Lessor's proposed costs for alterations/ improvements excessive, Lessee shall have the right, but not the obligation, to request and receive at least two independent bids; and the Lessee shall have the right at its option to select one alternative contractor whom the Lessor shall allow to provide such services for the Lessee in compliance with the Lessor's building standards and operation procedures.

PREVAILING WAGE

18. Lessor agrees to pay the prevailing rate of wage to all workers, laborers, or mechanics employed in the performance of any part of this contract when required by state law to do so, and to comply with the provisions of Chapter 39.12 RCW, as amended, and the rules and regulations of the Department of Labor and Industries. The rules and regulations of the Department of Labor and Industries and the schedule of prevailing wage rates for the locality or localities where this contract will be performed as determined by the Industrial Statistician of the Department of Labor and Industries, are by reference made a part of this lease as though fully set forth herein.

CANCELLATION/SUPERSESSION

19. This lease cancels and supersedes SR&L 7162 dated June 24, 1996, and all modifications thereto effective July 1, 1999.

WITHHOLDING OF RENT PAYMENTS

20. If the Lessor fails to maintain, repair and/or improve the premises as set forth herein, the Lessee may, if authorized by the Department of General Administration, withhold ten percent (10%) of rent payments until such time as Lessor completes deficient maintenance, repair and/or improvements. Upon receipt of documentation of Lessor's noncompliance with maintenance, repair and/or improvement provisions and a written request to withhold rent payments from the Lessee, the Department of General Administration shall provide Lessor with a list of deficient maintenance, repair and/or improvement items and notify Lessor that Lessee has been authorized to withhold rent payment until deficient maintenance, repair and/or improvements have been completed. Lessee shall place all withheld rent payments in an interest bearing account. Withheld rent payments plus accrued interest will be remitted to Lessor after the Department of General Administration verifies that Lessor has satisfactorily completed all maintenance, repair and/or improvements and authorizes Lessee to remit the withheld rent. Nothing in this provision shall limit other remedies which may be available to Lessee under this lease.

YEAR 2000 COMPLIANCE

21. All building systems controls which are time or date sensitive shall be "Year 2000 compliant".



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"Year 2000 Compliant" means the functions, calculations, and other computing processes of the systems controls perform in a consistent manner regardless of the date in time on which the systems controls are actually performed and regardless of the Date Data input to the systems controls, whether before, on, during or after January 1, 2000, and whether or not the Date Data is affected by leap years.

"Date Data" means any data, formula, algorithm, process, input or output which includes, calculates, or represents a date, a reference to a date, or a representation of a date; including, but not limited to the following:

- a) No value for current date will cause any interruption in operation. Current date means today's date as known to the equipment or product.
- b) Date-based functionality will behave consistently for dates prior to, during, and after year 2000. General date integrity will include, but is not limited to:

1999/09/09
 1999/12/31
 2000/01/01 Saturday and not Monday as in 1900/01/01
 2000/01/02 Sunday and not Tuesday as in 1900/01/02
 2000/02/29 Tuesday
 2000/03/01 Wednesday
 2000/12/31
 2001/01/01

Year 2000 is recognized as a leap year.

Dates will roll over correctly from/to:

1998/12/31 to 1999/01/01
 1999/12/31 to 2000/01/01
 2000/02/28 to 2000/02/29
 2000/02/29 to 2000/03/01

- c) In all interfaces and data storage, the century in any date will be specified either explicitly or by unambiguous algorithms or inference rule.

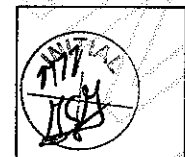
CAPTIONS

22. The captions and paragraph headings hereof are inserted for convenience purposes only and shall not be deemed to limit or expand the meaning of any paragraph.

NOTICES

23. Wherever in this lease written notices are to be given or made, they will be sent by certified mail to the address listed below unless a different address shall be designated in writing and delivered to the other party.

LESSOR: Glen E. Greathouse
5316 Ferry Terminal Rd.
Anacortes, WA 98221



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LESSEE: Department of General Administration
Division of Property Development
General Administration Bldg.
Post Office Box 41015
Olympia, Washington 98504-1015

SR&L 8335

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names.

Glen E. Greathouse Sr. and Jacquelyn L. Greathouse, husband and wife and Glen E. Greathouse Jr. and Kandy M. Greathouse, husband and wife,

By: [Signature]
Glen E. Greathouse Sr.

Title: owner

Date: 10/25/99

[Signature]
Jacquelyn L. Greathouse

Title: owner

Date: 10/25/99

By: [Signature]
Glen E. Greathouse Jr.

Title: owner

Date: 10/12/99

[Signature]
Kandy M. Greathouse

Title: owner

Date: 10/12/99

(Lessor: If corporation, partnership, or other officer with legal authority other than a natural person, give title)

FEDERAL TAX I.D. NUMBER 91-1411180

[Signature]

Guy A. Winkelman
Facilities Senior Planner

Date: 10/29/99

STATE OF WASHINGTON

Department of Transportation

Acting through the Department of General Administration

[Signature]
Mark L. Lahaie
Real Estate Services Group Manager
Division of Property Development

APPROVED AS TO FORM:

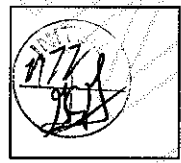
By: [Signature]
Assistant Attorney General

Date: 11-12-99

Date: 11-16-99



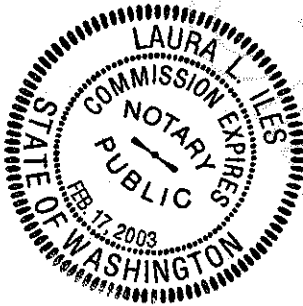
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STATE OF WASHINGTON)
) ss.
County of SKAGIT)

I, the undersigned, a Notary Public, do hereby certify that on this 12th day of OCTOBER, 19 99, personally appeared before me GLEN GREATHOUSE to me known to be the individual(s) described in and who executed the within instrument, and acknowledged that he signed and sealed the same as her free and voluntary act and deed, for the purposes and uses therein mentioned.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



Laura L. Iles
Notary Public in and for the State of Washington,
Residing at Anacortes
My commission expires 2-17-03

STATE OF WASHINGTON)
) ss.
County of SKAGIT)

I, the undersigned, a Notary Public, do hereby certify that on this 12th day of OCTOBER, 19 99, personally appeared before me KANDY GREATHOUSE to me known to be the individual(s) described in and who executed the within instrument, and acknowledged that she signed and sealed the same as her free and voluntary act and deed, for the purposes and uses therein mentioned.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



Laura L. Iles
Notary Public in and for the State of Washington,
Residing at Anacortes
My commission expires 2-17-03



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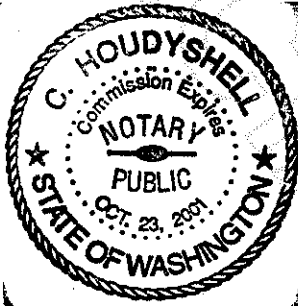
Kathy Hill, Skagit County Auditor



STATE OF Washington)
) ss.
County of Clallam)

I, the undersigned, a Notary Public, do hereby certify that on this 25 day of January, 1999, personally appeared before me Glenn E. Greathouse to me known to be the individual(s) described in and who executed the within instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the purposes and uses therein mentioned.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

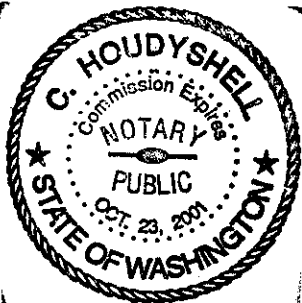


C. Houdysshell C. HOUDYSHELL
Notary Public in and for the State of Washington,
Residing at Sequim, WA
My commission expires Oct. 23, 2001.

STATE OF Washington)
) ss.
County of Clallam)

I, the undersigned, a Notary Public, do hereby certify that on this 25 day of October, 1999, personally appeared before me Jacquelyn L. Greathouse to me known to be the individual(s) described in and who executed the within instrument, and acknowledged that she signed and sealed the same as her free and voluntary act and deed, for the purposes and uses therein mentioned.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



C. Houdysshell C. HOUDYSHELL
Notary Public in and for the State of Washington,
Residing at Sequim, WA
My commission expires Oct. 23, 2001.



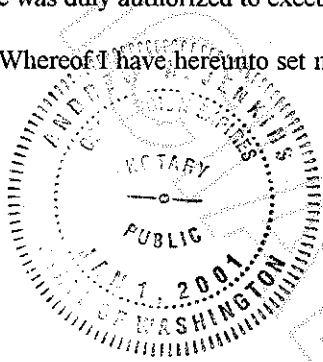
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STATE OF WASHINGTON)
) ss.
County of Thurston)

I, the undersigned, a Notary Public, do hereby certify that on this 16TH day of NOVEMBER, 1999, personally appeared before me MARK L. LAHAIE, Real Estate Services Group Manager, Division of Property Development, Department of General Administration, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as the free and voluntary act and deed of the Department, for the purposes and uses therein mentioned, and on oath stated that he was duly authorized to execute said document.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



[Signature]
Notary Public in and for the State of Washington,
Residing at Olympia
My commission expires January 1, 2001



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Kathy Hill, Skagit County Auditor

