

December 31, 1991

Introduced By: BRIAN DERDOWSKI

PM:BK:jl

Proposed No. 92-38

MOTION NO. 8534

A MOTION authorizing the executive to enter into a multi-year lease agreement to continue the operation of the Issaquah District Court at its present facility in Council District 3 through September 1998.

WHEREAS, the current lease for the Issaquah District Court Facility at 640 Northwest Gilman Boulevard, Issaquah, Washington 98027 names a September 30, 1993 termination date, and

WHEREAS, the district court desires to continue operating at its present site past the September 30, 1993 termination date, and

WHEREAS, the proposed lease is based on a rental rate of \$16.50 per square foot per year from October 1, 1993 through March 31, 1996, and \$17.25 per square foot per year from April 1, 1996 through September 30, 1998 for 7,540 square feet, and

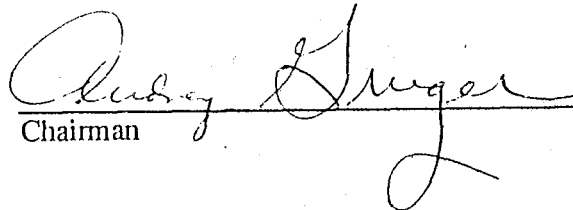
WHEREAS, the rental rates in the proposed lease have been determined to be equitable in light of the costs involved in the relocation and construction of such a facility;

NOW, THEREFORE BE IT MOVED by the Council of King County:


The King County executive is hereby authorized under K.C.C. 4.04.040 to execute a five-year lease agreement, substantially in the form as attached, requiring the payment of funds from the appropriation of subsequent fiscal years for the continued operation of the Issaquah District Court at its present location.

PASSED this 22nd day of March 19 92

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Chairman

ATTEST:


Clerk of the Council

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COPY OF PROPOSEDLessor: Jacobson Homes, Inc.

Lease No. _____

OFFICE LEASE AGREEMENT.

ORIGINAL

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OFFICE LEASE AGREEMENT

THIS LEASE AGREEMENT, dated October 30, 1991 (for reference purposes only), is made by and between Jacobson Homes, Inc., (hereinafter called Lessor) and King County, a political subdivision of the State of Washington (hereinafter called Lessee):

WITNESSETH:

1. Premises: Lessor does hereby agree to lease to Lessee for use as a district court those certain premises comprising approximately 7,540 square feet, shown outlined in red on Exhibit A attached hereto, situated in Issaquah, Washington and legally described as follows:

640 N.W. Gilman Boulevard, Issaquah, Washington 98027

Lot 2, Issaquah Short Plat North Portion of N.E. Section 28, Township 24, Range 6.

2. Term: 2.1 The term of this lease shall be for 60 months, commencing on the 1st day of October, 1993 and shall terminate on the 30th day of September, 1998.

2.2 If Lessor cannot deliver possession of the premises to Lessee on the above commencement date, provided that delivery of premises can be made within a reasonable timeframe, this lease shall not be void or voidable; but, in that event, there shall be a proportionate reduction of rent covering the period between the above commencement date and the time when Lessor can deliver possession.

3. Preparation of Premises and Delivery of Possession: Prior to the commencement of the term hereof, Lessor shall arrange for physical improvements to the premises, if any, pursuant to the provisions of Exhibit(s) N/A attached hereto. The premises shall be deemed completed and premises delivered on the date these improvements are completed or on the date specified in paragraph 2 as the commencement of the term, whichever is later.

4. Rent: Lessee covenants and agrees to pay Lessor, at Lessor's address 640 N.W. Gilman Boulevard, #102, Issaquah, WA 98027 without deduction or offset, monthly rent in the amount of \$10,367.00 from October 1, 1993 to March 31, 1996 and \$10,838 from April 1, 1996 to September 30, 1998, payable in advance, without prior notice or demand, on the first day of each month of the lease term. Rent for any fractional calendar month, at the beginning of the calendar term, shall be prorated.

5. Rent Adjustments Based on Operating Costs: 5.1 Whenever, for any calendar year, Lessor's estimated operating expenses of the building, as defined herein, are greater than the base year operating expenses, then the monthly rental for that calendar year may be increased, effective January 1 of that year, by an amount equal to one-twelfth (1/12) of such estimated increase in operating expenses.

5.2 The term "operating expenses" is defined as meaning any and all expenses, as determined by standard accounting practices, incurred by the Lessor in connection with the servicing, operation, maintenance, repair, and related exterior appurtenances of which the demised premises is a part. Operating expenses shall include the following costs by way of illustration, but not limitation: real estate taxes and assessments levied on the land and building of which the demised premises is a part; utilities and services; insurance premiums; licenses, permits and inspection fees; and the cost of wages, materials, and services for the operation, maintenance, and management of the building. Operating expenses shall not include any of the following: capital improvements; expenses of painting, decorating, and alteration of other than public areas; interest and amortization of mortgages; depreciation of the building; and income or franchise taxes or other such taxes imposed or measured by the net income of the Lessor from operation of the building and related exterior appurtenances of which the demised premises are a part.

5.3 Lessor and Lessee agree that Lessee's pro rata share of the above described operating expenses shall be 62.1 per cent, representing the ratio that the Lessee's premises bear to the total approximate rentable area of the office space (12,140 square feet) contained in the building. Expenses which are separately metered and/or services which are provided exclusively for the Lessee, if any, shall be allocated 100% to the Lessee.

5.4 Within forty-five (45) days following the end of each calendar year, Lessor shall furnish to Lessee a statement certified as correct by an officer of Lessor, showing the operating expenses incurred by Lessor during such period. If Lessee's pro rata share of such operating expenses shall exceed the payments made, as described in paragraph 5.1, Lessee shall pay to Lessor the deficiency within ten (10) days after receipt of the statement. If Lessee's payments as described in paragraph 5.1 exceed the amount due, Lessee may offset the excess against increased operating expense rental payments next coming due.

5.5 For purposes of this lease, the base year operating expenses shall be \$ 4.00 per square foot.

6. Late Charge and Interest: 6.1 Unpaid rent, rent adjustments, and other additional rent payments, if any, due under this lease, if not paid within ten days after Lessor requests in writing that such delinquent amounts be immediately paid, shall bear interest from the date originally due until paid at the rate of ten per cent per annum, except for rents due for the month of January in any lease year that delay is due to Lessee's budget process.

6.2 If rent, rent adjustments, and other additional rent payments, if any, due under this lease are not paid within one month after they are due, Lessor may at its option, impose a late charge of one per cent of the balance due for each full month after the original due date that the balance remains unpaid and owing.

7. Utilities and Service: The Lessor shall provide for, at its sole expense, utilities and services furnished to the premises, including but not limited to electricity, heat, water, sewer, garbage removal, janitorial services, and ground and building maintenance commensurate with good building management practices, as defined by the guidelines of the Building Owners and Managers Association.

8. Alterations and Maintenance: 8.1 Lessee shall not make any alterations or additions to the premises without the prior written permission of the Lessor, which consent shall not be unreasonably withheld.

8.2 The Lessor agrees to keep the building in which the premises are located and the premises in good repair, suitable for use as the purpose so defined in paragraph one of this lease. During the term of this lease, the Lessor shall replace all cracked or broken glass and light bulbs, furnish toilet paper and paper towels (except in Lessee's kitchen areas, if any), repair malfunctioning fixtures, and repair and maintain the structural portions of the building and the basic plumbing, air conditioning, heating and electrical systems, unless such repairs are required as a result, in whole or in part, of the act or neglect of any duty by Lessee, its agents, servants, employees, or invitees, in which event Lessee shall pay to Lessor the reasonable cost of such maintenance and repairs. Lessor shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Lessor by Lessee.

9. Signs: Lessor shall provide directional signs for Lessee in the lobby and at the premises, as mutually agreed upon. All other signs placed by Lessee on or about the premises shall be subject to Lessor's prior written approval.

10. Fixtures: All fixtures attached to the premises solely by the Lessee may be removed by the Lessee at any time provided (a) that the Lessee shall restore the premise to their condition prior to the installation of the fixtures, normal wear and tear excepted; (b) the Lessee shall not then be in default; and (c) that the removal will be made on or before the expiration of the term or any extension thereof.

11. Indemnity and Hold Harmless: Lessor and Lessee mutually agree that in any and all causes of action and/or claims, or third party claims, arising under the terms, activities, use and /or operations of this Lease, including the leased premises, each party shall be responsible to the other only to the extent of each other's comparative fault in causing alleged damages or injuries. Notwithstanding the provisions of 13 (below), each party agrees to indemnify the other to the extent of the indemnitor and indemnitee's proportional share.

As to any and all causes of actions and/or claims, or third-party claims, arising under the sole fault of a party to this Lease, said party shall have a duty to defend, save, and hold the other party harmless, and upon failure to do so, said party shall pay reasonable attorney's fees, costs and expenses incurred by the other party to this Lease in defense of said claims and/or actions.

12. Insurance: The Lessor acknowledges, accepts, and agrees that the Lessee is self-insured and Lessee will provide proof of such self-insurance upon the request of the Lessor.

13. Arbitration: Lessor and Lessee agree that should any dispute arise concerning this lease both parties shall submit to binding arbitration.

14. Subletting and Assignment: Lessee shall not sublet the whole or any part of the premises, nor assign this lease or any interest thereof, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld.

15. Damage or Destruction: In the event the premises are damaged to such an extent as to render them untenable in whole or in part and Lessor elects to repair or rebuild, the work shall be prosecuted without unnecessary delay. Rent shall be abated while such work is in progress, in the same ratio that the portion of the leased premises that is unfit for occupancy shall bear to the whole of the leased premises. If after a reasonable time the Lessor shall fail to proceed to repair or rebuild, Lessee shall have the right to declare this lease terminated by written notice served on the Lessor. In the event the building, in which the leased premises are located, shall be destroyed or damaged to such extent that in the opinion of the Lessor it shall not be practical to repair or rebuild, it shall be optional with Lessor to terminate this lease by written notice to Lessee within twenty days after such damage or destruction.

16. Liens: Lessor and Lessee shall keep the premises and the building in which the premises are situated free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee or Lessor.

17. Right of Entry: Lessor reserves and shall at any and all reasonable times have the right to enter the premises, inspect the same, supply janitorial service and any other service to be provided by the Lessor to Lessee hereunder, to show the premises to prospective purchasers, mortgagees, or tenants, and to repair the premises and any portion of the building of which the premises are a part and may for the purpose erect scaffolding and other necessary structures when reasonably required by the character of the work performed, all as providing that the entrance to the premises shall not be blocked thereby, and further providing that the business of Lessee shall not be interfered with unreasonably. Except for emergencies, Lessor shall give ten (10) days' notice before entry to repair the premises.

For each of the aforesaid purposes, Lessor shall at all times have and retain a key with which to unlock all of the doors, in, upon, and about the premises, excluding Lessee's vaults, safes, and files, and Lessor shall have the right to use any and all means which Lessor may deem proper to open said doors in an emergency, in order to obtain entry to the premises without liability to Lessee except for any failure to exercise due care for Lessee's property. Any entry to the premises obtained by Lessor by any of said means or otherwise shall not under any circumstances be construed or deemed to be forceful or unlawful entry into, or a detainer of the premises, or an eviction of Lessee for the premises or any portion thereof provided said entry relates to emergency purposes as aforesaid. Lessee agrees to allow "to lease" signs of reasonable size to be placed in and remain upon the exterior or interior of the premises during the last ninety days of the lease term.

18. Hazardous Substances: 18.1 Lessor and Lessee mutually agree that no generation, use, release, handling, transportation, treatment or storage of hazardous substances (Hazardous Substances) exist on the premises. Lessor acknowledges and fully discloses that the premises contain no Hazardous Substances as defined by applicable law. Upon the execution of this lease, if Lessor subsequently discovers the existence of Hazardous Substances on the premises, Lessor shall disclose this material fact and act within full compliance of all applicable laws, regulations and safety practices governing Hazardous Substances. Lessor and Lessee further mutually agree that in any and all causes of action and/or claims, or third-party claims, arising under the terms, activities, use and/or operations of this lease, each party shall

be responsible, to the extent of each other's comparative fault in causing the alleged damages or injuries. Notwithstanding paragraph thirteen (above), each party agrees to indemnify, defend and hold harmless Lessor or Lessee, its appointed and elected officials, employees, from and against any and all claims, liabilities, damages, and expenses, including reasonable attorney's fees, asserted against Lessor or Lessee by a third party, including without limitation, any agency or instrumentality of the federal government, state or local government, for bodily injury, including death of a person, physical damage to or loss of use of property, or clean-up activities (including but not limited to investigation, study, response, remedial action, or removal), fines or penalties arising out of or relating to the presence, release, or threat of release of a Hazardous Substance existing or emanating from the premises, except that which existed or emanated from the premises prior to Lessee's possession of the premises or to the extent caused by the act or omission of Lessor.

18.2 Definition of Hazardous Substances: "Hazardous Substances" as defined in this lease shall mean:

- a. Any toxic substances or waste, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances; or
- b. Any dangerous waste, hazardous waste, or hazardous substance as defined in:
 - i. Comprehensive Environmental Response, Compensation and Liability Act of 1980, as now or hereinafter amended (42 U.S.C. § 9610 et seq.);
 - ii. Resource Conservation and Recovery Act, as now or hereafter amended (42 U.S.C. § 6901 et seq.);
 - iii. Washington Model Toxics Control Act, as now or hereinafter amended (R.C.W. Chs. 70.105, 70.105A and 70.105D); or
- c. Any pollutant, contaminants, substances, as defined above, posing a danger or threat to public health or welfare, or to the environment, which are regulated or controlled by any federal, state and local laws, and regulation, as now or hereafter amended.

19. Waiver of Subrogation: Lessor and Lessee agree that they shall not make a claim against or seek recovery from the other for any loss or damage to their property, or the property of others, resulting from fire or other hazards covered by fire and extended coverage insurance and each hereby releases the other from any such claim or liability regardless of the cause of such loss or damage so covered by insurance. In the event of any increased cost or impairment of ability to obtain such insurance, the party suffering such increased cost or impairment may terminate such waiver and release upon written notice to the other party hereto. Such waiver is conditioned upon the parties having had their respective insurance companies issue a policy or endorsement providing that the waiver or release of subrogation rights shall not adversely affect or impair such policies or recovery by the insured thereunder.

20. Eminent Domain: Should the premises or any portion thereof be taken for public use by right of eminent domain with or without litigation, any award for compensation and/or damages, whether obtained by agreement prior to or during the time of trial, or by judgment or verdict after the trial, applying to the leasehold estate created hereby other than that portion of said award, if any, based upon a taking of the Lessee's leasehold improvements or affixtures, shall belong and be paid to Lessor, and Lessee hereby assigns, transfers, and sets over to Lessor all of the right, title, and interest which it might otherwise have therein. In the event that the portion of the premises so taken shall be more than twenty-five percent (25%) of the entire area leased by Lessee, Lessee shall have the option, to be exercised by written notice given to Lessor within thirty (30) days after the date of notice of taking, to terminate this lease or relocate at Lessor's expense. If either less or more than twenty-five percent (25%) of the premises is taken and the Lessee does not elect to terminate as herein provided, the rental thereafter to be paid shall be reduced in the same proportion as the amount of leased floor space is reduced by such taking, and Lessor shall make such reconstruction of the premises as may be required.

21. Holding-Over: If, with Lessor's written consent, which such consent shall not be unreasonably withheld, Lessee holds possession of the premises after the term of this lease or any extension thereof, Lessee shall become a tenant from month-to-month upon the terms herein specified, but at a monthly rent equivalent to the then prevailing rent payable by Lessee at the expiration of the term of this lease or any extension thereof and subject to the continued application of the provisions of paragraph four and five herein, payable in advance on the first day of each month.

22. Surrender of Premises: At the end of the term of this lease or any extension thereof or other sooner termination of this lease, Lessee will peaceably deliver up to Lessor possession of the premises in the same condition as received, except for ordinary wear and tear and damage by fire, earthquake, act of God or the elements alone, and Lessee will deliver all keys to the premises to the Lessor. In addition, Lessee at Lessee's expense will remove Lessee's goods and effects and trade fixtures, and those of all persons claiming under Lessee, and Lessee will repair any damage resulting from such removal.

23. 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 will be in the county in which the premises are situated.

24. Subordination: If a lender requires that this lease be subordinated to any encumbrance now of record or any encumbrance recorded after the date of this lease, this lease shall be subordinated to that encumbrance, if Lessor first obtains from the lender a written agreement that provides substantially the following:

24.1 As long as Lessee is not in default under this lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance, shall affect Lessee's rights under this lease.

24.2 The provisions in this lease concerning the disposition of insurance proceeds on destruction of the premises, and the provisions in this lease concerning the disposition of any condemnation award shall prevail over any conflicting provisions in the encumbrance.

24.3 Lessee shall attorn to any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure.

24.4 Lessee shall execute the written agreement and any other documents required by the lender to accomplish the purposes of this paragraph.

25. Successors and Assigns: All of the agreements, conditions and provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessee.

26. Anti-Discrimination: In all services or activities, and all hiring or employment made possible by or resulting from this lease, there shall be no discrimination against any employee or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status, sexual orientation, or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessor shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964 or King County Code 12.16.020. Any violation of this provision shall be considered a violation of a material provision of this lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the lease and may result in ineligibility for further agreements. The Lessor will also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

27. Rules and Regulations: Lessee shall faithfully observe and comply with the rules and regulations which shall apply to and be for the mutual benefit of all tenants in the building in which the premises are located, and all reasonable modifications of and additions thereto from time-to-time put in effect by Lessor. Such rules and regulations are specified in Exhibit N/A attached hereto and incorporated herein.

28. Quiet Enjoyment: Lessor covenants and agrees that Lessee, upon performance of all Lessee's obligations under this lease, shall lawfully and quietly hold, occupy and enjoy the premises during the term of this lease without disturbance by Lessor or by any person having title paramount to Lessor's title or by any person claiming under Lessor, subject to the other terms and provision 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 and subordinate.

29. Notices: All notices by either party to the other shall be in writing and may be delivered personally or by certified or registered mail to the following addresses:

To Lessee: Manager, Real Property Division
 500 Fourth Avenue, #500
 Seattle, WA 98104-3279

To Lessor: Jacobson Homes, Inc.
 640 N.W. Gilman Boulevard
 Issaquah, WA 98027

or at such other address as either party may designate to the other in writing from time-to-time.

30. Time: Time is of the essence of this lease and of each and all of the agreements, conditions, and provisions herein.

31. Entire Agreement: This lease contains all covenants and agreements between Lessor and Lessee relating in any manner to the leasing, occupancy and use of the premises and Lessee's use of the building and other matters set forth in this lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this lease shall not be altered, modified or added to except in writing signed by Lessor and Lessee.

32. Interpretation - State Law: The titles to paragraphs of this lease are for convenience only and shall have no effect upon the construction or interpretation of any part hereof. This lease shall be governed by the laws of the State of Washington.

33. Severability: The unenforceability, invalidity, or illegality of any provision of this lease shall not render the other provisions unenforceable, invalid or void.

34. Addenda: Any addendum attached hereto and either signed or initialed by the Lessor and Lessee shall be deemed a part hereof.

IN WITNESS WHEREOF, the Lessor and Lessee have executed this lease on the dates specified below.

LESSEE: King County, a Political Subdivision of the State of Washington

By: _____
Tim Hill
Title: King County Executive

Date: _____

By: *Peter D. Jarvis*
Issaquah District Court
Name: PETER D. JARVIS
Title: JUDGE
~~Court Administrator~~

Date: 10-24-91

LESSOR: Jacobson Homes, Inc.

By: *James W. Jacobson*
Name: James W. Jacobson
Title: OWNER

Date: 10-30-91

By: *Joni M. Jacobson*
Name: Joni M. Jacobson
Title: OWNER

Date: 10/30/91

APPROVED AS TO FORM ONLY:

By: _____
Deputy Prosecuting Attorney

Date: _____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that _____ signed this instrument, on oath stated that he was authorized by the King County Executive to execute the instrument, and acknowledged it as the _____ of King County, Washington to be the free and voluntary act of said County for the uses and purposes mentioned in the instrument.

Date: _____

NOTARY PUBLIC in and for the State of
Washington residing at _____
My appointment expires _____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

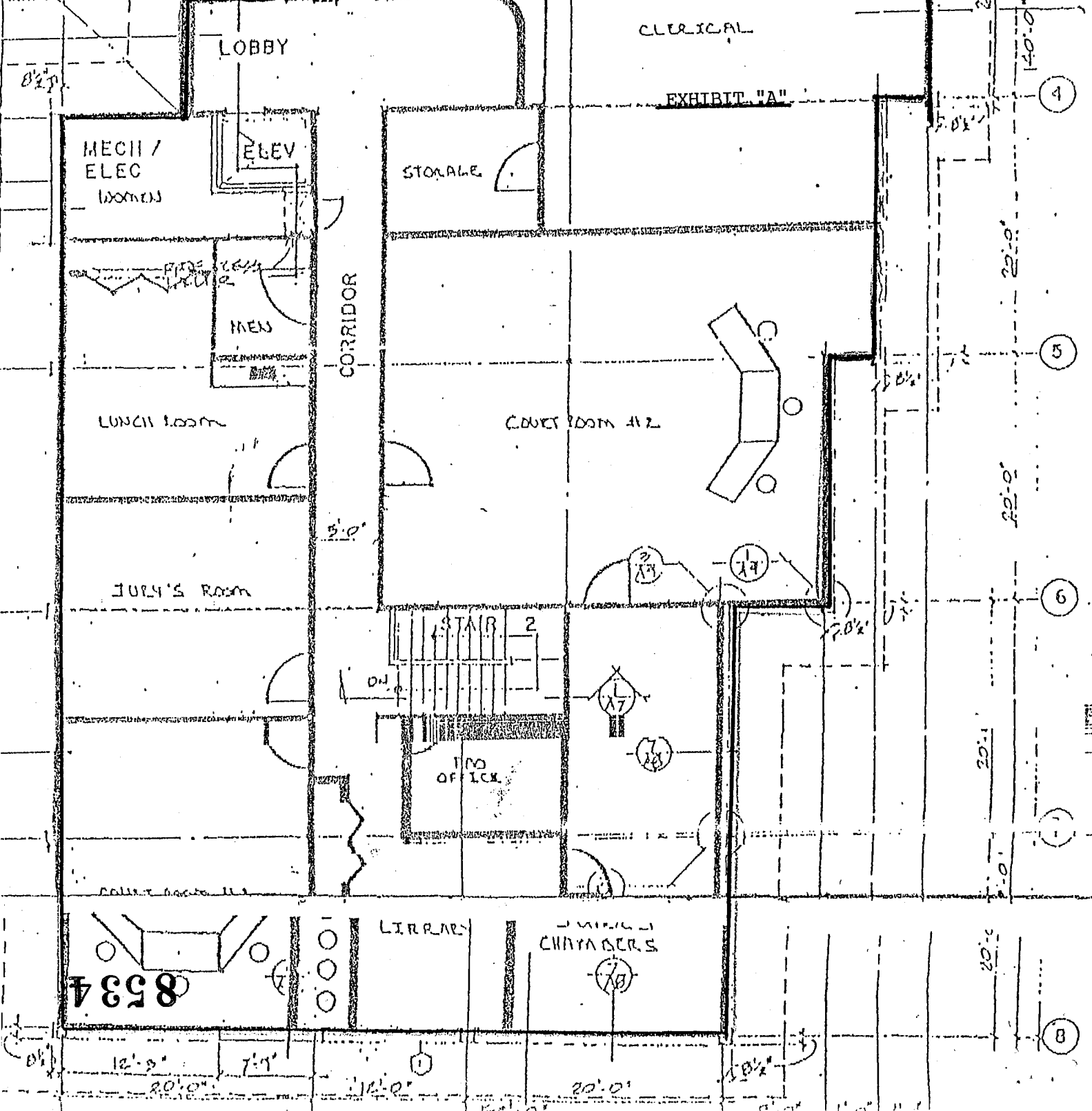
James M. Jacobson

On this day personally appeared before me *Joani W. Jacobson*, to me known to be the *Pres & V. Pres.* of the Corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and that he was authorized to execute the said instrument.

GIVEN under my hand and official seal this *30* day of *Oct*, 19*91*.

Joani W. Jacobson

NOTARY PUBLIC in and for the State of
Washington residing at *Issaquah*
My appointment expires *8-22-92*.



LOBBY

CLERICAL

EXHIBIT "A"

MECH /
ELEC
WOMEN

ELEV

STORAGE

MEN

CORRIDOR

LUNCH ROOM

CONF ROOM #12

JULY'S ROOM

STAIR 2

ROOM
OF ICE

8534

LIBRARY

CHAIRS

140'-0"

4

5

6

7

8

22'-0"

22'-0"

20'-0"

20'-0"

20'-0"

20'-0"

11'-0"

20'-0"

10'-0"

LEASE AGREEMENT

THIS LEASE made this 17th day of October, 1988, between James W. and Joni M. Jacobson ("Landlord") and King County, a political subdivision of the State of Washington ("Tenant").

As parties hereto, Landlord and Tenant agree:

1. LEASE DATA AND EXHIBITS:

(a) Leased Premises. The leased premises (the "Premises") consists of 7,540 square feet outlined on the floor plan attached hereto as Exhibit A of the building, located at King County, Washington (the "Building") and situated on the real property as more particularly described at Section 2 hereof (the "Land"). The Premises shall include the Tenant improvements, if any, set forth and initialled on Exhibit A hereto.

(b) Floor Areas. The Agreed Floor Area of the Premises is 7,540 square feet, and the Agreed Floor Area of the total Building is 12,290 square feet.

(c) Lease Term. The lease term shall be five (5) years, commencing on October 1, 1988 and expiring on September 30, 1993 or such earlier or later date provided in paragraph 3 hereof.

(d) Rent. The monthly rent shall be \$ See Exhibit C per month, payable in advance on or before the first day of each month without offset or deduction, at the offices of Landlord's building manager at 713 110th Avenue N.E. Suite 205, Bellevue, WA 98004 or such other place designated by Landlord. All notices to Landlord shall be to same address.

Tenant has desposited with Landlord on the date hereof \$ See Exhibit C to be applied to the first monthly rental payment due hereunder.

~~(e) Security Deposit. The security deposit shall be \$ _____.~~

(f) Use. The Premises shall be used only for district court and other governmental offices and uses consistent with same. and no other purpose or use without the written consent of Landlord.

2. PREMISES: Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, those certain Premises described in Section 1(a) hereof, located on the Land in Issaquah County, Washington, and more particularly described on Exhibit B hereto.

3. TERM: The lease term shall be for the period stated in Section 1(c) hereof. The lease term shall commence on the commencement date specified in Section 1(c), if any, or on such earlier or later date as may be specified by written notice delivered by Landlord to Tenant advising Tenant that the Premises are ready for occupancy and specifying the commencement date, which shall not be less than 30 days following the date of such notice. Provided, however, that if this Lease is executed prior to substantial completion of the building* described in Exhibit A, the commencement and termination dates of this Lease may at Landlord's sole option be extended by any period not to exceed 90 days from the date specified in Section 1(c) because of delays due to casualties, acts of God, acts of Tenant, strikes, shortages of labor or materials or other causes beyond the reasonable control of Landlord. If Tenant shall occupy the Premises for Permitted Uses prior to the date specified in Section 1(c) of this Lease then the commencement date shall be the date of such occupancy. Neither Landlord nor any agent or employee of Landlord's shall be liable for any damage or loss due to Landlord's inability or failure to deliver possession of the of the Premises to Tenant as provided herein.

PLEASE INITIAL

PLEASE INITIAL

PLEASE INITIAL

PLEASE INITIAL

4. RENT: Tenant shall pay Landlord the monthly rental stated in Section 1(d) hereof without demand, deduction or offset, payable in lawful money of the United States in advance on or before the day specified in Section 1(d) to Landlord at the offices of Lessor or its building manager at the place specified in Section 1(d), or to such other party or at such other place as Landlord may hereafter from time to time designate in writing. Rental for any partial month at the beginning or end of the lease term shall be prorated. Notwithstanding anything in Section 8 hereof, the rent payable by Tenant shall in no event be less than the rent specified in Section 1(d) of this Lease.

~~5. SECURITY DEPOSIT: As security for the full and faithful performance of every covenant or condition of this Lease to be performed by Tenant, Tenant has paid to Landlord the sum specified in Section 1(e) hereof, the receipt of which is hereby acknowledged. If Tenant shall breach or default with respect to any covenant or condition of this Lease, including but not limited to the payment of rent, Landlord may apply all or any part of such deposit to the payment of any sum in default or any damage suffered by Landlord as a result of such breach or default, or other sum which Landlord may be required to spend or incur by reason of Tenant's breach or default or any other sum which Landlord may in its reasonable discretion deem necessary to spend or incur by reason of Tenant's breach or default, and in such event, Tenant shall upon demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the term of this Lease. Any payment to Landlord from the security deposit shall not be construed as a payment of liquidated damages. If Tenant shall have fully complied with all of the covenants and conditions of this Lease, but not otherwise, such sum shall be repaid to Tenant, without interest within thirty (30) days after the expiration or sooner termination of this Lease.~~

PLEASE INITIAL

6. USES: The Premises are to be used only for the uses specified in Section 1(f) hereof (the "Permitted Uses"), and for no other business or purpose without the written consent of Landlord. No act shall be done in or about the Premises that is unlawful or that will increase the existing rate of insurance on the Building. Tenant shall not commit or allow to be committed any waste upon the Premises; or any public or private nuisance or other act or thing which disturbs the quiet enjoyment of any other tenant in the Building. Tenant shall not, without the written consent of Landlord, use any apparatus, machinery or device in or about the Premises which will cause any substantial noise or vibration or any increase in the normal use of electric power. If any of Tenant's office machines and equipment should disturb the quiet enjoyment of any other tenant in the Building, then Tenant shall provide adequate insulation or take such other action as may be necessary to eliminate the disturbance. Tenant shall comply with all laws relating to its use of the Premises and shall observe such reasonable rules and regulations as may be adopted and published by Landlord for the safety, care and cleanliness of the Premises or the Building, and for the preservation of good order therein, including but not limited to any rules and regulations attached to this Lease.

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~~7. SERVICES AND UTILITIES: As long as Tenant is not in default under any of the provisions of this Lease; Landlord shall maintain the Premises and the public and common areas of the Building in reasonably good order and condition except for damage occasioned by the act or omission of Tenant, the repair of which damage shall be paid for by Tenant.~~

Landlord shall furnish the Premises with electricity for lighting and operation of low-power usage office machines, water, heat and normal air conditioning during normal and window washing at reasonable intervals. Janitorial service shall be provided. business hours

Landlord shall not be liable for any loss, injury or damage to property caused by or resulting from any variation, interruption or failure of such services due to any cause whatsoever, or from failure to make any repairs or perform any maintenance. In the event of such interruption or failure, however, Landlord shall use reasonable diligence to restore such service. No temporary interruption or failure of such services, incident to the making of repairs, alterations or improvements, or due to accident or strike, or conditions of events beyond Landlord's reasonable control shall be deemed an eviction of Tenant or relieve Tenant from any of Tenant's obligations hereunder.

Before installing any equipment in the Premises that generates more than a minimum amount of heat, Tenant shall obtain the written permission of Landlord and Landlord may refuse to grant such permission if the amount of heat generated would place an above average burden on the air conditioning system for the Building unless Tenant shall agree to pay at Landlord's election: (a) the costs of Landlord for installation, operation and maintenance of supplementary air conditioning units

as necessitated by such equipment; or (b) an amount determined by Landlord to cover the additional burden on the existing air conditioning system generated by such Tenant equipment.

If Tenant uses any equipment in the Premises requiring above average power usage (including but not limited to computers and data processing equipment and non-standard office equipment), Tenant shall in advance, on the first day of each month during the lease term, pay Landlord as additional rent the reasonable amount estimated by Landlord as the cost of furnishing electricity for the operation of such equipment. The monthly rent stated in Section 1(d) hereof does not include any amount to cover the cost of furnishing electricity for such purposes unless so stated therein.

Tenant shall pay prior to delinquency all personal property taxes payable with respect to all property of Tenant located on the Premises or the Building and shall provide promptly upon request of Landlord written proof of such payment.

8. COST OF SERVICES AND UTILITIES: The rent provided in Section 1(d) of this Lease shall be adjusted annually to reflect changes in Landlord's total cost of operating the Building. The adjustment shall be made as follows:

8.1 Definitions. As used herein, the following terms shall have the respective meanings hereinafter specified unless the context otherwise specifies or clearly requires:

"Lease Year" shall mean a calendar year commencing January 1 and ending December 31.

"Base Year" shall mean the Lease Year during which this Lease commences;

"Operating Costs" shall mean all expenses paid or incurred by Landlord for maintaining, operating and repairing the Building, the Land, and the personal property used in conjunction therewith, including but not limited to all expenses paid or incurred by Landlord for electricity, water, gas, sewers, refuse collection, insurance, cost of services of independent contractors, the cost of compensation (including employment taxes and fringe benefits) of all persons who perform duties in connection with such Operating Costs and any other expense or charge (except ~~Property Taxes~~**) which in accordance with generally accepted accounting and management principles would be considered an expense of maintaining, operating or repairing the Building. *including **as defined in paragraph 9.

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"Actual Direct Costs" shall mean the actual expenses paid or incurred by Landlord for Operating Costs during any Lease Year of the term thereof.

"Actual Direct Costs Allocable to the Premises" shall mean the same proportion of the Actual Direct Costs as Agreed Floor Area of the Premises bears to the Agreed Floor Area of the Building, as set forth in Section 1(b).

"Estimated Direct Costs Allocable to the Premises" shall mean Owner's estimate of Actual Direct Costs, Allocable to the Premises for the following Lease Year to be given by Landlord to Tenant pursuant to Section 8.3.

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"Base Amount" is ~~the Actual Direct Costs Allocable to the Premises for the Base Year.~~ *Thirty Thousand One Hundred Sixty Dollars and 00/100 (\$30,160.00)

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8.2 Rental Adjustment for Estimated Costs. At least 30 days prior to the commencement of each Lease Year (except the Base Year) during the term hereof, Landlord shall furnish Tenant a written statement of the Estimated Direct Costs Allocable to the Premises for such Lease Year, and a calculation of rental adjustment as follows: One-twelfth (1/12) of the amount, if any, by which the Estimated Direct Costs Allocable to the Premises exceeds or is less than the Base Amount shall be added to, or deducted from, as the case may be, the monthly rental payable by Tenant under this Lease for each month during such Lease Year.

8.3 Actual Costs. Within 90 days after the close of each Lease Year during the term hereof, Landlord shall deliver to Tenant a written statement setting forth the Actual Direct Costs Allocable to the Premises during the preceding Lease Year. If such costs for any Lease Year exceed the Estimated Direct Costs Allocable to the Premises paid by Tenant to Landlord pursuant to Section 8.2 for such Lease Year, Tenant shall pay the amount of such excess to Landlord as additional rental

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within 30 days after receipt of such statement by Tenant. If such statement shows such costs to be less than the amount paid by Tenant to Landlord pursuant to Section 8.2, then the amount of such overpayment shall be paid by Landlord to Tenant within 30 days following the date of such statement.

8.4 Determinations. The determination of Direct Costs Allocable to the Premises and Estimated Direct Costs Allocable to the Premises shall be made by Landlord. Any increase in rental pursuant to this Section shall be additional rent payable by Tenant hereunder and in the event of nonpayment thereof, Landlord shall have similar rights with respect to such nonpayment as it has with respect to any other nonpayment of rent hereunder.

8.5 End of Term. If this Lease shall terminate on a day other than the last day of a Lease Year, the amount of any adjustment between Estimated and Actual Direct Costs Allocable to the Premises with respect 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 such termination date bears to 365; and any amount payable by Landlord to Tenant or Tenant to Landlord with respect to such adjustment shall be payable within 30 days after delivery of the statement of Direct Costs Allocable to the Premises with respect to such Lease Year.

9. PROPERTY TAXES: "Property Taxes" shall mean all real property taxes and personal property taxes, charges and assessments levied with respect to the Land, the Building, and any improvements, fixtures and equipment, and all other property of Landlord, real or personal, located in or on the Building and used in connection with the operation of the Building. ~~If the amount of Property Taxes on the Land and the Building payable in a calendar year during the lease term exceeds the amount of such taxes payable in the calendar year the lease term commenced (or, if a real property tax assessment of the Land and the Building on a substantially completed basis has not been made for such year, then the first calendar year with respect to which such assessment shall be made), then Landlord shall notify Tenant in writing and Tenant shall within 10 days of receipt of such notice reimburse Landlord for Tenant's proportionate share of such excess. Said share shall be an amount that bears the same ratio to such excess that the Agreed Floor Area of the Premises bears to the Agreed Floor Area of the Building as stated in Paragraph 1(b) hereof. Commencing on and retroactive to January 1 of each such calendar year, one-twelfth (1/12) of the amount so determined shall be paid by Tenant to Landlord as additional rent on the first day of each month during the ensuing one-year period (or for the balance of the lease term if it is then less than one year).~~

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10. TAX ON RENTALS: If any governmental authority shall in any manner levy a tax on rentals payable under this Lease or rentals accruing from use of property, or such a tax in any form against Landlord measured by income derived from the leasing or rental of the Building, such tax shall be paid by Tenant either directly or through Landlord; provided, however, that Tenant shall not be liable to pay any net income tax imposed on Landlord.

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11. IMPROVEMENT: All standard or special tenant improvements ~~listed on*~~ Exhibit A hereto, or paid for by Landlord shall at all time be the property of Landlord. Subject to paragraph 24 hereof, upon the expiration or sooner termination of this Lease, all improvements and additions to the Premises made by Tenant shall become the property of Landlord. *shown

12. ALTERATIONS AND CARE OF PREMISES: Tenant shall take good care of the Premises and shall promptly make all necessary repairs and maintenance as required by Paragraph 7.

Tenant shall, at the expiration or termination of this Lease, surrender and deliver the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use and wear and damage by fire or other casualty excepted.

Tenant shall not make any alterations, additions or improvements in or to the Premises, or make changes to locks on doors, or add, disturb or in any way change any floor covering, wall covering, fixtures, plumbing or wiring without first obtaining the written consent of Landlord and, where appropriate, in accordance with plans and specifications approved by Landlord. If such consent by Landlord is given, the work in such connection shall be at Tenant's expense and shall be performed by workmen and contractors approved by Landlord, and in a manner and upon terms and conditions and at such times satisfactory to and approved in advance in writing by Landlord. Such consent shall be conditioned upon Tenant's contractors, workmen or

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suppliers working in harmony with and not interfering with workmen or contractors of Landlord or of another Tenant. If Tenant's contractors, workmen or suppliers do, in the opinion of Landlord, cause such disharmony or interference, Landlord's consent to such work may be withdrawn upon written notice to Tenant.

All damage or injury done to the Premises by Tenant or by any persons who may be in or upon the Premises with the consent of Tenant, including the cracking or breaking of glass or any windows and doors, shall be paid for by Tenant and Tenant shall pay for all damage to the Building and any appurtenances thereto caused by Tenant or Tenant's agents, invitees, licensees or employees. Tenant shall not put any curtains, draperies or other hangings on or beside the windows in the Premises without first obtaining Landlord's consent. All normal repairs necessary to maintain the Premises in a tenable condition shall be done by or under the direction of Landlord and at Landlord's expense except as otherwise provided herein. Tenant shall promptly notify Landlord of any damage to the Premises requiring repair. Landlord shall be reasonable as to what repairs are necessary.

13. ACCEPTANCE OF PREMISES: If this Lease shall be entered into prior to the completion of construction of the Building or tenant improvements in the Premises to be occupied by Tenant, the acceptance of the Premises by Tenant shall be deferred until seven days after Tenant's receipt of a written notice by Landlord to Tenant of the completion of such construction. Tenant shall within five days after receipt of such notice make such inspection of the Premises as Tenant deems appropriate, and, except as otherwise notified by Tenant in writing to Landlord within such period, Tenant shall be deemed to have accepted the Premises in their then condition. If as a result of such inspection Tenant discovers minor deviations or variations from the plans and specifications for Tenant's improvements of a nature commonly found on a "punch list" (as that term is used in the construction industry), Landlord shall promptly correct such deviations and variations upon receipt of such notice from Tenant. The existence of such punch list items shall not postpone the commencement date of this Lease.

14. SPECIAL IMPROVEMENTS: Tenant shall reimburse Landlord for Landlord's cost of making all special improvements requested by Tenant, including but not limited to counters, partitioning, electrical and telephone outlets and plumbing connections other than as described* on Exhibit A or other attachment hereto as being furnished by Landlord. Tenant shall pay Landlord for the cost of any such special improvements made within ten days of receipt of a written request therefor by Landlord to Tenant.

*shown

15. ACCESS: Tenant shall permit Landlord and its agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same or for the purpose of cleaning, repairing, altering or improving the Premises to the Building. Nothing contained in this Section 15 shall be deemed to impose any obligation upon Landlord not expressly stated elsewhere in this Lease. When reasonably necessary Landlord may temporarily close entrances, doors or other facilities without liability to Tenant by reason of such closure and without such action by Landlord being construed as an eviction of Tenant or relieve Tenant from the duty of observing and performing any of the provisions of this Lease. Landlord shall have the right to enter the Premises for the purpose of showing the Premises to prospective Tenants within the period of 180 days prior to the expiration or sooner termination of the lease term. Landlord shall not be liable for the consequences of admitting passkey, or refusing to admit to the Premises Tenant or any of Tenant's agents or employees or other persons claiming the right of admittance.

16. ~~DAMAGE OR DESTRUCTION: If the Premises shall be destroyed or rendered untenable, either wholly or in part, by fire or other unavoidable casualty, Landlord may, at its option, either (a) terminate this Lease as provided herein, or (b) restore the Premises to their previous condition, and in the meantime the monthly rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole thereof. Unless Landlord, within 30 days after receipt from Tenant of Notice that Tenant deems the Premises untenable, shall notify Tenant of its election not to restore the Premises and to terminate the Lease, this Lease shall continue in full force and effect. If the damage is due directly or indirectly to the fault or neglect of Tenant, or its officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors, there shall be no abatement of rent.~~

~~If the Building or the Premises shall be destroyed or damaged by fire or other casualty insured against under Landlord's fire and extended coverage insurance policy to the extent that more than 50% thereof is rendered untenable, or in the case the Building or the Premises shall be materially destroyed or damaged by any~~

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~~other casualty other than those covered by such insurance policy notwithstanding~~ that the Premises may be unaffected directly by such destruction or damage, Landlord may, at its election, by prior written consent of any first mortgagee, terminate this Lease by notice in writing to Tenant within 60 days after such destruction or damage. Such notice shall be effective 30 days after receipt thereof by Tenant. If the Premises are damaged or destroyed, and Landlord elects to repair and reconstruct the Premises, then the term of this Lease shall, at Landlord's option, be extended for the time required to complete such repair and reconstruction. Landlord shall not be required to repair or restore fixtures, improvements or other property of Tenant.

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17. WAIVER OF SUBROGATION: Whether the loss or damage is due to the negligence of either Landlord or Tenant, their agents or employees, or any other cause, Landlord and Tenant do each herewith and hereby release and relieve the other and any other tenant, their agents or employees, from responsibility for, and waive their entire claim of recovery for (i) any loss or damage to the real or personal property of either located anywhere in the Building, including the Building, including the Building itself, arising out of or incident to the occurrence of any of the perils which may be covered by their respective fire insurance policies, with extended coverage endorsements, or (ii) loss resulting from business interruption at the Premises or loss of rental income from the Building, arising out of or incident to the occurrence of any of the perils which may be covered by the business interruption insurance policy and by the loss of rental income insurance policy held by Landlord or Tenant. Each party shall cause its insurance carriers to consent to such waiver and to waive all rights of subrogation against the other party. *leased

18. INDEMNIFICATION: Tenant shall defend and indemnify Landlord and save it harmless from and against any and all liability, damages, costs or expenses, including attorneys fees, arising from any act, omission or negligence of Tenant or its officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors in or about the Premises, or arising from any breach or default under this Lease by Tenant, or arising from any accident, injury or damage, howsoever, and by whomsoever caused, to any person or property, occurring in or about the Premises; provided that the foregoing provision shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence of Landlord or its officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors.

Landlord shall not be liable for any loss or damage to person or property sustained by Tenant, or other persons, which may be caused by the Building or the Premises, or any appurtenances thereto, being out of repair, or the bursting or leakage of any water, gas, sewer or steam pipe, or by theft, or by any act or neglect of any tenant or occupant of the Building, or of any other person, or by any other cause whatsoever nature. ~~Tenant agrees to use and occupy the Premises and other facilities of the Building at its own risk and hereby released Landlord, its agents and employees from all claims for any damage or injury to the full extent permitted by law.~~

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19. ASSIGNMENT AND SUBLETTING: Tenant shall not assign, transfer, mortgage or encumber this Lease nor sublet the whole or any part of the Premises without first obtaining Landlord's consent, which consent shall require that such subtenant or assignee shall consent to be bound by all of the terms and conditions of this Lease. No such assignment or subletting shall relieve Tenant of any liability under this Lease regardless of whether such liability arises by or through Tenant Assignment or subletting. Shall not operate as a waiver of the necessity for a written consent to any subsequent assignment or subletting, and the terms of such consent shall be binding upon any person holding by, under or through Tenant. Landlord may, at its election, collect rent directly from such assignee or subtenant.

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*Landlord's approval of an assignment or subletting

If Tenant is a corporation, then any transfer of this Lease by merger, consolidation or liquidation, or any change in the ownership of, or power to vote, the majority or controlling interest of its outstanding voting stock, shall constitute an assignment for the purpose of this section.

20. ADVERTISING: Tenant shall not inscribe any inscription, or post, place, or in any manner display any sign, notice, picture, placard or poster, or any advertising matter whatsoever, anywhere in or about the Premises or the Building at places visible (either directly or indirectly as an outline or shadow on a glass pane) from anywhere outside the Premises without first obtaining Landlord's written consent thereto.* Any such consent by Landlord shall be upon the understanding and condition that Tenant will remove the same at the expiration or sooner termination

*other than specified on Exhibit C

of this Lease and Tenant shall repair any damage to the Premises or the Building caused thereby.

21. LIEN AND INSOLVENCY: Tenant shall keep the Premises and the building free from any liens arising out of any work performed, materials ordered or obligations incurred by Tenant. If Tenant becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, or assignee or other liquidating officer is appointed for the business of Tenant, then Landlord may terminate Tenant's right of possession under this Lease at Landlord's option and in no event shall this Lease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency or reorganization proceedings.

22. DEFAULTS: Time is the essence hereof, and in the event Tenant shall violate or breach or fail to keep or perform any covenant agreement, term or condition of this Lease, and if such default or violation shall continue or shall not be remedied within three days (or, if no default in the rental is involved, within 10 days) after notice in writing thereof is given by Landlord to Tenant, specifying the matter claimed to be in default, or if Tenant shall abandon or vacate the Premises or any significant portion thereof, Landlord, at its option, may immediately declare Tenant's rights under this Lease terminated, and reenter the Premises using such force as may be necessary, and repossess itself thereof, as of its former estate, and remove all persons and property from the Premises. Notwithstanding any such reentry, the liability of Tenant for the full rental provided for herein shall not be extinguished for the balance of this Lease, and Tenant shall make good to Landlord any deficiency arising from a reletting of the Premises at a lesser rental, plus the costs and expenses of renovating, altering and reletting the Premises, including attorneys fees or brokers fees incident to Landlord's reentry or reletting. Tenant shall pay any such deficiency each month as the amount thereof is ascertained by Landlord or, at Landlord's option, Landlord may recover, in addition to any other sums, the amount at the time of judgment by which the unpaid rental for the balance of the term after judgment exceeds the amount of rental loss which Tenant proves could be reasonably avoided, discounted at the rate of seven percent (7%). In reletting the Premises, the Landlord may grant rent concessions and Tenant shall not be credited therefor. Nothing herein shall be deemed to affect the right of Landlord to recover for indemnification under Section 18 herein arising prior to the termination of this Lease, or for any other remedy at law or in equity.

23. PRIORITY: Upon demand by Landlord or the holder of any mortgage or deed of trust now existing or that may hereafter be placed upon the Premises or the Building, Tenant will execute an Agreement of Subordination, Non-Disturbance and Attornment in form acceptable to Landlord and to such mortgage holder. In the absence of such Agreement, Tenant agrees that this Lease shall be subordinate to any mortgage or deed of trust now existing or hereafter placed upon the Premises or the Building and to any and all advances to be made thereunder, and to interest thereon, and all renewals, replacements or extensions thereof. Neither the agreement of subordination non-disturbance and attornment, nor the automatic subordination provisions of this paragraph*

24. REMOVAL OF PROPERTY: Upon expiration or sooner termination of this Lease, Tenant may remove its trade fixtures, office supplies and movable office furniture and equipment not attached to the Building provided: (a) such removal is made prior to the termination or expiration of this Lease, (b) Tenant is not in default of any provision of this Lease at the time of such removal and (c) Tenant immediately repairs all damage caused by or resulting from such removal. All other property in the Premises and any alterations or additions thereto (including, without limitation, wall-to-wall carpeting, paneling, wall covering, or lighting fixtures and apparatus) and any other article affixed to the floor, wall or ceiling of the Premises shall become the property of Landlord and shall remain upon and be surrendered with the Premises, Tenant hereby waiving all rights to any payment or compensation therefor. If, however, Landlord so requests in writing, Tenant will, prior to termination of this Lease, remove such alterations, additions, fixtures, equipment and property placed or installed by it in the Premises as requested by Landlord, and will immediately repair any damage caused by or resulting from such removal, to the condition of the Premises prevailing upon commencement of this Lease, reasonable wear and tear excepted.

If Tenant shall fail to remove any of its property of any nature whatsoever from the Premises or the Building at the termination of this Lease or when Landlord has the right of reentry, Landlord may, at its option, remove and store said property without liability for loss thereof or damage thereto, such storage to be for the account and at the expense of Tenant. If Tenant shall not pay the cost of storing any such property after it has been stored for a period of 30 days or more, Landlord may, at its option, sell, or permit to be sold, any or all of such property at public or private sale (and Landlord may become a purchaser as such sale), in such manner

and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant, and shall apply the proceeds of such sale: first, to the cost and expense of such sale, including reasonable attorneys fees actually incurred; second, to the payment of the costs or charges for storing any such property; third, to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and, fourth, the balance, if any to Tenant.

25. NON-WAIVER: Waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

26. SURRENDER OF POSSESSION: Upon expiration or termination of the term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord.

27. HOLDOVER: If Tenant shall, without the written consent of Landlord, hold over after the expiration or termination of the term of this Lease, Tenant shall be deemed to be occupying the Premises as a Month-to-Month Tenancy, which tenancy may be terminated as provided by the laws of the State of Washington. During such tenancy, Tenant agrees to pay to Landlord 150% the rate of rental as set forth herein, unless a different rate shall be agreed upon, and to be bound by all of the terms, covenants and conditions herein specified, so far as applicable.

28. CONDEMNATION: If all of the Premises or such portions of the Building as may be required for the reasonable use of the Premises, are taken by eminent domain, this Lease shall automatically terminate as of the date Tenant is required to vacate the Premises and all rentals shall be paid to that date. In case of taking of a part of the Premises, or a portion of the Building not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the rental shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority. Landlord reserves all rights to damage to the Premises for any taking by eminent domain, and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award and Tenant shall make no claim against Landlord for damages for termination of the leasehold interest or interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for Tenant's moving expenss, provided that such damages may be claimed only if they are awarded separately in the eminent domain proceedings and not as a part of the damages recoverable by Landlord.

29. NOTICES: All notices under this Lease shall be in writing and delivered in person or sent by registered or certified mail to Landlord at the same place rent payments are made; to Tenant at the Premises; and to the holder of any first mortgage or deed of trust at such place as such holder shall specify to Tenant in writing; or such other addresses as may from time to time be designated by such party in writing. Notices mailed as aforesaid shall be deemed given on the date of such mailing.

30. COSTS AND ATTORNEYS FEES: If Tenant or Landlord shall take any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery or rent or possession of the Premises, the losing party shall pay the successful party a reasonable sum for attorneys fees and costs in such action, at trial and on appeal, and such attorneys fees and costs shall be deemed to have accrued on the commencement of such action.

~~31. LANDLORD'S LIABILITY: Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreement herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements or for the purpose of binding Landlord personally or the assets of Landlord except Landlord's interest in the Premises and Building, but are made and intended for the purpose of binding only the Landlord's interest in the Premises and Building. No personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against Landlord or its partners and their respective heirs, legal representatives, successors and assigns on account of the Lease or on account of any covenant, undertaking or agreement of Landlord in this Lease contained.~~

32. LANDLORD'S CONSENT: Whenever Landlord's consent is required under the terms hereof, such consent shall not be unreasonably withheld.

33. ESTOPPEL CERTIFICATES: Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement stating: The date this Lease was executed and the date it expires; the date Tenant entered into occupancy of the Premises; the amount of minimum monthly rental and the date to which such rental has been paid; and certifying: That this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (or specifying the date of agreement so effecting this Lease); that this Lease represents the entire agreement between the parties as to this leasing; that all conditions under this Lease to be performed by the Landlord have been satisfied including but without limitation, all co-tenancy requirements; that all required contributions by Landlord to Tenant on account of Tenant's improvements have been received; that on this date there are no existing defenses or offsets which the Tenant has against the enforcement of this Lease by the Landlord; that no rental has been paid in advance; and that no security has been deposited with Landlord (or, if so, the amount thereof). It is intended that any such statement delivered pursuant to this paragraph may be relied upon by a prospective purchaser of Landlord's interest or a mortgagee of Landlord's interest or assignee of any mortgage upon Landlord's interest in the Building. If Tenant shall fail to respond without 30 days of receipt by Tenant of a written request by Owner as herein provided, Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee and that this Lease is in full force and effect, that there are no uncured defaults in Landlord's performance, that the security deposit is as stated in the Lease, and that not more than one month's rental has been paid in advance.

34. TRANSFER OF LANDLORD'S INTEREST. This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises or in the Building, other than a transfer for security purposes only, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer and Tenant agrees to attorn to the transferee.

35. RIGHT TO PERFORM: If Tenant shall fail to pay any sum of money, other than rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for 10 days after notice thereof by landlord, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant make such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the non-payment of sums due under this Section as in the case of default by Tenant in the payment of rent.

36. GENERAL:

(a) The title to sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof. This Lease shall be construed and governed by the laws of the State of Washington.

(b) All of the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.

(c) Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person other than Leibsohn Boguch & Company located at 10801 Main Street, Suite 202, Bellevue, Washington 98004, who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease. ~~Tenant shall indemnify and hold harmless Landlord against any loss, costs, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Commissions due, regarding this transaction shall be the joint responsibility of Tenant and the present Landlord (Graddon Company, Woodinville, Washington.)~~

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(d) This Lease contains all covenants and agreements between Landlord and Tenant relating in any manner to the rental, use and occupancy of the premises and Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Landlord and Tenant. Any provision of this

Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(e) To the extent required by law, this Building shall be an open occupancy building.

(f) Any rent, additional rent or other sums payable by Tenant to Landlord which shall not be paid upon the due date thereof, shall bear interest at the highest rate permitted by the laws of the State of Washington, calculated from the date of delinquency of the date of payment. Any late payment of rental shall also be subject to a collection fee of \$25.00.

(g) Exhibits. The following exhibits or riders are made a part of this Lease:

- Exhibit A - Working Drawings (Reductions)
- Exhibit B - Legal Description
- Exhibit C - Additional Terms and Conditions
- Exhibit D - Memorandum of Lease
- Exhibit E - Option Agreement

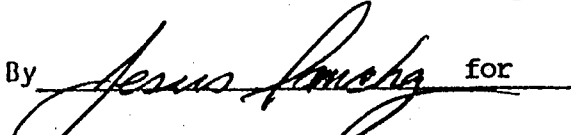
IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD: James W. Jacobson and
Joni M. Jacobson

By 
James W. Jacobson

By 
Joni M. Jacobson

TENANT: King County, a political subdivision
of the State of Washington

By  for
Tim Hill, King County Executive

By _____

*Approved as to Form
F. J. Kaselny
Deputy P.A.*

The foregoing lease was prepared by Leibsohn & Co. at the request of the parties Leibsohn & Co. is not acting as legal counsel and makes no warranties as to the legality or correctness of the document or its contents. The parties are advised to consult their attorneys. Lessee and Lessor are hereby advised that Agent does not have specific knowledge of, and has not investigated whether, the subject property is appropriately zoned for the Tenant's planned use. It is the responsibility of the Tenant to confirm that its use is permissible in the subject property. Leibsohn & Co. represents the Lessor in this transaction and will be compensated by the Lessor.

INDIVIDUAL ACKNOWLEDGEMENT:

State of Washington)
) ss.
County of King)

On this 11th day of Oct, 1988 before me personally appeared James W. Jacobson and Joni M. Jacobson to me known to be the individual, or 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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Stacy G. Low
Notary Public in and for the
State of Washington
Residing in Meridian

INDIVIDUAL ACKNOWLEDGEMENT:

State of Washington)
) ss.
County of King)

On this 11th day of October, 1988 before me personally appeared Jesus Sanchez to me known to be the individual, or individuals, 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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Chris J. Rautava
Notary Public in and for the
State of Washington
Residing in Duval

INDIVIDUAL ACKNOWLEDGEMENT:

State of _____)
) ss.
County of _____)

On this _____ day of _____, 19____ before me personally appeared _____ to me known to be the individual, or individuals, described in and who executed the within and foregoing instrument, and acknowledged that _____ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the
State of _____
Residing in _____

EXHIBIT "C"

ADDITIONAL TERMS AND CONDITIONS
TO LEASE AGREEMENT
DATED SEPTEMBER 9, 1988

1. Rent: The minimum monthly rental provided in paragraph 1(d) of the attached Lease Agreement shall be as follows:
 - a. October 1, 1988 through September 30, 1990: \$7,500 per month 11.24
 - b. October 1, 1990 through September 30, 1993: \$9,425 per month. 15
2. Option to Extend Lease: Provided that the Tenant has abided by all the terms and conditions of this Lease Agreement, including prompt payment of all sums due herein, the Tenant shall have one (1) five (5) year option to extend this Lease under the following terms and conditions:
 - a. The Tenant shall provide a minimum of six (6) months prior written notice or this option shall be null and void.
 - b. The parties shall have a period of thirty (30) days after the Tenant notifies the Landlord of its intent to extend this Lease Agreement to negotiate a market rent for the extension term. If for any reason Landlord and Tenant do not agree upon said rent, this option to extend shall be null and void.
3. Option to Purchase:

[Handwritten signature] See EX. E

4. Rental Deposits: Landlord hereby acknowledges receipt of Sixteen Thousand Nine Hundred Twenty-Five Dollars and 00/100 (\$16,925.00). Said sum shall be credited towards the twelfth (12th) and sixtieth (60th) month's rent.
5. Sign: The Tenant shall be allowed to erect a sign(s) on the north and west faces of the building in accordance with all City of Issaquah sign codes and ordinances. The Landlord makes no claims whatsoever as to the signage which will be allowed by the City of Issaquah. The Landlord will work with and assist the Tenant in obtaining necessary permits to erect a sign(s) on the building. Tenant acknowledged that, prior to the expiration of this Lease, it will repair all damage caused by removal of said sign(s).
6. It is understood between Landlord and Tenant that the Tenant shall be allowed access to the lobby and elevator for access purposes to the second floor. It is specifically understood that Tenant shall be prohibited from use of the common area hallway and bathrooms located on the first floor of the building.
7. The Tenant shall be entitled to the use of ^{*35} parking stalls which shall be designated for the exclusive use of the Tenant. The Tenant shall be prohibited from parking in non-designated stalls. *[Handwritten signature]*
PLEASE INITIAL
8. Quiet Enjoyment: Lessor covenants and agrees that Lessee, upon performance of all of Lessee's obligations under this Lease, shall lawfully and quietly hold, occupy and enjoy the premises during the term of this Lease without disturbance by Lessor or any person having title paramount to Lessor's title or by any person claiming under Lessor, 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 and subordinate. Lessor will furnish the Lessee with a copy of the certificate of occupancy prior to the Lessee occupying the Premises.

Page 2
Exhibit "C"

9. **Anti-Discrimination:** In all services or activities, and all hiring or employment made possible by or resulting from this Lease there shall be no discrimination against any employees or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessor shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964, or any other applicable federal, state, or local law or regulations regarding non-discrimination. Any violation of this provision shall be grounds for cancellation, termination, or suspension, in whole or in part, of the lease by King County and may result in ineligibility for further King County agreements. The Lessor will also comply with other anti-discrimination laws or requirements on any and all jurisdictions having authority.
10. In the event of a partial destruction of the Premises during the term hereof, from any cause whatsoever, Lessor agrees to forthwith repair the same if Lessor receives insurance proceeds sufficient to cover the cost of such repairs, provided such obligation is without prejudice to any rights Lessor may have against Lessee. During the repairs, this Lease shall remain in full force and effect, except that Lessee shall be entitled to a proportionate reduction of the rent while such repairs are being made, such proportionate reduction to be based upon the extent in which the making of such repairs shall materially interfere with the business carried on by Lessee in the Premises. If the damage is due to default and neglect of Lessee or his agents, servants, or employees, there shall be no abatement of rent except to the extent Lessor receives rent interruption payments from insurance. In the event the Building in which the Premises are situated is destroyed in Lessor's reasonable judgement to the extent of not less than one-third (1/3) of the replacement cost thereof, Lessor may elect to terminate this Lease, whether the Premises be damaged or not. A total destruction of the Building in which the Premises are situated shall terminate this Lease. Notwithstanding anything to the contrary contained herein, Lessor shall not have any obligation to repair, reconstruct, or restore the Premises when the damage occurs during the last twelve (12) months of the term of this Lease. Lessor shall not be required to repair any injury or damage to or to make any repairs to or replacements of any paneling, wallpaper, office fixtures, floor coverings, partitions, cabinets, or other custom items added to or installed by Lessee. Lessee shall not be entitled to any compensation of damages from Lessor for loss of use of the whole or any part of the Premises, or of Lessee's personal property or for any inconveniences or annoyances occasioned by such damage, or repair, or reconstruction.
11. The Lessor shall construct the Premises, at no cost to Lessee, for the Lessee's use and occupancy in accordance with plans and specifications prepared by the Lessor or the Lessor's architect, incorporating in such construction all items or work described in Exhibit "A" and attached to the Lease and made a part of the Lease. Any work in addition to any of these items specifically stated in Exhibit "A" which the Lessor installs or constructs in the Premises on the Lessee's behalf and upon Lessee's written request shall be paid for by the Lessee within fifteen (15) days after receipt of a bill for the cost, plus overhead, supervision, and architectural expenses.
12. Lessor shall maintain during the term of the Lease, without cost or expense to Lessee except as provided in paragraph 4.4^B, in force with insurance carriers holding a general Policyholder's Rating of "A" and a Financial Rating of "+" or better, according to Best's, the following insurance with respect to the building and its operations:
- (i) Public liability and property damage insurance with combined single limits Two Million Dollars and No/100 (\$2,000,000).

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Page 3
Exhibit "C"

- (ii) Fire and extended coverage insurance, with rent interruption endorsement, in amounts equal to the full insurable value of all improvements, structures and buildings located on the Premises which policies shall be issued by an insurance company licensed to do business in the state of Washington.

Provided, however, this paragraph shall not require Lessor to maintain coverage for Lessee's property or Lessee's public liability coverage.

- 13. All notices to Tenant must be sent, in writing, by registered mail to Tenant c/o King County Real Estate Property Division, Administration Building, 500 5th Avenue, Seattle, WA 98104 or to such other address as Tenant designates.

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EXHIBIT "D"

Memorandum of Lease

THIS MEMORANDUM OF LEASE, dated as of the 9th day of September, 198, is between James W. and Joni M. Jacobson, (herein called "Lessor") and King County, a political subdivision of the State of Washington, ("Lessee").

- 1. Premises: Lessor has leased to Tenant, upon the terms and conditions of the lease between the parties (herein called the "Lease") of even date herewith, which terms and conditions are incorporated by this reference, a portion of the real property, situated in the City of Bellevue, King County, Washington, legally described in Exhibit "B".

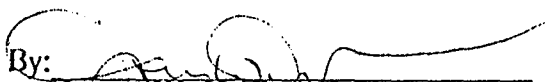
The portion of the building leased to Tenant shall be 7,540 rentable square feet on floor two and exhibit attached hereto as Exhibit "A" (herein called "Premises").

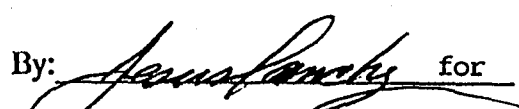
- 2. Term: This Lease shall be for a term of five (5) years commencing approximately October 1, 1988 and ending September 30, 1988 with a renewal option of five (5) years.
- 3. Purpose of Memorandum of Lease: This Memorandum of Lease is prepared for the purpose of recordation, and it in no way modifies the Lease.

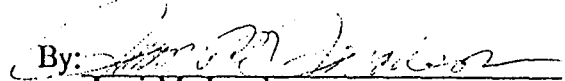
IN WITNESS WHEREOF, the parties hereto have subscribed their names as of the 11th of Oct, 1988.

LESSOR: James W. & Joni M. Jacobson

LESSEE: Issaquah District Court,
King County Washington

By: 
James W. Jacobson

By:  for

By: 
Joni M. Jacobson

Title: Tim Hill, King County Executive

EXHIBIT "E"

ADDITIONAL TERMS AND CONDITIONS TO LEASE AGREEMENT

OPTION AGREEMENT

IN CONSIDERATION OF THE SUM OF One Dollar, receipt of which is hereby acknowledged, the undersigned "Optionor," hereby grants to KING COUNTY, "Optionee," its successors and assigns, an exclusive and irrevocable Option to be exercised no later than January 31, 1990 for the purchase of the following described real property, situated in King County, State of Washington, a set forth in Exhibit "B."

It is understood that the description is taken from available information from the existing County records. Ten days before closing, Optionor shall provide a current legal description based upon a survey conducted by a licensed surveyor licensed in the State of Washington.

Said Option shall be upon the following terms and conditions:

1. PURCHASE PRICE: The purchase price is ONE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,425,000.00).
2. PAYMENT: The full purchase price shall be payable in cash by Optionee upon closing.
3. NOTICE: Notice of exercise of this Option shall be in writing and shall be effective when delivered personally to Optionor or upon being deposited as registered mail in a United States Post Office addressed to the Optionor, JAMES W. and JONI M. JACOBSON, 713 110th NE, #205, Bellevue, WA 98004, or by the acceptance and recording by the Optionee of the Warranty Deed above mentioned.
4. RIGHT OF ENTRY: At any time prior to closing date, Optionee and its employees, agents, and consultants shall have access to the property to perform engineering, surveying, soils analysis and other tests and studies as required by Optionee, all at the expense of Optionee. Optionee shall indemnify and hold the Optionor harmless against any claims or liability arising as a result of such entry onto the property.
5. CLOSING: The sale shall be closed in the office of a licensed escrow company; designated by Optionee. Optionee and Optionor shall place with the closing agent all instruments, documents, and monies necessary to complete the sale in accordance with this Option. Escrow and closing fees shall be paid one-half each by Optionor and Optionee.
6. CLOSING DATE: For purposes of this Agreement, "date of closing" shall be construed as the date upon which all appropriate documents are recorded and proceeds of this sale are available for disbursement to Optionor. Funds held in reserve accounts pursuant to escrow instructions shall be deemed for purposes of this definition as available for disbursement to Optionor whether credited to his account or made payable in cash. The "Date of Closing" shall occur not later than 45 days after delivery of notice to exercise this option.
7. TITLE INSURANCE: Optionor shall furnish to Optionee at Optionor's expense that form of Policy of Title Insurance as Optionor may choose from the Title Insurer of Optionee's choice. As soon as reasonably possible following the opening of escrow, Optionee shall be furnished with a Preliminary Commitment for the issuance of such a policy of title insurance covering the subject property, together with full copies of any Exceptions set forth therein. Title of Optionor is to be free of encumbrances or defects except those approved in writing by Optionee. Encumbrances to be discharged by Optionor may be paid out of the purchase money at date of closing. Optionee shall have thirty (30) days after receipt of said Preliminary Commitment within which to notify Optionor and Escrow in writing of Optionee's disapproval of any Exceptions shown in said Preliminary Commitment; provided, however, that rights reserved in Federal Patents or State Deeds, Building or Use Restrictions general to the District (including but not limited to restrictions imposed by the Shoreline Management Act or similar acts), existing easements not inconsistent with Optionee's intended use, and building or zoning regulations or provisions shall not be deemed Exceptions which Optionee may disapprove. In the event of disapproval of any Exceptions as set forth in the Preliminary Commitment, Optionor shall have until the date of closing of escrow within which to attempt to eliminate any disapproved Exception(s) from the Policy of Title Insurance to be issued in favor of Optionee and, if not eliminated, the escrow shall be canceled unless Optionee then elects to waive its prior disapproval. Failure of Optionee to disapprove any Exceptions within the aforementioned time limit shall be deemed an approval of said Preliminary Commitment. Agent shall not be responsible for delivery of title.

8. CONVEYANCE OF TITLE: Optionor agrees to convey to Optionee by Warranty Deed, good and marketable title to said property free and clear of all liens, encumbrances, and restrictions, private and governmental, excepting only those noted in the above paragraph, and to deliver an Owner's Policy of Title Insurance, insuring such title in the Optionee.
9. PRORATIONS: Taxes for the current year, rents, insurance, interest, mortgage reserves, water, oil, gas and other utilities constituting liens as well as all other items of income and expense shall be prorated as of the date of closing.
10. POSSESSION: Optionee shall be entitled to possession immediately upon closing.
11. CONDITION OF PROPERTY: Optionor hereby warrants that to the best of his knowledge the premises described herein are not denominated "Historic Structures" and that the improvements thereon do not violate applicable laws, statues, environmental building or zoning regulations, the Shoreline Management Act, any scenic easement applicable, and that it is unaware of any material defect in the premises or improvements thereon with the exception of the following, to wit:
- NONE
12. FIRE OR CASUALTY: If, prior to Closing, improvements on the premises shall be destroyed or materially damaged by fire or other casualty, this Agreement, at the Option of Optionee, shall become null and void; the deposit shall be returned to Optionee and the escrow shall be canceled.
13. CONDEMNATION: If prior to closing, any portion of the premises is taken under the power of eminent domain, or sold under threat of the exercise of said power, this Agreement at the Option of Optionee shall become null and void, the Deposit shall be returned to Optionee, and the escrow shall be canceled.
14. ENTIRE AGREEMENT: This Agreement supersedes any and all agreements between the parties hereto regarding the subject property which are prior in time to this Agreement. Neither Optionee, Optionor nor Agent shall be bound by any understanding, agreement, promise, representation or stipulation, express or implied, not specified herein, except for information or other material supplied to Agent by Optionee or Optionor.
15. ASSIGNMENT: Optionee reserves the right to assign this Agreement and its rights hereunder, and to be relieved of any future liability under this Agreement, provided the assignee shall assume all of the obligations of Optionee hereunder.
16. ADDENDA: Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof.
17. CONTINGENCIES: In the event any contingency to this Agreement has not been eliminated or satisfied within the time limits and pursuant to the provisions herein, this Agreement shall be deemed null and void, the escrow shall be canceled, and the deposit shall be returned to Optionee, less one-half the amount of any cancellation or escrow fees. Optionor agrees to pay the other half.
18. EXISTING LEASES: Optionor agrees, at closing, to assign any outstanding leases on the premises to Optionee. Copies of existing leases shall be delivered to Optionee within seven (7) days of Optionee exercising its option in writing, and Optionor agrees that the copies to be delivered to Tenant will represent the agreement between Optionor and Tenant. Closing of the sale of the subject property will be conditioned upon Optionee's review and approval of said leases within seven (7) days of receipt thereof.
19. CONDUCT BEFORE CLOSING AND POSSESSION: Between the date hereof and the closing date and possession date, the Optionor will continue to maintain the premises in good condition and repair, ordinary wear and tear, damage by fire or other casualty, by acts of God and the elements, excepted.
20. TIME: Time is of the essence of this Agreement.

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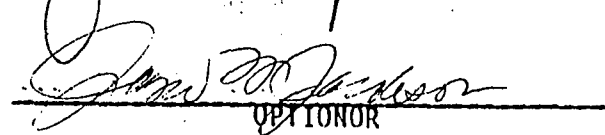
21. NOTICE: Any notice required or permitted to be delivered pursuant to this Agreement, may be delivered in person (evidenced by an affidavit of service) or by courier, shall be deemed to be delivered whether actually received or not three (3) days after delivery to an established courier, addressed to Optionor or Optionee, as the case may be, as follows:

OPTIONOR: James W. and Joni M. Jacobson
713 110th NE, #205
Bellevue, WA 98004

OPTIONEE: King County
Chris J. Loutsis, Manager
Real Property Division
500A, 500 Fourth Avenue
Seattle, WA 98104

This Option is submitted through Leibsohn & Co.

DATED this 11th day of October, 1988.


OPTIONOR

OPTIONOR

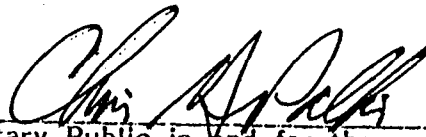
STATE OF WASHINGTON)
) ss

INDIVIDUAL ACKNOWLEDGEMENT:

State of Washington)
) ss.
County of King)

On this 11th day of Oct, 1988 before me personally appeared James W. Jacobson and Joni M. Jacobson to me known to be the individual, or 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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.


Notary Public in and for the
State of Washington
Residing in Seattle