

LEASE AGREEMENT - COMMERCIAL PREMISES

THIS LEASE made this 1st day of May, 1982, by and between HUBERT SMITH and DANNA SMITH, husband and wife, hereinafter called Lessor, and WILLIAM H. HUBER and LINDA J. HUBER, husband and wife, hereinafter called Lessee.

WITNESSETH:

1. PREMISES: Lessor does hereby lease to Lessee, those certain premises commonly known as CARSON SHELL STATION, located on the corner of Wind River Highway and Hot Springs Avenue, Carson, Skamania County, Washington, as shown on Exhibit "A" attached hereto (hereinafter called "premises"), being situated upon land described in Exhibit "B" attached hereto.

2. TERM: The term of this lease shall be for Three (3) years commencing on the first day of May, 1982, and shall terminate on the 30 day of April, 1985.

3. RENT: Lessee covenants and agrees to pay Lessor, at the offices of Lessor, or to such other party or at such other place as Lessor may hereafter designate, monthly rent in the amount of Two Hundred Fifty and No/100 (\$250.00) Dollars, in advance, on the first day of each month of the lease term. Lessor hereby acknowledges receipt of Two Hundred Fifty and no/100 (\$250.00) Dollars for the first month's rent. If Lessee is in possession of the premises for a portion of a month, the monthly rent shall be prorated for the number of days of Lessee's possession during that month.

4. UTILITIES AND FEES: Lessee agrees to pay all charges for light, heat, water, sewer, garbage, drainage, and all other utilities and services to the premises during the full term of this lease. All other items including all license fees and other governmental charges levied on the operation of Lessee's business on the premises will be paid directly by Lessee.

5. TAXES: In addition to the rent provided in paragraph 3, Lessee agrees to pay any increase over base year 1982 in the portion of the real estate taxes and assessments applicable to the premises which are due and payable during the term of this Lease or any extension hereof. Lessee shall pay its portion of the increase of the taxes on the building equal to the percentage of the total net rentable area in the building leased to Lessee, plus the portion of the taxes applicable to the land described in Exhibit A which is equal to the ratio of the square feet of the premises to the total square feet of net rentable area of buildings on said land.



Lessor shall submit to Lessee a copy of the actual statements received from the taxing authority as they become due and shall invoice Lessee for its portion according to the provisions of this paragraph. Lessee shall pay such invoice within fifteen (15) days.

Taxes payable shall be prorated in the first and last calendar years of the term of the Lease.

Should there presently be in effect or should there be enacted during the term of this Lease any law, statute or ordinance levying any tax (other than Federal or State income taxes) upon rents, Lessee shall pay such tax or shall reimburse Lessor on demand for any such taxes paid by Lessor.

6. REPAIRS AND MAINTENANCE: Premises have been inspected and are accepted by Lessee in their present condition. Lessee shall, at its own expense and at all times, keep the premises neat, clean and in a sanitary condition, and keep and use the premises in accordance with applicable laws, ordinances, rules, regulations and requirements of governmental authorities. Lessee shall permit no waste, damage or injury to the premises; keep all drain pipes free and open; protect water, heating, gas and other pipes to prevent freezing or clogging; repair all leaks and damage caused by leak; replace all glass in windows and doors of the premises which may become cracked or broken; and remove ice and snow from sidewalks adjoining the premises. Except for the roof, exterior walls and foundation, which are the responsibility of the Lessor, Lessee shall make such repairs as necessary to maintain the premises in as good condition as they now are, reasonable use and wear and damage by fire and other casualty excepted.

7. SIGNS: All signs or symbols placed by Lessee in the windows and doors of the premises, or upon any exterior part of the building, shall be subject to Lessor's prior written approval. Lessor may demand the removal of signs which are not so approved, and Lessee's failure to comply with said request within forty-eight (48) hours will constitute a breach of this paragraph and will entitle Lessor to terminate this Lease or, in lieu thereof, to cause the sign to be removed and the building repaired at the sole expense of the Lessee. At the termination of this Lease, Lessee will remove all signs placed by it upon the premises, and will repair any damage caused by such removal. All signs must comply with sign ordinances and be placed in accordance with required permits.

8. ALTERATIONS: After prior written consent of Lessor, Lessee may make alterations, additions, and improvements in said premises, at Lessee's sole cost and expense. In the performance of such work, Lessee agrees to comply with all laws,

ordinances, rules and regulations of any proper public authority, and to save Lessor harmless from damage, loss or expense. Upon termination of this Lease and upon Lessor's request, or Lessor's approval, Lessee shall remove such improvements and restore the premises to its original condition not later than the termination date, at Lessee's sole cost and expense. Any improvements not so removed shall be removed at Lessee's expense provided that Lessee shall pay for any damage caused by such removal.

9. CONDEMNATION: In the event a substantial part of the premises is taken or damaged by the right of eminent domain, or purchased by the condemnor, in lieu thereof, so as to render the remaining premises economically untenable, then this Lease shall be cancelled as of the time of taking at the option of either party. In the event of a partial taking which does not render the premises economically untenable, the rent shall be reduced in direct proportion to the leased property taken. Lessee shall have no claim to any portion of the compensation for the taking or damaging of the land or building. Nothing herein contained shall prevent the Lessee from his entitlement to negotiate for his own moving costs and his leasehold improvements.

10. LIENS AND INSOLVENCY: Lessee shall keep the premises free from any liens arising out of any work performed for, materials furnished to, or obligations incurred by Lessee and shall hold Lessor harmless against the same. In the event Lessee becomes insolvent, bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of Lessee, Lessor may cancel this Lease at its option.

11. SUBLETTING OR ASSIGNMENT: Lessee shall not sublet the whole or any part of the premises, nor assign this Lease without the written consent of Lessor, which will not be unreasonably withheld. This Lease shall not be assignable by operation of law.

12. ACCESS: Lessor shall have the right to enter the premises at all reasonable times for the purpose of inspection or of making repairs, additions or alterations, and to show the premises to prospective tenants for sixty (60) days prior to the expiration of the Lease term.

13. POSSESSION: If Lessor offers possession of the premises prior to the commencement date of the term of this Lease, and if Lessee accepts such early possession, then both parties shall be bound by all of the covenants and terms contained herein, including the payment of rent during such period of early possession.

14. DAMAGE OR DESTRUCTION: In the event the premises are rendered untenable in whole or in part by fire, the

elements, or other casualty, Lessor may elect, at its option, not to restore or rebuild the premises and shall so notify Lessee, in which event Lessee shall vacate the premises and this Lease shall be terminated; or, in the alternative, Lessor shall notify Lessee, within thirty (30) days after such casualty, that Lessor will undertake to rebuild or restore the premises, and that such work can be completed within one hundred eighty (180) days from date of such notice of intent. If Lessor is unable to restore or rebuild the premises within the said one hundred eighty (180) days, then the Lease may be terminated at Lessee's option by written ten (10) days notice to Lessor. During the period of untenantability, rent shall abate in the same ratio as the portion of the premises rendered untenantable bears to the whole of the premises.

15. ACCIDENTS AND LIABILITY: Lessor or its agent shall not be liable for any injury or damage to persons or property sustained by Lessee or other, in and about the premises. Lessee agrees to defend and hold Lessor and its agents harmless from any claim, action and/or judgment for damages to property or injury to persons suffered or alleged to be suffered on the premises by any person, firm or corporation, unless caused by Lessor's negligence.

Lessee agrees to maintain public liability insurance on the premises in the minimum limit of \$100,000 for property damage and in the minimum of ~~XXXXXXXXXXXXXXX~~ \$ 300,000 for Bodily injuries and death, and shall name Lessor as an additional insured. Lessee shall furnish Lessor a certificate indicating that the insurance policy is in full force and effect, the Lessor has been named as an additional insured, and that the policy may not be cancelled unless ten (10) days prior written notice of the proposed cancellation has been given to Lessor.

16. SUBROGATION WAIVER: Lessor and Lessee each herewith and hereby releases and relieves the other and waives its entire right of recovery against the other for loss or damage arising out of or on incident to the perils described in standard fire insurance policies and all perils described in the "Extended Coverage" insurance endorsement approved for use in the state where the premises are located, which occurs in, on or about the premises, unless due to the negligence of either party, their agents, employees or otherwise.

17. DEFAULT AND RE-ENTRY: If Lessee shall fail to keep and perform any of the covenants and agreements herein contained, other than the payment of rent; and such failure continues for thirty (30) days after written notice from Lessor, unless appropriate action has been taken by Lessee in good faith to cure such failure, Lessor may terminate this Lease and re-enter the premises, or Lessor may, without

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terminating this Lease, re-enter said premises, and sublet the whole or any part thereof for the account of the Lessee upon as favorable terms and conditions, as the market will allow for the balance of the term of this Lease and Lessee covenants and agrees to pay to Lessor any deficiency arising from a reletting of the premises at a lesser amount than herein agreed to. Lessee shall pay such deficiency each month as the amount thereof is ascertained by Lessor. However, the ability of Lessor to re-enter and sublet shall not impose upon Lessor the obligation to do so.

18. REMOVAL OF PROPERTY: In the event Lessor lawfully re-enters the premises as provided herein, Lessor shall have the right, but not the obligation, to remove all the personal property located therein and to place such property in storage at the expense and risk of Lessee.

19. COSTS AND ATTORNEY'S FEES: If, by reason of any default or breach on the part of either party in the performance of any of the provisions of this Lease, a legal action is instituted, the losing party agrees to pay all reasonable costs and attorney's fees in connection therewith. It is agreed that the venue of any legal action brought under the terms of this Lease may be in the county in which the premises are situated.

20. OPTION TO PURCHASE: Lessor shall, upon receipt of written notice from Lessee on or after July 1, 1982, but prior to July 1, 1985, stating that Lessee elects to purchase the demised premises pursuant to the provisions hereof, convey the demised premises to the Lessee, providing that Lessee shall have duly and punctually fulfilled all of the provisions and conditions of this lease, subject to the following conditions:

1. The Purchase Price of the demised premises shall be \$42,000.00 paid in cash to Lessor on or before the date of delivery by Lessor of the Deed to the premises; Provided, however, that the aforesaid sum of \$42,000.00 shall be reduced by \$250.00 for each monthly rental payment paid by Lessee to Lessor. This reduction represents the parties' agreement that the monthly rental shall be applied toward the purchase price if Lessee exercises the option to purchase during the lease term.

2. Lessor shall furnish to Lessee at the time of the delivery of the deed to the demised premises, or within thirty (30) days thereafter, a purchaser's policy of title insurance in standard form, or a commitment therefor, issued by a Washington Title Insurance Company, insuring the purchaser to the full amount of said purchase price against loss or damage by reason of defect in seller's title to said real estate as of the date of closing and containing no exceptions other than the following:

a. Printed general exceptions appearing

in said policy form;

b. Liens or encumbrances which by the terms of this agreement the purchaser is to assume, or as to which the conveyance hereunder is to be made subject; none of which for the purpose of this paragraph 2 shall be deemed defects in seller's title.

3. Conveyance of title to the demised premises shall be by good and sufficient warranty deed, to be delivered by Lessor to Lessee within a period to be specified in the written notice of election to purchase, which period shall not be less than thirty (30) days nor more than ninety (90) days from the date of receipt of the notice by Lessor, except that if a longer period than ninety (90) days is required for search, examination or clearing of the title to the demised premises, the time for delivery of the deed shall be extended for a reasonable time.

4. If Lessee fails to exercise the option to purchase the premises and the Lease term expires, all rental paid by Lessee during the term of this lease shall be considered rent and Lessor shall be entitled to retain the entire amount without any accounting to Lessee.

21. SUBORDINATION: Lessee agrees that this Lease shall be subordinate to any mortgages or deeds of trust, placed on the property described in Exhibit A as of the date of execution of this Lease.

22. NO WAIVER OF COVENANTS: Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future similar breach. This Lease contains all the agreements between the parties; and there shall be no modification of the agreements contained herein except by written instrument.

23. SURRENDER OF PREMISES: Lessee agrees, upon termination of this Lease, to peacefully quit and surrender the premises without notice, leave the premises neat and clean and to deliver all keys to the premises to Lessor.

24. HOLDING OVER: If Lessee, with the implied or express consent of Lessor, shall hold over after the expiration of the term of this Lease, Lessee shall remain bound by all the covenants and agreements herein, except that the tenancy shall be from month to month.

25. BINDING ON HEIRS, SUCCESSORS AND ASSIGNS: The covenants and agreements of this Lease shall be binding upon the heirs, executors, administrators, successors and assigns of both parties hereto, except as hereinabove provided.

26. USE: Lessee shall use the premises for the purposes of conducting a service station and garage and for no other purposes, without written consent of Lessor. In the event Lessee's use of the premises increases the fire and extended coverage or liability insurance rates on the building of which the premises are a part, Lessee agrees to pay for such increase.

687

27. NOTICE: Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to the Lessor at P.O. Box 100, Carson, Washington 98610 or to the Lessee at P.O. Box 476, Carson, Washington 98610 or at such other address as either party may designate to the other in writing from time to time.

28. TIME IS OF THE ESSENCE OF THIS LEASE.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the date first above written.

LESSOR:

Hubert D. Smith
Danna L. Smith

LESSEE:

William H. Huber
Spencer J. Huber

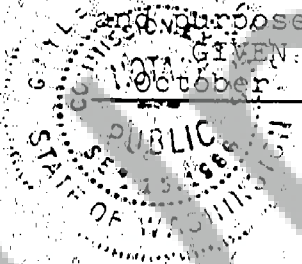
STATE OF WASHINGTON)

ss.

County of Skamania)

On this day personally appeared before me HUBERT SMITH and DANNA SMITH, husband and wife, as Lessors, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 19th day of October, 1982.



Gayle L. Ferguson
Notary Public in and for the
State of Washington, residing
at Stevenson

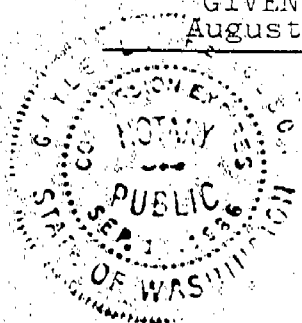
STATE OF WASHINGTON)

ss.

County of Skamania)

On this day personally appeared before me WILLIAM H. HUBER ~~XX~~ as Lessee, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 25th day of August, 1982.



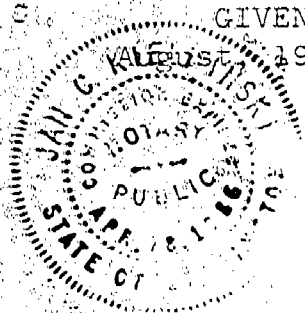
Gayle L. Ferguson
Notary Public in and for the
State of Washington, residing
at Stevenson

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STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me LINDA J. HUBER,
as Essee, to me known to be the individual described in and
who executed the within and foregoing instrument, and acknowledged
that she signed the same as her free and voluntary act and deed,
for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 26th day of
August, 1982.



Linda J. Huber
Notary Public in and for the
State of Washington, residing
at Stevenson.

ADDENDUM

There is added to that certain lease agreement dated the 1st day of May, 1982, between HUBERT SMITH and DANNA SMITH, husband and wife, (therein called Lessor) and WILLIAM H. HUBER and LINDA J. HUBER, husband and wife, (therein called Lessee) the following:

The parties agree that any sums expended by Lessee for purchase of materials for improving the premises by (1) sheet-rocking the ceiling of the middle room and (2) painting the walls and floors, shall be deducted from the purchase price of the demised premises in the event Lessee shall exercise the option to purchase in accordance with paragraph 20 herein. It is further agreed that all materials for such improvements shall be purchased from Lessor's place of business known as Carson Builders Supply.

EXECUTED this 19th day of October, 1982.

Hubert D. Smith
HUBERT SMITH

Danna L. Smith
DANNA SMITH

William H. Huber
WILLIAM H. HUBER

Linda J. Huber
LINDA J. HUBER

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me HUBERT SMITH and DANNA SMITH, husband and wife, as Lessors, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 19th day of October, 1982.



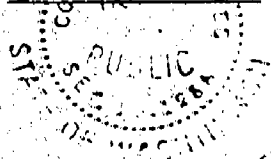
Laure L. Ferguson
Notary Public in and for the
State of Washington, residing
at Stevenson.

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STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me WILLIAM H. HUBER
~~and LINDA J. HUBER, his wife and XXXXX~~ as Lessee, to me known to
be the individual described in and who executed the within and
foregoing instrument, and acknowledged that he signed the same
as his free and voluntary act and deed, for the uses and
purposes therein mentioned.

GIVEN under my hand and official seal this 25th day of
August, 1982.

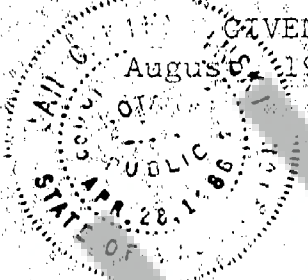


Garle S. Ferguson
Notary Public in and for the
State of Washington, residing
at Stevenson.

STATE OF WASHINGTON)
) ss.
County of Skamania)

On this day personally appeared before me LINDA J. HUBER,
as Lessee, to me known to be the individual described in and
who executed the within and foregoing instrument, and acknowl-
edged that she signed the same as her free and voluntary act
and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 26th day of
August, 1982.



Linda J. Huber
Notary Public in and for the
State of Washington, residing
at Stevenson.