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REVIEWED BY  
SKAGIT COUNTY TREASURER  
DEPUTY Lena Thompson  
DATE 04/03/2023

<b>Document Title(s):</b> <b>Commercial Lease Agreement</b>
<b>Reference Number(s) of Documents assigned or released:</b> (on page __ of document(s))
<b>Grantor(s):</b> <b>Foothills Farmlands, LLC, a Washington Limited Liability Company</b>
<b>Additional Names on page</b> of document.
<b>Grantee(s):</b> <b>Andrew Young and Tietje Young, a married couple</b>
<b>Additional Names on page</b> of document.
<b>Abbreviated Legal Description:</b> <b>PTN. Lot 1 &amp; all Lot 12, Blk 2, Peavey's Acreage</b>
<b>Additional legal is on page</b> of document.
<b>Tax Parcel Number(s):</b> <b>3966-002-001-0100/P118734 &amp; 3966-002-012-0008/P67980</b>

## COMMERCIAL LEASE AGREEMENT

1. **PARTIES.** This Commercial Lease Agreement ("Lease") is entered into as of March 8, 2023 by and between Foothills Farmlands, LLC, ("Lessor") and Andrew Young and Tietje Young (Lessee").
2. **PREMISES.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, upon the terms and conditions herein, a portion of the property at 27444 Burmaster Road in Skagit County, Washington, as further described and depicted in Exhibit A.
3. **LEASE TERM AND COMMENCEMENT DATE.** This Lease shall be for a term of fifteen years (the "Lease Term") and shall commence on the closing of a sale of the property that is the subject of this lease by Lessee to Lessor, (the "Commencement Date") and end exactly fifteen years from the Commencement Date ("Termination Date"). However, the family members of the lessee shall have the right to negotiate a new term.
4. **RENT.** Lessee shall pay no cash rent, the following commitments, and other purchases and sales between the parties, being good and and sufficient consideration for this agreement:
  - 4.1 Lessor assigns to Lessee all of Lessor's rights, including income therefrom, to the existing lease between Andrew Young, DBA Young Dairy LLC and North Cascades Meat Producers Cooperative dated the first day of April, 2022. Lessee shall manage the obligations of the parties under the lease. Lessor acknowledges that the lease shall continue to term, and that rights under the lease shall be superior to Lessor's rights.
  - 4.2 Lessee hereby grants to Lessor a license to move farm equipment across the property of lessee known as 27506 Burmaster Road using the existing driveway, or on such rout as may be designated by Lessee.
  - 4.3 Lessee, during the first twenty-four months of this lease, shall answer to the best of his knowledge, question Lessor may have concerning water line, drainage, and electricity service.



4.4 Lessee shall pay as additional rent a proportional share of property taxes. The parties agree that the proportional share is 15% of the tax bill. Lessor shall provide Lessee with the billing of lessees share at least 30 days prior to the due date for each semiannual payment.

5. **UTILITIES.** Lessor shall bill Lessee for electricity and PUD water every two months.

6.1 Electricity shall be billed at the rate charged by the utility and based upon usage as measured by electrical meters.

6.2 Water usage shall be calculated based upon the current PUD base scale and meter readings. For the first year the lessee shall pay \$112 per month. The amount may be adjusted each year to reflect the true cost of Lessee's water usage.

6. **USE OF PREMISES.** Lessee's use and occupancy of the Premises shall be for such and uses as are consistent with the nature and location of the property.

7. **MAINTENANCE AND REPAIRS.** All maintenance and repairs shall be the responsibility of the Lessee. Lessee shall keep the property in as good a condition as it is at the commencement of this Lease, or as improved during the Lease. Lessee shall, upon the expiration or sooner termination of this Lease, surrender the Premises to Lessor in good condition, undamaged and broom clean. Wear and tear and damage by fire, theft, riot, storm and acts of God are exuded from this clause.

8. **LIABILITY INSURANCE.** Lessee shall, at Lessee's sole expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessee and, as an additional insured, Lessor, against any liability arising out of the ownership, use, occupancy, or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in amount not less than one million dollars (\$1,000,000) Combined Single Limit with respect to injuries to or death of persons and/or destruction of or damage to property and all other assumed or contractual liability under this Lease.

*Handwritten initials/signature*

- 9. ASSIGNMENT AND SUBLETTING.** Lessee shall not sublease all or a portion of the premises or assign performance under this Lease without the written consent lessor, except that any heir of Lessee may be substituted as Lessee.
- 10. HOLDING OVER.** If Lessee remains in possession of the Premises or any part thereof after the expiration of the term hereof with the express written consent of Lessor, such occupancy shall be a tenancy from month-to-month under the terms provided herein.
- 11. DAMAGE AND RECONSTRUCTION.** Should the Premises be damaged or destroyed during the term of this Lease, Lessee shall immediately notify Lessor, and the rights and responsibilities of Lessor and Lessee shall then be as follows:
- 11.1 Insured Damage.** In the event the Premises or the Building are damaged by fire or other perils covered by casualty insurance, Lessor shall have the option to either terminate the lease or commence repair of the same to the extent of insurance proceeds available and this Lease shall remain in full force and effect, except that Lessee shall be entitled to a proportionate reduction of the rent from the date of damage and while such repairs are being made, such proportionate reduction to be based upon the extent to which the damage and making of such repairs shall cause undue interference with the business carried on by Lessee in the Premises. If the damage is due to the fault or neglect of Lessee or Lessee's employees, there shall be no abatement of rent.
- 11.2 Damage to Lessee's Property.** Lessor shall not be required to repair any injury or damage by fire or other cause or to make any repairs or replacements of any Lessee leasehold improvements, fixtures, or other personal property of Lessee.
- 12. EMINENT DOMAIN.** If the Premises or the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, and the taking defeats

Handwritten signatures and initials in black ink, including a signature that appears to be 'A. King' and other initials.

the Lessee's ability to use the premises, Lessee shall have the right at its option within ten (10) days after said taking to terminate this Lease upon thirty (30) days' written notice.

**13. AUTHORITY OF PARTIES.** If Lessor or Lessee is a corporation or partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such entity, in accordance with the bylaws of such corporation or the partnership agreement of such partnership, and that this Lease is binding upon such entity in accordance with its terms.

**14. GENERAL PROVISIONS.** Lessor and Lessee agree to the following general provisions:

16.1 Time. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

16.2 Successors and Assigns. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators, and assigns of the parties hereto.

16.3 Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to this Lease, and no prior agreements or understandings pertaining to it shall be effective for any purpose. No provisions of this Lease may be amended or added to except by agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding upon any party until fully executed by all parties hereto.

**15. DEFAULT.** The following shall constitute default:

17.1 Failure by the Lessee to pay the rent required, or any other sums to be paid to Lessor.



17.2 Failure by the Lessee to observe and perform any covenant, condition, of this agreement.

17.3 The dissolution or liquidation of Lessee, or the filing by the Lessee of a petition in bankruptcy.

**16. REMEDIES.** Whenever any event of default shall have happened under this Agreement, the Lessor may a default, and exercise any and all remedies as provided in this agreement or by law. The Lessor shall give five (5) days written notice before exercising any of the following remedies:

18.1 Declare all installments of rent payable for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable.

18.2 Enter and take possession of the Premises without terminating this Lease and sublease the Premises for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder.

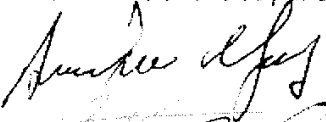

18.3 The Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the rent and any other amounts payable by the Lessee hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Lessee under this Lease.


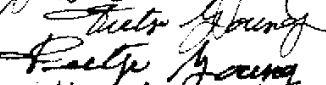

18.4 In the event any agreement contained in this Lease is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder.

*[Handwritten signatures]*

- 17. **GOVERNING LAW.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington.
- 18. **ATTORNEYS' FEES.** In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover attorneys' fees, expenses of litigation, and costs of appeal.
- 19. **NOTICES.** All notices shall be given in writing. Notices will be effective when sent to an address provided by the other party, or when given in person. Notices sent by United States first class mail, postage prepaid, and addressed to the party at the respective mailing address as herein set forth, shall be deemed effective thirty-six (36) hours after sending. Each party may change the address to which notices may be sent by giving a written notice to the other party.
- 20. **RECORDING.** The parties agree that this lease shall be binding on any future purchaser of the property, and it may be recorded by either party.

EXECUTED as of this day and year first above written.

By:   
 3/8/23 3/31/2023  
**Foothills Farmlands, LLC**  
**Matt Steinman** Date  
 Lessor

By:  
 Date 3/31/23  
  
 3/8/23 3/31/23  
 Commercial Lease Agreement  
 Page 6 of 8

Lessee

State of Washington)  
  ) ss.  
County of Skagit    )

I certify that I know or have satisfactory evidence that Foothills Farmlands, LLC; **Matt Steinman** is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Lessor to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_

*See ATTACHED*  
\_\_\_\_\_  
Notary Public in and for the State of Washington,  
Residing at \_\_\_\_\_ Washington.  
My appointment expires \_\_\_\_\_

State of Washington)  
  ) ss.  
County of Skagit    )

I certify that I know or have satisfactory evidence that **Andy Young** is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Lessee to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_

*See ATTACHED*  
\_\_\_\_\_  
Notary Public in and for the State of Washington,  
Residing at \_\_\_\_\_ Washington.  
My appointment expires \_\_\_\_\_



(Attached to Commercial Lease Agreement )

STATE OF Washington }  
COUNTY OF Skagit } SS:

I certify that I know or have satisfactory evidence that **Matt Steinman** is the person(s) who appeared before me, and said person(s) acknowledge he signed this instrument, on oath stated he is authorized to execute the instrument and acknowledge that as the **Manager of Foothills Farmlands, LLC,** to be the free and voluntary act of such party(ies) for the uses and purposes mentioned in this instrument.

Dated: 3-31-23

NAOMI R STANFILL  
Notary Public  
State of Washington  
License Number 201173  
My Commission Expires  
March 17, 2026

Naomi R. Stanfill  
Notary Public in and for the State of Washington  
Residing at: Oak Harbor Sedra Woolley  
My appointment expires: March 17, 2026

STATE OF Washington }  
COUNTY OF Skagit } SS:

I certify that I know or have satisfactory evidence that **Andrew Young and Tietje Young** are the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

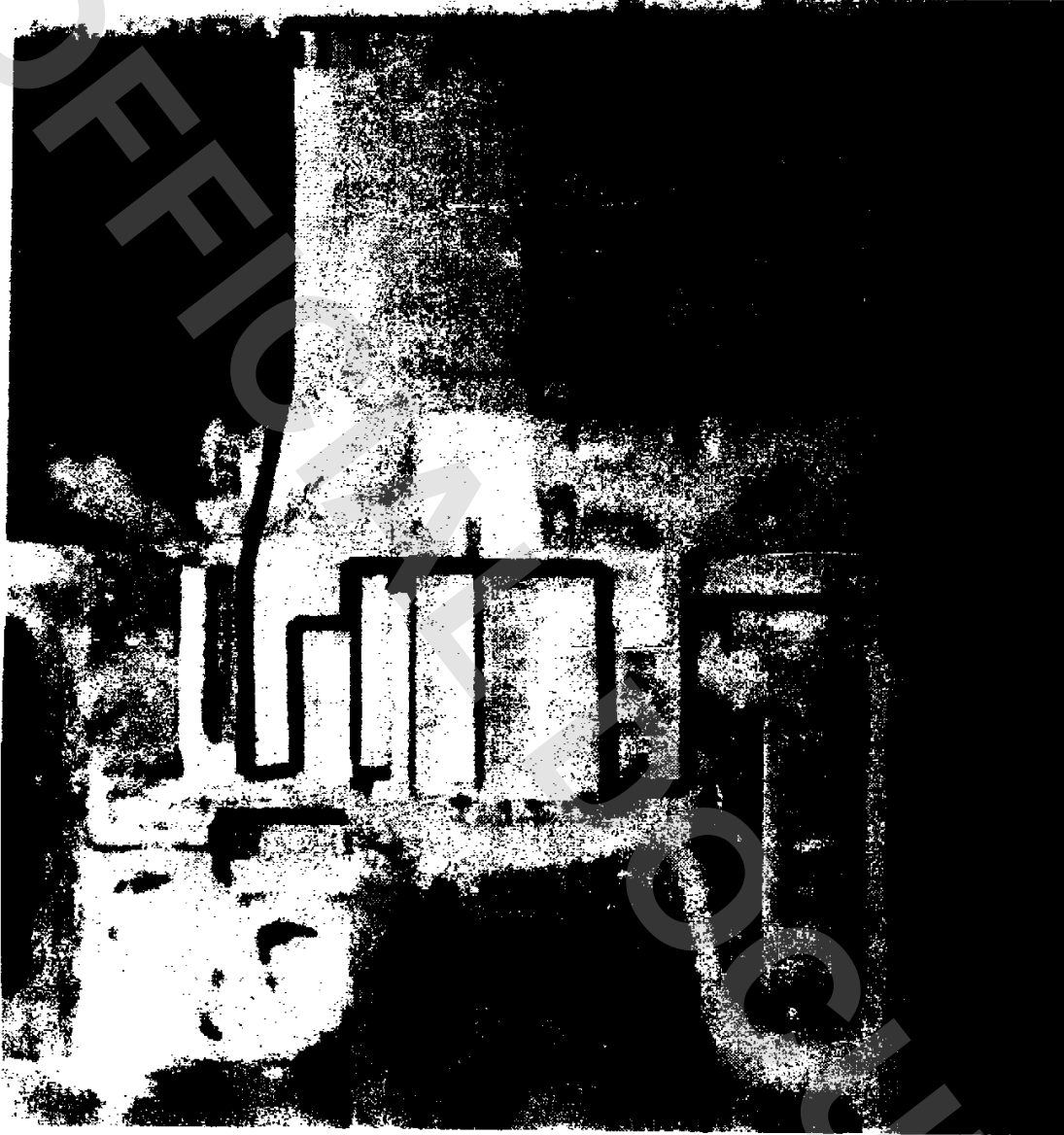
Dated: 3-31-23

NAOMI R STANFILL  
Notary Public  
State of Washington  
License Number 201173  
My Commission Expires  
March 17, 2026

Naomi R. Stanfill  
Notary Public in and for the State of Washington  
Residing at: Oak Harbor Sedra Woolley  
My appointment expires: March 17, 2026

Exhibit A

 Leased area is outlined in blue with yellow shading



*Handwritten signatures and initials.*