



**KING COUNTY**  
**Signature Report**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**September 30, 2014**

**Ordinance 17904**

**Proposed No. 2014-0369.2**

**Sponsors McDermott**

1 AN ORDINANCE approving the assignment, assumption  
2 and execution of a lease in the Watermark Building, to  
3 support the operations and services of the department of  
4 public defense.

5 STATEMENT OF FACTS:

- 6 1. On May 20, 2013, the King County council adopted Ordinance 17588  
7 creating a department of public defense within the executive branch.
- 8 2. The four independent nonprofit agencies, which had been providing  
9 public defense services to the county under contracts, were subsumed as  
10 divisions into the newly created department of public defense.
- 11 2. One of the nonprofits subsumed into the new department was the  
12 Northwest Defenders Association, which had been leasing space in the  
13 Watermark Tower, located at 1107 First Avenue, Seattle, Washington,  
14 within council district eight, since 2011.
- 15 3. The desire of the department of department of public defense is to  
16 ultimately consolidate its divisions within county-owned buildings.
- 17 4. The facilities management division determined that currently there is  
18 not sufficient space in county-owned building to consolidate the newly  
19 created department.

20           5. The facilities management division determined, through consultation  
21           with the department, that continued leasing was the most cost-effective  
22           option for the county.

23           6. The facilities management division successfully negotiated with the  
24           landlord of the Watermark Tower its consent to the assignment of the  
25           Northwest Defenders Association's rights and obligations under the lease  
26           in the Watermark Tower to King County and the county's assumption of  
27           the same. As part of those negotiations, the facilities management  
28           division negotiated an amendment to the terms of the original lease,  
29           including, but not limited to, the term of the lease. The new term will  
30           allow the county to terminate the lease substantially sooner than under the  
31           original lease. This in turn will facilitate the plan to consolidate the the  
32           department in county-owned space, estimated to occur in 2016.

33           7. The facilities management division manager executed the Assignment  
34           and Assumption of Lease with Landlord's Consent and Lease Amendment  
35           in January 2014.

36           8. Subsequent to the assumption and amendment to the lease between the  
37           landlord and the county, terms related to insurance and nondiscrimination  
38           have been proposed to the landlord to be included in the lease in the form  
39           of the Second Amendment to the Lease between King County (as  
40           Assignee of Northwest Defenders Association) and MRM Watermark,  
41           LLC for Space in the Watermark Tower and attached as Attachment B to  
42           this ordinance.

43 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

44 SECTION 1. The King County council, having determined that the assignment  
45 and assumption of the Northwest Defenders Association's rights and obligation for space  
46 leased in the Watermark Tower and the amendment to the assumed lease, are in the best  
47 interest of the public and subject to appropriation in the long term lease capital budget,  
48 hereby approves, contingent upon the execution of a lease amendment in substantially the  
49 same form as Attachment B to this ordinance, the agreements provided in Attachment A  
50 to this ordinance. Upon execution of the the Second Amendment to the Lease between  
51 King County (as Assignee of Northwest Defenders Association) and MRM Watermark,  
52 LLC, the actions taken by county officials, agent and employees consistent with the terms

53 and purposes of the lease will be hereby ratified, confirmed and approved and the council  
54 authorizes the executive to take all actions necessary to implement these agreements.  
55

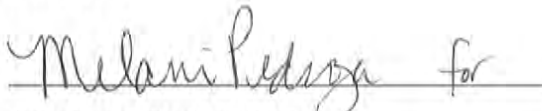
Ordinance 17904 was introduced on 8/25/2014 and passed by the Metropolitan King County Council on 9/29/2014, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,  
Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr.  
Upthegrove  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

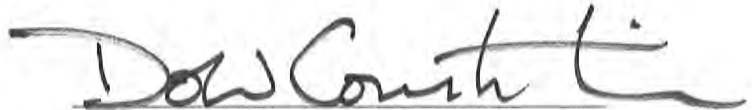
  
Larry Phillips, Chair

ATTEST:

  
Anne Noris, Clerk of the Council

RECEIVED  
2014 OCT -9 PM 1:41  
CLERK  
KING COUNTY COUNCIL

APPROVED this 9 day of OCTOBER 2014.



Dow Constantine, County Executive

**Attachments:** A. Watermark Tower - Assignment and Assumption of Lease with Landlord's Consent, B. Second Amendment to the Lease between King County (as Assignee of Northwest Defenders Association) and MRM Watermark, LLC for Space in the Watermark Tower dated September 4, 2014

**ATTACHMENT A:**

**WATERMARK TOWER – ASSIGNMENT AND ASSUMPTION OF LEASE  
WITH LANDLORD’S CONSENT**

**ASSIGNMENT AND ASSUMPTION OF LEASE  
WITH LANDLORD'S CONSENT**

THIS ASSIGNMENT AND ASSUMPTION OF LEASE WITH LANDLORD'S CONSENT (this "*Assignment*") is entered into effective as of January 1, 2014 ("*Effective Date*"), between and among Northwest Defenders Association, a Washington nonprofit corporation ("*Assignor*"), King County, a political subdivision of the State of Washington ("*Assignee*") and MRM Watermark, LLC a Washington limited liability company ("*Landlord*").

**RECITALS**

A. Assignor is the tenant under that certain Lease Agreement by and between Landlord's predecessor in interest, Shelby Company, LLC and Assignor dated March 18, 2011 and all exhibits and riders thereto, as amended by Lease Amendment No. 1 dated June 6, 2011 (collectively referred to as the "*Lease*"). A true, complete and correct copy of the Lease is attached hereto and incorporated herein by this reference as Exhibit A. Except as described in Exhibit A, there are no amendments, modifications, supplements, arrangements, side letters or understandings, oral or written, of any sort, of the Lease. The term "*Premises*" as used in this Assignment refers to the Premises as described in the Lease.

B. Assignor and Assignee are parties to that certain Memorandum of Understanding with respect to the provision of public defense services in King County, Washington dated June 30, 2013 ("*MOU*"), and that certain Assignment of Northwest Defenders Association Public Defense Services Contract dated July 1, 2013 (collectively, the "*Previous Agreements*") pursuant to which Assignor agreed to assign the Lease to Assignee, and Assignee agreed to assume certain obligations under the Lease, all on certain terms and conditions as set forth in the Previous Agreements. Pursuant to the terms of the MOU, Assignee currently occupies the Premises.

C. Assignor, Assignee and Landlord have agreed on the terms under which the Lease would be assigned to Assignee, Assignor would be released from liability under the terms of the Lease, and Assignee and Landlord would amend the Lease between them, all as is more particularly provided below.

**ASSIGNMENT AND ASSUMPTION; RELEASE**

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

### **1. Assignment and Assumption.**

Assignor assigns, transfers, sets over and delivers to Assignee all of Assignor's right, title and interest in and to the Lease and the Premises, and Assignee accepts the assignment and assumes and agrees to perform and be bound by, as a direct obligation to Landlord from and after the date of this Assignment, all of the terms and conditions set forth in the Lease, including, without limitation, the obligation to pay rent and all other sums owing thereunder. As a part of this Assignment, Assignor waives any claims against Landlord arising after the Effective Date with respect to the Lease, including any rights to the Security Deposit in the amount of \$35,084.41. As a part of this Assignment, Assignee has reimbursed Assignor for the Security Deposit.

### **2. Acceptance of Lease.**

Assignee has unconditionally accepted the Premises and is satisfied with all the work done by and required of Landlord and there are no obligations of Landlord under the Lease that are not fulfilled as of the date of this Assignment. All obligations of Landlord under the Lease have been performed, and Landlord is not in default under the Lease. There are no offsets or defenses that Assignor or Assignee have against the full enforcement of the Lease by Landlord. No free periods of rent, contributions or other concessions have been granted to Assignor or Assignee; and there are no advanced funds for or on behalf of Landlord for which Assignor or Assignee has a right of deduction from, or set off against, future rent payments.

### **3. Landlord's Consent and Release**

Landlord consents to the foregoing Assignment and Assumption, and agrees (i) to accept and substitute Assignee as tenant for all purposes under the Lease from and after the Effective Date, (ii) that Assignor shall have no further obligations or liabilities to Landlord under the Lease with respect to obligations accruing from and after the Effective Date, and, (iii) as of the Effective Date, Landlord hereby releases any and all claims, obligations and suits that Landlord may have against Assignor that are in any way related to the Lease and the tenant's performance under the Lease from and after the Effective Date.

### **4. Binding on Successors and Assigns**

This Assignment shall be binding upon and inure to the benefit of the parties to this Assignment and their respective successors and assigns.

**5. Attorney's Fees**

If any party commences an action against any of the parties arising out of or in connection with this Assignment, the substantially prevailing party or parties shall be entitled to recover from the losing party or parties reasonable attorney's fees and all costs of suit, whether or not the action is filed or prosecuted to judgment.


**6. Counterparts**

This Assignment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee and Landlord have executed and delivered this Assignment the day and year first above written.

**ASSIGNOR:**

Northwest Defenders Association,  
a Washington nonprofit corporation

  
By: Eileen Farley  
Its: Executive Director

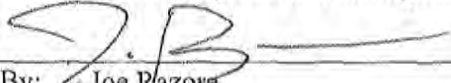
**ASSIGNEE:**

King County,  
a political subdivision of the State of Washington

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LANDLORD:**

MRM Watermark, LLC a Washington limited liability company

  
By: Joe Razole  
Its: Manager



**5. Attorney's Fees**

If any party commences an action against any of the parties arising out of or in connection with this Assignment, the substantially prevailing party or parties shall be entitled to recover from the losing party or parties reasonable attorney's fees and all costs of suit, whether or not the action is filed or prosecuted to judgment.

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IN WITNESS WHEREOF, Assignor and Assignee and Landlord have executed and delivered this Assignment the day and year first above written.

**ASSIGNOR:**

Northwest Defenders Association,  
a Washington nonprofit corporation

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ASSIGNEE:**

King County,  
a political subdivision of the State of Washington

\_\_\_\_\_  
By: *Stephen C. Salver*  
Its: *Manager, Real Estate Services*

**LANDLORD:**

MRM Watermark, LLC a Washington limited liability company

\_\_\_\_\_  
By: *Joe Razore*  
Its: *Manager*

ASSIGNOR ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Eileen Farley is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Executive Director of Northwest Defenders Association, a Washington nonprofit corporation to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: Jan 8, 2014



Terry K. Howard  
(Signature of Notary Public)  
Terry K. Howard  
(Printed Name of Notary Public)  
My Appointment expires 10/27/15

ASSIGNEE ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of King County, a political subdivision of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

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

\_\_\_\_\_  
(Signature of Notary Public)  
\_\_\_\_\_  
(Printed Name of Notary Public)  
My Appointment expires \_\_\_\_\_

ASSIGNOR ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Northwest Defenders Association, a Washington nonprofit corporation to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

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

\_\_\_\_\_  
(Signature of Notary Public)  
\_\_\_\_\_  
(Printed Name of Notary Public)  
My Appointment expires \_\_\_\_\_

ASSIGNEE ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Stephen Seely is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Manager - Real Estate Services of King County, a political subdivision of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 1/5/14

Mark R. Phillips  
(Signature of Notary Public)  
Mark R. Phillips  
(Printed Name of Notary Public)  
My Appointment expires 7/1/16

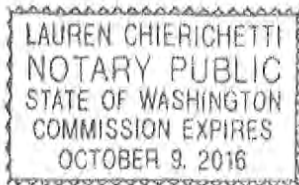


LANDLORD ACKNOWLEDGEMENT

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Joe Razole is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of MRM Watermark, LLC a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 1/13/2014



*Lauren Chierichetti*  
(Signature of Notary Public)  
Lauren Chierichetti  
(Printed Name of Notary Public)  
My Appointment expires 10/9/16

## AMENDMENT OF LEASE

In consideration of the foregoing Assignment and Assumption, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Assignee and Landlord agree to amend the Lease as set forth below ("*Amendment*").

### I. Amendment of Certain Terms

The Lease is hereby amended as follows:

a. Section 1.(h) of the Lease is hereby amended as follows:

(h) "*Expiration Date*" means June 30th, 2017.

b. Section 1.(j) of the Lease is hereby amended as follows:

(j) "*Minimum Monthly Rent*" means, with respect to Premises commonly known as Suites 125, 212, and 300 (total of 18,521 rentable square feet), the following amounts as to the following periods during the Term of this Lease (for the purposes of this Lease, the first Lease Year shall commence on January 1, 2014 and end on December 31, 2014; subsequent Lease Years shall constitute each 12-month period thereafter):

Lease Year (in months)	Annual Minimum Rent per RSF	Minimum Annual Rent	Minimum Monthly Rent
1-12	\$26.00 RSF	\$481,546.00	\$40,128.83
13-24	\$27.00 RSF	\$500,067.00	\$41,672.25
25-36	\$28.00 RSF	\$518,588.00	\$43,215.67
37-42	\$29.00 RSF	\$537,109.00	\$44,759.08

c. Option to Renew. All options to renew or extend the Lease are deleted in their entirety and replaced with a one-time option to renew the Lease for an additional one (1) year (the "*Extended Term*") provided that the Assignee is not in default under the Lease and Assignee provides Landlord with at least twelve (12) months written notice of Assignee's exercise of this option. The option contained in this Amendment is personal to the Assignee and may not be assigned or transferred without the Landlord's prior written consent which may be withheld or granted in Landlord's sole discretion. The Minimum Monthly Rent

during the Option Term shall be 100% of the Fair Market Rental Value of the Premises as determined in Section 47 of the Lease, provided that in no event shall the Fair Market Rental Value be less than the Minimum Monthly Rent paid by Assignee on the last day of the 42nd month of the Lease.

d. Option to Terminate Lease. All options or rights to terminate the Lease are deleted in their entirety and replaced with the right to terminate the Lease as set forth below. Provided that (i) Assignee is not otherwise in default under the Lease, and (ii) the King County Council fails to appropriate sufficient funds to pay for the Assignee's obligations under this Amendment and the Lease, Assignee may terminate the Lease effective only on the last day of any calendar year of this Lease, but no earlier than December 31, 2014. In such case, Assignee shall promptly (but not later than November 30<sup>th</sup>) notify Landlord of such termination and the Lease and this Amendment shall terminate effective at 11:59 p.m. on December 31st of the year of notice, provided that Assignee shall have the right to continue to occupy the Premises for an additional thirty-one (31) days, and Assignee shall have no further obligations under this Lease (other than any obligations that arose prior to the termination and Assignee's vacating the Premises). In addition, and at the time of delivery of such notice, Assignee shall (A) pay to Landlord an amount equal to (i) the last month's Rent, including Minimum Monthly Rent and Additional Rent plus (ii) reimburse Landlord for Landlord's unamortized leasing commissions and (B) Assignee shall forfeit the Security Deposit (below) as a termination fee. The Termination Option is personal to the Assignee and may not be assigned or transferred without the Landlord's prior written consent which may be withheld or granted in Landlord's sole discretion.

e. Security Deposit. The parties acknowledge Landlord now holds a Security Deposit in the amount of \$35,084.41.00 (the "Security Deposit") to be applied pursuant to the terms of the Lease.

f. No Other Modifications. Except as expressly modified by this Amendment, all terms, covenants and provisions of the Lease shall remain unmodified and in full force and effect and are hereby expressly ratified and confirmed.

## 2. Contact Information

Notices to Assignee for purposes of Paragraph 1(q) of the Lease shall be sent to the following address: 500 4<sup>th</sup> Ave, Room 830, Seattle, WA 98104 Attn: Real Estate Services.

## 3. Agency Disclosure: Broker

a. Agency Disclosure. Landlord acknowledges that Scotta Ashcraft, Joe Baldwin and Ashleigh Kilcup of CBRE, Inc. represented Assignee (the "Assignee Brokers") and Joe Razore and Broderick Group represented Landlord. Assignor is not represented by a real estate broker.

b. Broker. Assignee and Landlord each represent to the other that they are not represented by any broker, agent or finder with respect to this Amendment in any manner, except the brokers identified above. The commission due to the Assignee Brokers shall be paid by Landlord in an amount of \$3.50 per square foot, and the commission due to the Landlord's broker is \$1.75 per square foot. The parties agree to indemnify and hold the other party(ies) harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Amendment or the Lease. Each party acknowledges the disclosure of the representatives identified above and receipt of the pamphlet entitled "The Law of Real Estate Agency."

### **3. Attorney's Fees**

If any party commences an action against any of the parties arising out of or in connection with this Amendment, the prevailing party or parties shall be entitled to recover from the losing party or parties reasonable attorney's fees and all costs of suit, whether or not the action is filed or prosecuted to judgment. In connection therewith, should the Landlord be the prevailing party in any such action, the Assignee shall be liable to indemnify Landlord for the costs, including reasonable attorney's fees, in prosecuting or defending such action against the Assignee.

### **4. Successors**

This Amendment shall bind and inure to the benefit of the parties and their successors and assigns.

### **5. Interpretation and Fair Construction of Contract**

This Amendment has been reviewed and approved by each of the parties. In the event it should be determined that any provision of this Amendment is uncertain or ambiguous, the language in all parts of this Amendment shall be in all cases construed as a whole according to its fair meaning and not strictly construed for or against either party.

### **6. Ratification**

Except as modified herein, the Lease shall remain in full force and effect.

### **7. Counterparts**

This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same instrument.

**ASSIGNEE:**

King County,  
a political subdivision of the State of Washington

Stephen L. Silver  
By: Stephen L. Silver  
Its: Manager, Real Estate Services

**LANDLORD:**

MRM Watermark, LLC a Washington limited liability company

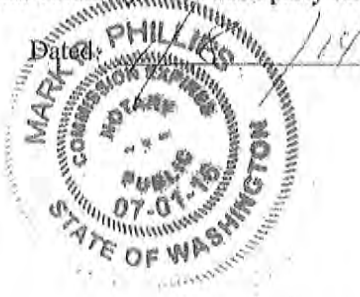
Joe Razole  
By: Joe Razole  
Its: Manager



ASSIGNEE ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Stephen Salyle is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Managerial - Real Estate Services of King County, a political subdivision of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.



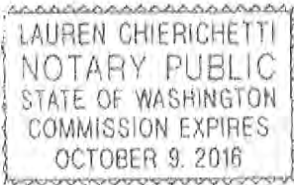
Dated: 1/14  
Mark R. Phillips  
(Signature of Notary Public)  
Mark R. Phillips  
(Printed Name of Notary Public)  
My Appointment expires 7/1/16

LANDLORD ACKNOWLEDGEMENT

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Joe Razore is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of MRM Watermark, LLC a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 1/13/2014



Lauren Chierichetti  
(Signature of Notary Public)  
Lauren Chierichetti  
(Printed Name of Notary Public)  
My Appointment expires 10/9/16

**EXHIBIT A**  
**LEASE**  
**[See Attached]**

**WATERMARK TOWER  
OFFICE LEASE - GROSS**  
1109 First Avenue  
Seattle, Washington

This Lease is made this 18<sup>th</sup> day of March, 2011 (the "Effective Date") by and between Shelby Company, LLC, a Washington limited liability company ("Landlord"), and Northwest Defenders Association, a Washington nonprofit corporation ("Tenant"), who agree as follows:

1. Fundamental Terms. As used in this Lease, the following capitalized terms shall have the following meanings:

(a) "Land" means the land on which the Condominium Project is located, situated in the City of Seattle, County of King, State of Washington, which is described on Exhibit A-1.

(b) "Building" means the building in which the Premises are located, described as Apartment No. 2, The Watermark Tower, a condominium intended for commercial use, the street address of which is 1109 First Avenue, Seattle, Washington, which is further described on Exhibit A-2.

(c) "Project" means The Watermark Tower, a condominium, according to the Condominium Declaration recorded under King County Recording No. 8309150508, and the related condominium plans and survey map.

(d) "Premises" means that certain space outlined in red in Exhibit B and located on the 3<sup>rd</sup> floor of the Building and designated Floor 3, Suite 300, together with the Storage/Filing Space defined below.

(e) "Agreed Areas" means the agreed amount of rentable square feet of space in the Building and the Premises. Landlord and Tenant stipulate and agree for all purposes under this Lease that the Building contains approximately 70,464 rentable square feet of space (the "Building Area") and that the Premises contain approximately (i) 12,448 rentable square feet of space in Suite 300, plus approximately 2,130 rentable square feet of Storage/Filing Space, for a total of 14,578 rentable square feet (collectively, the "Premises Area"). Landlord and Tenant further agree that the Building Area may exclude portions of the Building which are used for other than office purposes, such as areas used for retail purposes or for storage purposes.

(f) "Tenant's Share" means the Premises Area divided by the Building Area, expressed as a percentage, which is twenty and 69/100ths percent (20.89%). Notwithstanding the foregoing, if one or more of the facilities, services and utilities the costs of which are included within the definition of Operating Costs is not furnished to one or more spaces or to particular types of spaces, then in connection with the calculation of Tenant's Share of each of such costs the Building Area shall be reduced by the number of rentable square feet of space occupied by such tenants and Tenant's Share shall be separately computed as to each of such costs. Similarly, if the Property shall be part of or shall include a complex, development or group of buildings or structures collectively owned or managed by Landlord or its affiliates, Landlord may allocate Real Property Taxes and some or all of the Operating Costs within such complex, development or group, and between such building and structures and the parcels on which they are located, in accordance with sound accounting and management principles. In the alternative, Landlord shall have the right to determine, in accordance with sound accounting and management principles, Tenant's Share of Real Property Taxes and Operating Costs based upon the totals of each of the same for all such buildings and structures, the Land constituting parcels on which the same are located, and all related facilities, including common areas and easements, corridors, lobbies, sidewalks, elevators, loading areas, parking facilities and driveways and other appurtenances and public areas, in which event Tenant's Share shall be based on the ratio of the rentable area of the Premises to the rentable area of all such buildings.

If a portion of the Building is damaged or condemned, or any other event occurs which alters the number of rentable square feet of space in the Premises or the Building, then Landlord shall adjust Tenant's Share to equal the number of rentable square feet of space then existing in the Premises (as altered by such event) divided by the number of rentable square feet of space then existing in the Building (as altered by such event).

(g) "Commencement Date" means the date of Substantial Completion of the Landlord's Work to the Premises as described in Exhibit C attached hereto, projected to occur on January 1, 2012, or such earlier or later date as provided in Section 4 hereof.

(h) "Expiration Date" means the last day of the calendar month in which the tenth (10<sup>th</sup>) anniversary of the Commencement Date occurs.

(i) "Term" means the period of time commencing on the Commencement Date and ending on the Expiration Date, unless sooner terminated pursuant to this Lease.

(j) "Minimum Monthly Rent" means, with respect to that portion of the Premises commonly known as Suite 300 (12,448 rentable square feet), the following amounts as to the following periods during the Term of this Lease (for purposes of this Lease, the first Lease Year shall commence on the Commencement Date and end on the last day of the calendar month in which the first (1<sup>st</sup>) anniversary of the Commencement Date occurs; subsequent Lease Years shall constitute each 12-month period thereafter):

Lease Year	Annual Minimum Rent per RSF	Minimum Annual Rent	Minimum Monthly Rent
1	\$19.00	\$236,512.00	\$19,709.33
2	\$19.75	\$245,848.00	\$20,487.33
3	\$20.50	\$255,184.00	\$21,265.33
4	\$21.25	\$264,520.00	\$22,043.33
5	\$22.00	\$273,856.00	\$22,821.33
6	\$22.75	\$283,192.00	\$23,599.33
7	\$23.50	\$292,528.00	\$24,377.33
8	\$24.25	\$301,864.00	\$25,155.33
9	\$25.00	\$311,200.00	\$25,933.33
10	\$25.75	\$320,536.00	\$26,711.33

(k) "Permitted Use" means use for purposes of general business and administrative offices.

(l) "Base Year" means calendar year 2012.

(m) "Prepaid Rent" means \$21,839.33.

(n) "Security Deposit" means \$28,841.33.

(o) "Landlord's Address for Notice" means Shelby Company, LLC, c/o Integrated Real Estate Services, LLC, 1015 Third Avenue, Suite 900, Seattle, WA 98104.

(p) "Landlord's Address for Payment of Rent" means Integrated Real Estate Services, LLC, ITF Shelby Company, LLC, PO Box 3688, Seattle, WA 98124.

(q) "Tenant's Address for Notice" means 1111 Third Avenue, Suite 200, Seattle, Washington 98101 before the Commencement Date and at the Premises, 1109 First Avenue, Floor 3, Suite 300, Seattle, WA 98101 on and after the Commencement Date.

(r) "Landlord's Agent" means Kidder Mathews or such other agent as Landlord may appoint from time to time.

(s) "Broker(s)" means Todd Battison and Larry Blackett of Kidder Mathews, representing the Landlord, and Paul Suzman, OfficeLease, representing the Tenant.

(t) "Exhibits" means the following Exhibits to this Lease:

Exhibit A-1: Legal Description of the Land  
Exhibit A-2: Legal Description of the Building

Exhibit B: Outline Drawing of the Premises  
 Exhibit C: Work Letter  
 Exhibit D: Rules and Regulations

(u) "Rider" means the Rider which is attached hereto.

(v) "Definitions" means the words and phrases defined in Section 41 captioned "Definitions".

2. Consent and Notices. Whenever the consent of either Landlord or Tenant is required under this Lease, such consent shall not be effective unless given in writing and shall not be unreasonably withheld, conditioned or delayed. All notices or requests required or permitted under this Lease shall be in writing as provided in Section 42(g). In addition, whenever either party shall have the right to exercise its discretion under the terms of this Lease, that party's exercise of its discretion shall be reasonable.

3. Premises and Appurtenances. Landlord leases to Tenant and Tenant leases from Landlord the Premises for the Term. Tenant, and its authorized representatives, shall have the right to use, in common with others and subject to the Rules and Regulations, the Common Areas of the Building. Landlord shall have the right, in Landlord's sole discretion, from time to time to (i) make changes to the Building Interior and exterior and Common Areas, including without limitation, changes in the location, size, shape, number and appearance thereof, provided, however, that such changes shall not materially affect Tenant's access to, or use and occupancy of, the Premises, (ii) to close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available, and (iii) to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building. All of the windows and exterior walls of the Premises and any space in the Premises used for shafts, stacks, pipes, conduits, ducts, electrical equipment or other utilities or Building facilities are reserved solely to Landlord and Landlord shall have rights of access through the Premises for the purpose of operating, maintaining and repairing the same, provided, however, that such access and changes shall not materially affect Tenant's access to, or use and occupancy of, the Premises.

4. Term.

(a) Commencement Date. The Term shall commence on the Commencement Date and expire on the Expiration Date, unless sooner terminated pursuant to this Lease. The Commencement Date shall be:

(i) January 1, 2012, unless notice is delivered pursuant to Subsection 4(a)(ii), in which case the Commencement Date shall be such later date, or Tenant occupies the Premises earlier pursuant to Subsection 4(a)(iii), in which case the Commencement Date shall be such earlier date;

(ii) Such later date on which the Landlord's Work to be made to the Premises by Landlord are Substantially Complete, provided, however, that Landlord shall give notice of the projected date of Substantial Completion to Tenant at least fifteen (15) days before such date.

(iii) If Tenant shall occupy the Premises for the Permitted Use prior to the Commencement Date specified in Section 1 or the date specified in the notice provided for pursuant to Subsection 4(a)(ii), then the date of such early occupancy.

(b) Reserved.

(c) Tenant Termination Rights. Landlord shall use commercially reasonable, good faith efforts to be in position to deliver the Premises to Tenant with the Landlord's Work Substantially Complete on or before January 1, 2012 (as such date is extendable due to Tenant Delays defined in Exhibit C attached hereto, the "Target Delivery Date"). If Landlord is unable to deliver possession of the Premises with the Landlord's Work Substantially Completed to Tenant by the Target Delivery Date for any reason other than Tenant Delays, this Lease shall not be void or voidable by either party, but in such event Landlord shall reimburse Tenant for Holdover Damages (as defined below) actually paid by Tenant pursuant to its existing lease for space at 1111 Third Avenue, Seattle, Washington (as such lease is in effect on the Effective Date hereof, "Tenant's Existing Lease"), with respect to any month or portion thereof following

the Target Delivery Date and prior to the actual Commencement Date in which Tenant holds over solely because the Commencement Date under this Lease occurs after the Target Delivery Date. All Holdover Damages must be evidenced by paid invoices or other reasonable evidence of payment. For purposes hereof, "Holdover Damages" shall mean an amount equal to the difference under Tenant's Existing Lease between (i) the monthly base rent payable by Tenant under Tenant's Existing Lease in the month preceding expiration thereof, and (ii) the monthly base rent payable by Tenant under Tenant's Existing Lease during any holdover term plus damages resulting from the indemnification obligation of Tenant under Tenant's Existing Lease during any holdover term as a consequence of such holding over. Notwithstanding the foregoing, if Tenant shall have elected to terminate this Lease pursuant to this paragraph, hereof, Landlord shall not be required to make payments of Holdover Damages allocable to any period after the effective date of such termination. Landlord's obligation to reimburse Tenant for Holdover Damages shall be limited to the Holdover Damages for six (6) months after the Target Delivery Date. Tenant shall not be liable for Rent until Landlord delivers possession of the Premises to Tenant with the Landlord's Work Substantially Complete. No delay in delivery of possession of the Premises to Tenant shall change the Expiration Date or operate to extend the Term. Notwithstanding the foregoing, if Landlord does not deliver possession of the Premises to Tenant with the Landlord's Work Substantially Complete on or before July 1, 2012 for any reason other than Tenant Delays, then Tenant may elect to terminate this Lease by giving notice to Landlord within ten (10) business days after July 1, 2012, time being of the essence in connection therewith.

(d) Confirmation of Commencement Date. When the Commencement Date as provided in Subsection 4(a)(ii) or Subsection 4(a)(iii) has been established as an earlier or later date than the Commencement Date specified in Section 1, Landlord and Tenant shall confirm the Commencement Date in writing.

5. Minimum Monthly Rent; Late Charge.

(a) Minimum Monthly Rent. Tenant shall pay to Landlord the Minimum Monthly Rent without deduction, offset, prior notice or demand, in advance on the first day of each month during the Term. Minimum Monthly Rent for any partial month shall be prorated on the basis of the number of days in such month. Minimum Monthly Rent is exclusive of any sales, franchise, business or occupation or other tax based on rents (other than Landlord's general income taxes) and should such taxes apply during the Term, the Minimum Monthly Rent shall be increased by the amount of such taxes (unless included in Real Property Taxes pursuant to Section 7(a) or Additional Rent pursuant to Section 9(a)). All Rent shall be paid to Landlord at Landlord's Address for Payment of Rent or at such other address as Landlord may specify by notice to Tenant.

(b) Late Charge. Tenant acknowledges that the late payment by Tenant of any Rent will cause Landlord to incur administrative, collection, processing and accounting costs and expenses not contemplated under this Lease, the exact amount of which are extremely difficult or impracticable to fix. Therefore, if any Rent is not received by Landlord from Tenant by the fifth (5th) business day after notice from Landlord that such Rent is due, Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of the amount of such Rent or Seventy-five and No/100th Dollars (\$75.00), whichever is greater. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss caused by Tenant's nonpayment. Should Tenant pay said late charge but fail to pay contemporaneously therewith all unpaid amounts of Rent, Landlord's acceptance of this late charge shall not constitute a waiver of Tenant's default with respect to Tenant's nonpayment nor prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease or under law.

6. Prepaid Rent and Security Deposit. As partial consideration for Landlord's execution of this Lease, on execution of this Lease, Tenant shall deposit with Landlord the Prepaid Rent, as monthly rent for the first full month of the Term for which Rent is payable. Tenant shall deposit with Landlord the Security Deposit, as a Security Deposit for the performance by Tenant of the provisions of this Lease, on or before the Commencement Date. If Tenant is in default, Landlord may use the Security Deposit, or any portion of it, to cure the default, including without limitation, paying for the cost of any work necessary to restore the Premises, the Landlord's Work and any alterations to good condition or to

compensate Landlord for all damage sustained by Landlord resulting from Tenant's default. Tenant shall within five (5) days of demand pay to Landlord a sum equal to the portion of the Security Deposit expended or applied by Landlord as provided in this Section so as to maintain the Security Deposit in the sum initially deposited with Landlord. If Tenant is not in default as of the expiration or termination of the Term, including without limitation, in default in payment of the Rent for the last month of the Term, then Landlord shall return the Security Deposit, without interest, to Tenant within a reasonable period of time not to exceed thirty (30) days after the expiration or termination of the Term, provided, however, that Landlord may retain a reasonable portion of the Security Deposit for payment of increases in Real Property Taxes and Operating Costs the exact amount of which has not been determined as of the expiration or termination of the Term and shall refund to Tenant any excess payment within thirty (30) days after upon final reconciliation thereof. Landlord's obligations with respect to the Security Deposit are those of a debtor and not a trustee. Landlord may commingle the Security Deposit with Landlord's general and other funds.

7. Real Property Taxes.

(a) Payment of Tenant's Share of Increases in Real Property Taxes. Tenant shall pay to Landlord, as Additional Rent, monthly, in advance on the first day of each month during the Term, an amount equal to one-twelfth (1/12th) of Tenant's Share of all increases in Real Property Taxes that are or will be levied or assessed against the Property during each calendar year during the Term over and above the Real Property Taxes that are levied or assessed against the Property during the Base Year. Such Additional Rent is exclusive of any sales, franchise, business or occupation or other tax based on rents (other than Landlord's general income taxes) and should such taxes apply during the Term, such Additional Rent shall be increased by the amount of such taxes (unless included in Minimum Monthly Rent pursuant to Section 5(a) or Additional Rent pursuant to Section 9(a)). Within one hundred twenty (120) days after the end of each calendar year during the Term or within such longer period of time as may be reasonably necessary, Landlord shall furnish to Tenant a statement of the Real Property Taxes for the preceding calendar year and Tenant's Share of the Increase in Real Property Taxes. If Tenant's Share of the increase in such Real Property Taxes for that calendar year over such Real Property Taxes for the Base Year exceeds the monthly payments made by Tenant, then Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of the statement. If Tenant's payments made during that calendar year exceed Tenant's Share of the Increase in such Real Property Taxes for that calendar year over such Real Property Taxes for the Base Year, then, at Landlord's option, either Landlord shall pay Tenant the excess at the time Landlord furnishes the statement to Tenant, or Tenant shall be entitled to offset the excess against the next installment(s) of Minimum Monthly Rent and Additional Rent, provided, however, that at the end of the Term Landlord shall pay Tenant the excess at the time Landlord furnishes the statement to Tenant.

(b) General and Special Assessments. With respect to any general or special assessments which may be levied against or upon the Property, or which under the laws then in force may be evidenced by improvement or other bonds or may be paid in annual installments, only the amount of such annual installment, and interest due thereon, shall be included in the computation of Real Property Taxes.

(c) Proration. Tenant's Share of Real Property Taxes shall be prorated on the basis of a 360-day year to account for any fractional portion of a tax year included in the Term at its commencement and expiration.

(d) No Effect on Minimum Monthly Rent. Notwithstanding anything to the contrary in this Section, the Minimum Monthly Rent payable by Tenant shall in no event be less than the Minimum Monthly Rent specified in Section 1.

8. Personal Property Taxes. Tenant shall pay prior to delinquency all personal property taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. If possible, Tenant shall cause such trade fixtures, furnishings, equipment and all other personal property of Tenant to be assessed and billed separately from the Property.

9. Operating Costs.

(a) Payment of Tenant's Share of Increases in Operating Costs. Tenant shall pay to Landlord, as Additional Rent, monthly, in advance on the first day of each month during the Term, an amount equal to one-twelfth (1/12th) of Tenant's Share of the Increase in the Operating Costs of the Property for each calendar year during the Term over the Operating Costs for the Base Year as reasonably estimated by Landlord. Landlord may, in accordance with sound accounting and management principles, both reasonably estimate, and finally determine, the Operating Costs for the Base Year and for each calendar year during the Term based on the Operating Costs that would have been incurred if the Building had been 95% occupied during the Base Year or each such calendar year, as the case may be, taking into account historical operating costs for the Building. Landlord may, in accordance with sound accounting and management principles, make any other appropriate changes to reflect adjustments to Operating Costs for prior years or for the then current calendar year provided that any such changes are applied consistently to all years of the Term. Such Additional Rent is exclusive of any sales, franchise, business or occupation or other tax based on rents (other than Landlord's general income taxes) and should such taxes apply during the Term, such Additional Rent shall be increased by the amount of such taxes (unless included in Minimum Monthly Rent pursuant to Section 5(a) or Additional Rent pursuant to Section 9(a)). Within one hundred twenty (120) days after the end of each calendar year during the Term or within such longer period of time as may be reasonably necessary, Landlord shall furnish to Tenant a statement of the Operating Costs for the preceding calendar year and Tenant's Share of the Increase in the Operating Costs. If Tenant's Share of the increase in the Operating Costs for that calendar year over the Operating Costs for the Base Year exceeds the monthly payments made by Tenant, then Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of the statement. If Tenant's payments made during that calendar year exceed Tenant's Share of the Increase in the Operating Costs for that calendar year over the Operating Costs for the Base Year, then, at Landlord's option, either Landlord shall pay Tenant the excess at the time Landlord furnishes the statement to Tenant, or Tenant shall be entitled to offset the excess against the next installment(s) of Minimum Monthly Rent and Additional Rent, provided, however, that at the end of the Term Landlord shall pay Tenant the excess at the time Landlord furnishes the statement to Tenant.

(b) Proration. Tenant's Share of Operating Costs shall be prorated on the basis of a 360-day year to account for any fractional portion of a year included in the Term at its commencement and expiration.

(c) No Effect on Minimum Monthly Rent. Notwithstanding anything to the contrary in this Section, the Minimum Monthly Rent payable by Tenant shall in no event be less than the Minimum Monthly Rent specified in Section 1.

(d) Right to Examine Landlord's Books and Records. Tenant, or its authorized representative, shall have the right to examine Landlord's books and records relating to Operating Costs of the Property upon reasonable prior notice specifying such records Tenant desires to examine, during normal business hours at the place or places where such records are normally kept in Seattle, Washington, by sending such notice no later than six (6) months following the furnishing of the Landlord's statement of the Operating Costs for the preceding calendar year and Tenant's Share of the increase in the Operating Costs. Tenant's authorized representative shall be compensated on an hourly or project basis and not on (i) a contingent basis, (ii) the basis of a percentage of any savings or refund resulting from the audit, or (iii) in any other manner that makes such representative's compensation for such audit in any way dependent on the results of the audit. Tenant may take exception to matters included in Operating Costs, or Landlord's computation of Tenant's Share, by sending notice specifying such exception and the reasons therefor to Landlord no later than thirty (30) days after Landlord makes such records available for examination. Landlord's statement of the Operating Costs for the preceding calendar year and Tenant's Share of the Increase in the Operating Costs shall be considered final, except as to matters to which exception is taken after examination of Landlord's books and records relating to Operating Costs of the Property in the foregoing manner and within the foregoing times. Tenant acknowledges that Landlord's ability to budget and incur expenses depends on the finality of such statement, and accordingly agrees that time is of the essence of this Section. If Tenant takes exception to any matter contained in such statement as provided herein and Tenant and Landlord cannot resolve the matter within thirty (30) days, Landlord and Tenant shall refer the matter to an independent certified public



accountant jointly selected by them, whose certification as to the proper amount shall be final and conclusive as between Landlord and Tenant. Tenant shall promptly pay the cost of such certification unless such certification determines that Landlord's statement of the Operating Costs overstated the Operating Costs by more than three percent (3%), in which case Landlord shall pay the cost of the certification. Pending resolution of any such exceptions in the foregoing manner, Tenant shall continue paying Tenant's Share of Operating Costs in the amounts determined by Landlord, subject to adjustment after any such exceptions are so resolved. If such certification determines that Landlord's statement of the Operating Costs overstated the Operating Costs, then Tenant shall receive a credit for Tenant's Share of the amount of such overstatement against the next installment(s) of Minimum Monthly Rent and Additional Rent, provided, however, that at the end of the Term Landlord shall pay Tenant the excess at the time Landlord furnishes the statement to Tenant.

10. Use. Tenant shall use the Premises for the Permitted Use and for no other use without Landlord's prior consent. Landlord represents that the Premises can be used for the Permitted Use under applicable law and the insurance carried by Landlord on the Property. Tenant waives any right to terminate this Lease if the Premises cannot be used for the Permitted Use during the Term unless the prohibition on use is the result of actions taken by Landlord. Tenant's use of the Premises shall be in accordance with the following:

(a) Insurance. Tenant shall not do, bring, or keep anything in or about the Premises or the Property that will cause a cancellation of any insurance covering the Property. If the rate of any insurance carried by Landlord on the Property as published by the Washington Survey and Rating Bureau, or any successor rating bureau or agency, is increased as a result of Tenant's manner of use other than the Permitted Use, then Tenant shall pay to Landlord not less than ten (10) days before the date Landlord is obligated to pay a premium on the insurance, a sum equal to the difference between the original premium and the increased premium.

(b) Compliance with Laws. Tenant shall comply with all laws concerning the Premises and Tenant's use of the Premises; provided, however, that Tenant's agreement to comply with all laws does not extend to correcting pre-existing conditions or defects on the Premises existing on the Commencement Date except to the extent triggered by or relating to any work, alterations, or improvements performed by Tenant or its contractors.

(c) Waste, Nuisance and Improper Use. Tenant shall not use the Premises in any manner that will constitute waste, nuisance or unreasonable annoyance to other tenants in the Building, including without limitation, (i) the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises, (ii) for cooking or other activities that cause odors that can be detected outside the Premises, or (iii) for lodging or sleeping rooms.

(d) Damage to Property. Tenant shall not do anything in, on or about the Premises that will cause damage to the Property.

(e) Rules and Regulations. Tenant and its authorized representatives shall comply with the Rules and Regulations set forth on Exhibit D attached hereto. Landlord shall have the right to reasonably amend the Rules and Regulations from time to time. In the event of a conflict between this Lease and the Rules and Regulations, as amended, this Lease shall control. Landlord shall have the right to enforce the Rules and Regulations, provided Landlord's enforcement is uniform against all tenants. Landlord shall have no liability or responsibility whatsoever with respect to the noncompliance by other tenants or their authorized representatives with any of such Rules and Regulations.

11. Hazardous Substances. Tenant shall not dispose of or otherwise allow the release of any Hazardous Substances in, on or under the Premises, or the Property, or in any tenant improvements or alterations placed on the Premises by Tenant. Tenant represents and warrants to Landlord that Tenant's intended use of the Premises does not involve the use, production, disposal or bringing on to the Premises of any Hazardous Substances, except for products normally used in general business offices.

which constitute Hazardous Substances, provided that such products are used, stored and disposed of in accordance with applicable laws and manufacturer's and supplier's guidelines. Tenant shall promptly comply with all laws and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, treatment, disposal, storage, control, removal or cleanup of Hazardous Substances, on or under the Premises or the Property, or incorporated in any tenant improvements or alterations, at Tenant's expense, arising out of Tenant's use and occupancy of the Premises.

(a) Compliance; Notification. After notice to Tenant and a reasonable opportunity for Tenant to effect such compliance, Landlord may, but is not obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it reasonably deems advisable to protect its interest in the Premises and the Property, provided, however that Landlord shall not be obligated to give Tenant notice and an opportunity to effect such compliance if (i) such delay might result in material adverse harm to the Premises, or the Property, or (ii) an emergency exists. Tenant shall reimburse Landlord for the full amount of all costs and expenses incurred by Landlord in connection with such compliance activities, and such obligation shall continue even after expiration or termination of the Term. Tenant shall notify Landlord immediately of any release of any Hazardous Substances on the Premises or the Property.

(b) Indemnity by Tenant. Tenant agrees to hold Landlord harmless from and against any and all damages, charges, cleanup costs, remedial actions, costs and expenses, which may be imposed on, incurred or paid by, or asserted against Landlord, the Premises or the Property by reason of, or in connection with (1) any misrepresentation, breach of warranty or other default by Tenant under this Lease relating to Hazardous Substances, or (2) the acts or omissions of Tenant, its authorized representatives, or any subtenant, resulting in the release of any Hazardous Substances on the Premises or the Property, except to the extent any of the foregoing are caused by the negligence or willful misconduct of Landlord or its authorized representatives.

(c) Indemnity by Landlord. Landlord agrees to hold Tenant harmless from and against any and all damages, charges, cleanup costs, remedial actions, costs and expenses, which may be imposed on, incurred or paid by, or asserted against Tenant, the Premises or the Property by reason of, or in connection with (1) any misrepresentation, breach of warranty or other default by Landlord under this Lease relating to Hazardous Substances, or (2) the acts or omissions of Landlord, or its employees, or authorized representatives, resulting in the release of any Hazardous Substances on the Premises or the Property.

(d) Acknowledgment as to Hazardous Substances. To the best of Landlord's knowledge, the Premises do not contain any Hazardous Substances except for minor quantities of cleaning supplies typically found in office environments. If Landlord is required by any law to take any action to remove or abate any Hazardous Substances, or if Landlord reasonably deems it necessary to conduct special maintenance or testing procedures with regard to any Hazardous Substances, or to remove or abate any Hazardous Substances, Landlord may, after reasonable prior notice (except in an emergency) take such action or conduct such procedures at times and in a manner that Landlord reasonably deems appropriate under the circumstances, and Tenant shall permit the same. Landlord shall conduct such activities so as to cause minimal interference with Tenant's use of the Premises.

(e) Survival. The provisions of this Section shall survive the expiration or sooner termination of the Term. No subsequent modification or termination of this Lease by agreement of the parties or otherwise shall be construed to waive or to modify any provisions of this Section unless the termination or modification agreement or other document expressly so states in writing.

## 12. Landlord's Maintenance; Inclusion in Operating Costs.

(a) Landlord's Maintenance. Except as provided in Section 13 captioned "Tenant's Maintenance; Remedies", Section 23 captioned "Destruction" and Section 24 captioned "Condemnation" and except for damage caused by any negligent or intentional act or omission of Tenant or its authorized representatives, Landlord shall maintain in good condition and repair the following: (i) the structural parts

of the Building, which structural parts include only the foundations, bearing and exterior walls, exterior glass, windows, decks, glass entrance doors (excluding interior glass and interior glass doors), subflooring and roof (including the roof membrane and flashing), (ii) the building standard lighting fixtures, window coverings and ceiling tiles and the unexposed electrical, plumbing and sewage systems, including without limitation, those portions lying outside the Premises, (iii) the heating, ventilating and air-conditioning system, if any, servicing the Building, (iv) the lobbies, corridors, elevators, public or common restrooms and other common areas of the Building, and (v) the sidewalks, grounds, landscaping, parking and loading areas, if any, and other common areas of the Property.

(b) Inclusion in Operating Costs. The cost of maintaining, repairing, replacing or servicing the portions of the Building that Landlord is required to maintain pursuant to this Section shall be included in Operating Costs to the extent provided in Section 9 captioned "Operating Costs".

### 13. Tenant's Maintenance; Remedies.

(a) Tenant's Maintenance. Except as provided in Section 12 captioned "Landlord's Maintenance; Inclusion in Operating Costs", Section 23 captioned "Destruction" and Section 24 captioned "Condemnation" and except for damage caused by any negligent or intentional act or omission of Landlord or its authorized representatives, Tenant, at its cost, shall maintain in good condition and repair the Premises, including without limitation, all of the Landlord's Work, Tenant's alterations, Tenant's trade fixtures, Tenant's personal property, signs, walls, interior partitions, wall coverings, non-building standard window coverings, glass within the Premises, doors, carpeting and resilient flooring, non-building standard ceiling tiles, plumbing fixtures and non-building standard lighting fixtures. Tenant shall be liable for any damage to the Premises and the Building resulting from the acts or omissions of Tenant or its authorized representatives. Tenant is not liable for maintaining or repairing pre-existing defects in the Premises or repairs to the Premises or Building necessitated by Landlord's negligence, intentional act or default, fire or other casualty, condemnation or ordinary wear and tear.

(b) Landlord's Remedies. If Tenant fails to maintain the Premises in good condition and repair as required by Subsection 13(a) and if such failure is not cured (or such cure is not commenced) within thirty (30) days after notice of such failure is given by Landlord to Tenant, then Landlord may, at its option, cause the Premises to be maintained in good condition and repair and Tenant shall promptly reimburse Landlord for all reasonable costs incurred by Landlord in performance of Tenant's obligation to maintain the Premises.

### 14. Landlord's Work; Alterations and Trade Fixtures.

(a) Landlord's Work. Tenant accepts the Premises in their "AS IS" condition without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements or to provide any allowances unless otherwise expressly provided in this Lease or in the Work Letter attached hereto as Exhibit C. Tenant shall not make any improvements or alterations to the Premises (other than decorations and non-structural alterations costing less than \$5,000 and which do not affect Building systems) without Landlord's prior consent.

(b) Alterations. After the initial Landlord's Work has been made to the Premises pursuant to Exhibit C, any improvements and alterations made by either party shall remain on and be surrendered with the Premises on expiration or termination of the Term, except that Landlord can elect, by giving notice to Tenant at the time Tenant requests consent to an improvement or alteration, to require Tenant to remove any improvements and alterations that Tenant has made to the Premises. If Landlord so elects, Tenant, at its cost, shall restore the Premises to the condition designated by Landlord in its election, before the last day of the Term, or within thirty (30) days after notice of election is given, whichever is later. Any improvements and alterations that remain on the Premises on expiration or termination of the Term shall automatically become the property of Landlord and title to such improvements and alterations shall automatically pass to Landlord at such time without any payment therefore by Landlord to Tenant. If Tenant or its authorized representatives make any improvements or alterations to the Premises as provided in this Section, then such improvements and alterations (i) shall be made in a good and workmanlike manner in conformity with then building standard improvements, (ii) shall be made utilizing

then building standard materials, (iii) shall be made in compliance with the Rules and Regulations and the reasonable directions of Landlord, (iv) shall be made pursuant to a valid building permit to be obtained by Tenant, at its cost, and (v) shall be made in conformity with then applicable laws, including without limitation, building codes.

(c) Trade Fixtures. Tenant shall not affix any trade fixtures to or on the Premises without Landlord's prior consent.

15. Mechanics' Liens. Tenant shall pay, or cause to be paid, all costs of labor, services and/or materials supplied in connection with any Work. Tenant shall keep the Property free and clear of all mechanics' liens and other liens resulting from any Work. Prior to the commencement of any Work costing more than an amount equal to one (1) month's Minimum Monthly Rent, or the supply or furnishing of any labor, services and/or materials in connection with any such Work, Tenant shall provide Landlord with a labor and material payment bond, a letter of credit or other security reasonably satisfactory to Landlord in an amount equal to one hundred percent (100%) of the aggregate price of all contracts therefore, with release of the bond conditioned on Tenant's payment in full of all claims of lien claimants for such labor, services and/or materials supplied in the prosecution of the Work. Said payment bond shall name Landlord as a primary obligee, shall be given by a surety which is reasonably satisfactory to Landlord, and shall be in such form as Landlord shall approve in its reasonable discretion. Tenant shall have the right to contest the correctness or validity of any such lien if, immediately on demand by Landlord, it procures and records a lien release bond issued by a responsible corporate surety in an amount sufficient to satisfy statutory requirements therefor in the State of Washington. Tenant shall promptly pay or cause to be paid all sums awarded to the claimant on its suit, and, in any event, before any execution is issued with respect to any judgment obtained by the claimant in its suit or before such judgment becomes a lien on the Premises, whichever is earlier. If Tenant shall be in default under this Section, by failing to provide security for or satisfaction of any mechanic's or other liens, then Landlord may (but shall not be obligated to), in addition to any other rights or remedies it may have, discharge said lien by (i) paying the claimant an amount sufficient to settle and discharge the claim, (ii) procuring and recording a lien release bond, or (iii) taking such other action as Landlord shall deem necessary or advisable, and, in any such event, Tenant shall pay as Additional Rent, on Landlord's demand, all reasonable costs (including reasonable attorney fees) incurred by Landlord in settling and discharging such lien together with interest thereon in accordance with Section 39 captioned "Interest on Unpaid Rent" from the date of Landlord's payment of said costs. Landlord's payment of such costs shall not waive any default of Tenant under this Section.

16. Utilities and Services.

(a) Utilities and Services Furnished by Landlord. Landlord shall furnish the Premises with:

(i) Electricity for lighting and power suitable for the use of the Premises for ordinary general office purposes sufficient to provide office services and lighting for up to sixty (60) occupants; provided, however, that Tenant shall not at any time exceed any limits set by any governmental authority with respect thereto;

(ii) Subject to the reasonable limitations of the existing building systems, heating, ventilating and air-conditioning to maintain a temperature range in the Premises which is customary for similar office space in the Seattle, Washington area (but in compliance with any applicable governmental regulations with respect thereto) and to maintain, on a 24 hour per day/7 day per week basis, subject to the other terms and conditions of this Lease, a temperature range in Tenant's server room within the Premises which is customary for server rooms as may be determined by a qualified technician. Tenant agrees to keep closed, when necessary, blinds, draperies and windows which must be closed to provide for the efficient operation of the heating and air conditioning systems, if any, and Tenant agrees to cooperate with Landlord and to abide by the regulations and requirements which Landlord may prescribe for the proper functioning and protection of the heating, ventilating and air-conditioning system, if any. If Tenant requires heating, ventilating and air conditioning to the Premises (other than to the server room) other than during normal business hours from 7:30 A.M. to 6:00 P.M. Monday through Friday and from 8:00 A.M. to 12:00 PM on Saturdays, except those legal holidays generally observed in the State of

Washington, Landlord shall, upon Tenant's request made not less than 24 hours before the time Tenant requires the after hour service, and not later than Noon on the Friday before any Saturday or Sunday on which Tenant requires such service, and not later than Noon of the day before any holiday on which Tenant requires such service (except as otherwise provided in the Rules and Regulations), furnish such heating, ventilating and air conditioning. If Tenant receives such services, then Tenant shall pay, upon demand, an amount equal to Tenant's proportionate share of the actual direct cost to Landlord in providing the heating, ventilating and air conditioning outside of normal business hours;

(iii) Water for restroom and drinking purposes and access to restroom facilities;

(iv) Elevator service for general office pedestrian usage;

(v) Relamping of building-standard light fixtures;

(vi) Subject to the other terms and conditions of this Lease, access to the Building and the Premises 24 hours per day, 7 days per week, by proximity card reader system(s), together with initial proximity access cards for each employee of Tenant;

(vii) Washing of interior and exterior surfaces of exterior windows with reasonable frequency; and

(viii) Janitorial service five (5) times per week, except holidays.

(b) Payment for Excess Utilities and Services. All services and utilities for the Premises not required to be furnished by Landlord pursuant to Section 16(a) shall be paid for by Tenant. If Tenant requires, on a regular basis, water, heat, air conditioning, electric current, elevator or janitorial service in excess of that provided for in Section 16(a), then Tenant shall first obtain the consent of Landlord which consent may not be unreasonably withheld, conditioned or delayed. If Landlord consents to such excess use, Landlord may install an electric current or water meter (including, without limitation, any additional wiring, conduit or panel required therefore) to measure the excess electric current or water consumed by Tenant or may cause the excess usage to be measured by other reasonable methods (e.g. by temporary "check" meters or by survey). Tenant shall pay to Landlord upon demand (i) the cost of any and all water, heat, air conditioning, electric current, janitorial, elevator or other services or utilities required to be furnished to Tenant in excess of the services and utilities required to be furnished by Landlord as provided in Section 16(a); (ii) the cost of installation, maintenance and repair of any meter installed in the Premises; (iii) the cost of all electricity and water consumed by Tenant in connection with any dedicated heating, ventilating and/or air conditioning, computer power and/or air conditioning, telecommunications or other special systems of Tenant, including any power usage other than through existing standard 110-volt AC outlets; and (iv) any reasonable cost incurred by Landlord in keeping account of or determining such excess utilities or services furnished to Tenant. Landlord shall bill Tenant for any such excess utilities or services on a monthly basis.

(c) Temperature Balance. Landlord makes no representation to Tenant regarding the adequacy or fitness of the heating, ventilating and air-conditioning systems in the Building to maintain temperatures that may be required for, or because of, any of Tenant's equipment other than normal office equipment, such as network servers, personal computers, laser printers, copiers, dictating machines and other small equipment normally used in business offices, and Landlord shall have no liability for loss or damage suffered by Tenant or others in connection therewith. If the temperature otherwise maintained in any portion of the Premises by the heating, air conditioning or ventilation system is affected as a result of (i) any lights, machines or equipment (including without limitation electronic data processing machines) used by Tenant in the Premises or the use of more than one personal computer per person, (ii) the occupancy of the Premises by more than two (2) persons per two hundred (200) square feet of rentable area therein, (iii) an electrical load for lighting or power in excess of the limits per square foot of rentable area of the Premises specified in Section 16(a), or (iv) any rearrangement of partitioning or other improvements, Landlord may install any equipment, or modify any existing equipment (including the standard air conditioning equipment) Landlord deems necessary to restore the temperature balance. The cost of any such equipment, including without limitation, the cost of design and installation thereof, and the cost of operating, metering, maintaining or repairing the same, shall be paid by Tenant to Landlord upon demand. Tenant shall not install or operate window-mounted heating or air-conditioning units.

(d) Special Electrical or Water Connections: Electricity Use. Tenant will not, without the prior consent of Landlord, which Landlord in its sole discretion may refuse, connect or use any apparatus or device in the Premises (i) using current in excess of 110 volts or (ii) which will cause the amount of electricity or water furnished to the Premises to exceed the amount required for use of the Premises for ordinary general office purposes, as reasonably determined by Landlord, during normal business hours or (iii) which would cause Tenant's connected load to exceed any limits established in Section 16(a). Tenant shall not connect with electric current except through existing outlets in the Premises and shall not connect with water pipes except through existing plumbing fixtures in the Premises. In no event shall Tenant's use of electricity exceed the capacity of existing feeders to the Building or the risers or wiring installation, and Landlord may prohibit the use of any electrical equipment which in Landlord's opinion will overload such wiring or interfere with the use thereof by other tenants in the Building. If Landlord consents to the use of equipment requiring such changes, Tenant shall pay the cost of installing any additional risers, panels or other facilities that may be necessary to furnish energy to the Premises.

After the initial Landlord's Work has been made to the Premises pursuant to Exhibit C, Landlord will not permit additional coring of the floor of the Premises in order to install new electric outlets in the Premises unless Tenant furnishes Landlord with X-ray scans of the floor area where the Tenant wishes to place additional electrical outlets and Landlord, in its absolute discretion, is satisfied, on the basis of such X-ray scans and other information obtained by Landlord, that coring of the floor in order to install such additional outlets will not weaken the structure of the floor.

(e) Landlord's Duties. Landlord shall not be in default under this Lease or liable for any damages resulting from, or incidental to, any of the following, nor shall any of the following be an actual or constructive eviction of Tenant, nor shall the Rent be abated by reason of: (i) failure to furnish or delay in furnishing any of the services described in this Section when such failure or delay is caused by accident or any condition beyond the reasonable control of Landlord, including the making of necessary repairs or improvements to the Premises or to the Building, (ii) any electrical surges or spikes, or (iii) failure to make any repair or to perform any maintenance, unless such failure shall persist for an unreasonable time after notice of the need for such repair or maintenance is given to Landlord by Tenant; provided, however, that if the utilities or services that are required for Tenant's use and occupancy of the Premises are interrupted for any reason whatsoever, due to the gross negligence or willful misconduct of Landlord or its employees or authorized representatives, for a period of more than three (3) business days so that Tenant is unable to operate its business in the Premises, then Rent shall abate from start of the fourth (4<sup>th</sup>) business day of such interruption until the Tenant is reasonably able to resume operations at all or substantially all of the Premises. Landlord shall use reasonable efforts to remedy any interruption in the furnishing of such services.

(f) Governmental Regulations. Any other provisions of this Section notwithstanding, if any governmental authority or utility supplier imposes any laws, controls, conditions, or other restrictions upon Landlord, Tenant, or the Building, relating to the use or conservation of energy or utilities, mandated changes in temperatures to be maintained in the Premises or the Building or the reduction of automobile or other emissions (collectively, the "Controls"), or in the event Landlord is required or elects to make alterations to the Building in order to comply with the Controls, Landlord may, in its reasonable discretion, comply and may require Tenant to comply with the Controls or make such alterations to the Building in order to comply with the Controls. Such compliance and the making of such alterations shall not constitute an actual or constructive eviction of Tenant, impose on Landlord any liability whatsoever, or entitle Tenant to any abatement of Rent provided that Tenant's access to and use and occupancy of the Premises is not materially interfered with.

#### 17. Indemnity.

(a) Generally. Tenant shall hold Landlord harmless from and against any and all damages arising out of any damage to any persons or property occurring in, on or about the Premises or the Property resulting from the acts or omissions of Tenant or its authorized representatives. Landlord shall hold Tenant harmless from and against any and all damages arising out of any damage to any persons or property occurring in, on or about the Premises or the Property resulting from the acts or omissions of Landlord or its authorized representatives. A party's obligation under this Section to indemnify and hold

the other party harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified.

(b) Concurrent Negligence of Landlord and Tenant. Notwithstanding Section 17(a) above, in the event of concurrent negligence of Tenant, or its authorized representatives, on the one hand, and that of Landlord, or its authorized representatives, on the other hand, which concurrent negligence results in damage to any persons or property occurring in, on or about the Premises or the Property, either party's obligation to indemnify the other party as set forth in Section 17(a) shall be limited to the extent of the negligence of the indemnifying party, or its authorized representatives, including the indemnifying party's proportional share of costs and attorneys' fees incurred in connection with any claims, actions or proceedings brought with respect to such damage.

(c) Waiver of Worker's Compensation Immunity. The indemnification obligations contained in this Section shall not be limited by any worker's compensation, benefit or disability laws, and each indemnifying party hereby waives (solely for the benefit of the indemnified party) any immunity that said indemnifying party may have under the Industrial Insurance Act, Title 51 RCW and similar worker's compensation, benefit or disability laws.

(d) Provisions Specifically Negotiated. LANDLORD AND TENANT ACKNOWLEDGE BY THEIR EXECUTION OF THIS LEASE THAT EACH OF THE INDEMNIFICATION PROVISIONS OF THIS LEASE (SPECIFICALLY INCLUDING BUT NOT LIMITED TO THOSE RELATING TO WORKER'S COMPENSATION BENEFITS AND LAWS) WERE SPECIFICALLY NEGOTIATED AND AGREED TO BY LANDLORD AND TENANT.

18. Exemption of Landlord from Liability. Landlord and Landlord's Agent shall not be liable for injury to Tenant's business or loss of income therefrom or for damage which may be sustained by the person, goods, wares, merchandise or property of Tenant, its authorized representatives, or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures of the same, whether the said damage or injury resulting from conditions arising upon the Premises or upon other portions of the Building or the Property unless such injury or damage is caused by the negligence or willful misconduct of Landlord or its authorized representatives.

19. Commercial General Liability and Property Damage Insurance. Tenant, at its cost, shall maintain commercial general liability insurance (including contractual liability and products and completed operations liability) with liability limits of not less than \$2,000,000 per occurrence, and \$2,000,000 annual aggregate, insuring against all liability of Tenant and its authorized representatives arising out of or in connection with Tenant's use and occupancy of the Premises and property damage insurance with liability limits of not less than \$1,000,000. All such commercial general liability and property damage insurance shall insure performance by Tenant of the indemnity provisions of Section 17 captioned "Indemnity". Landlord and Landlord's Agent shall be additional named insureds on such insurance policy.

20. Tenant's Property Insurance. Tenant, at its cost, shall maintain on all of Tenant's Alterations, Trade Fixtures and Personal Property in, on or about the Premises, a policy of standard property insurance, special form causes of loss, in an amount equal to at least their full replacement cost. The proceeds of any such policy may be used by Tenant for the restoration of Tenant's Alterations and Trade Fixtures and the replacement of its Personal Property. Any portion of such proceeds not used for such restoration shall belong to Tenant.

21. Waiver of Claims; Waiver of Subrogation. Landlord and Tenant release each other, and their respective authorized representatives, from, and waive their entire claim of recovery for, any claims for damage to the Premises and the Building and to Tenant's alterations, trade fixtures and personal property that are caused by or result from fire, lightning or any other perils normally included in an "all risk" property insurance policy whether or not such loss or damage is due to the negligence of Landlord, or its

authorized representatives, or of Tenant, or its authorized representatives. Landlord and Tenant shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by such insurance policy.

22. Other Insurance Matters. All insurance required to be carried by Tenant under this Lease shall: (i) be issued by insurance companies authorized to do business in the State of Washington with a rating of A-/VIII or better as rated in the most recent edition of Best's Insurance Reports; (ii) be issued as a primary policy, and (iii) contain an endorsement, if available, requiring thirty (30) days' prior written notice from the insurance company to both parties, to Landlord's Agent, and, if requested by Landlord, to Landlord's lender, before cancellation or material change in the coverage, scope, or amount of any policy. Each policy or a certificate of the policy, together with evidence of payment of premiums and the endorsements required by this Lease, shall be deposited with Landlord on or before the Commencement Date, and on renewal of the policy not less than ten (10) days before expiration of the term of the policy.

23. Destruction.

(a) Insured Damage. If during the Term the Premises or the Building are partially or totally destroyed by any casualty that is covered by any insurance carried by Landlord covering the Building, rendering the Premises partially or totally inaccessible or unusable, Landlord shall restore the Premises or the Building to substantially the same condition as they were in immediately before such destruction; if (i) the insurance proceeds available to Landlord equal or exceed the cost of such restoration, (ii) in the opinion of a registered architect or engineer appointed by Landlord such restoration can be completed within one hundred eighty (180) days after the date on which Landlord obtains all permits necessary for such restoration, and (iii) such restoration is permitted under then existing laws to be done in such a manner as to return the Premises, or the Building, as the case may be, to substantially the same condition as they were in immediately before such destruction. To the extent that the insurance proceeds must be paid to a mortgagee under, or must be applied to reduce any debt secured by, a mortgage covering the Property, the insurance proceeds shall be deemed not to be available to Landlord unless such mortgagee permits Landlord to use the insurance proceeds for such restoration. Such destruction shall not terminate this Lease. If Landlord does not complete such restoration within nine (9) months following the date of such destruction, then Tenant may elect to terminate this Lease by giving notice to such effect to Landlord within ten (10) business days following the end of such nine (9) month period.

(b) Major or Uninsured Damage. If during the Term the Premises or the Building are partially or totally destroyed by any casualty and Landlord is not obligated under Section 23(a) captioned "Insured Damage" to restore the Premises or the Building, as the case may be, then (i) Landlord may, at its election, restore the Premises or the Building to substantially the same condition as they were in immediately before such destruction, or (ii) either party may terminate this Lease effective as of the date of such destruction by notice to the other within sixty (60) days after the date of destruction. If Landlord does not give Tenant notice within sixty (60) days after the date of such destruction of its election to restore the Premises or the Building, as the case may be, Landlord shall be deemed to have elected to terminate this Lease. If Landlord elects to restore the Premises or the Building, as the case may be, Landlord shall use commercially reasonable efforts to complete such restoration within one hundred eighty (180) days after the date on which Landlord obtains all permits necessary for such restoration, provided, however, that such one hundred eighty (180) day period shall be extended by a period equal to any delays caused by Force Majeure, and such destruction shall not terminate this Lease. If Landlord does not complete such restoration within nine (9) months following the date of such destruction, then Tenant may elect to terminate this Lease by giving notice to such effect to Landlord within ten (10) days following the end of such one (1) year period. Notwithstanding anything to the contrary set forth in Section 23(a) or (b), (x) Tenant may also elect to terminate this Lease, by giving notice to such effect to Landlord within thirty (30) days following the date of destruction, if restoration of the Premises cannot reasonably be completed within nine (9) months after the date of destruction, and (y) either party may elect to terminate this Lease, by giving notice to such effect to the other party within thirty (30) days following the date of destruction, if the damage or destruction occurs during the last two (2) years of the Term.



(c) Damage to the Building. If during the Term the Building is partially destroyed by any casualty and if in the reasonable opinion of Landlord all leases in the Building which are affected by the casualty are to be terminated and the Building should be restored in such a way as to materially alter the Premises, then Landlord may, at Landlord's election, terminate this Lease by giving notice to Tenant of Landlord's election to do so within sixty (60) days after the date of such destruction.

(d) Extent of Landlord's Obligation to Restore. If Landlord is required or elects to restore the Premises as provided in this Section, Landlord shall not be required to restore alterations made by Tenant, Tenant's trade fixtures and Tenant's personal property, such excluded items being the sole responsibility of Tenant to restore.

(e) Abatement or Reduction of Rent. In case of damage to, or destruction of, the Premises or the Building the Minimum Monthly Rent shall be abated or reduced, between the date of destruction and the date of completion of restoration, by an amount that is in the same ratio to the Minimum Monthly Rent as the total number of square feet of the Premises that are so damaged or destroyed bears to the total number of square feet in the Premises.

24. Condemnation. If during the Term there is any taking of part or all of the Premises or the Building by condemnation, then the rights and obligations of the parties shall be as follows:

(a) Minor Taking. If there is a taking of less than ten percent (10%) of the Premises, this Lease shall remain in full force and effect, provided Landlord repairs any resulting damage and that Tenant in Tenant's reasonable judgment is able to conduct its business in the remaining portion of the Premises.

(b) Major Taking. If there is a taking of ten percent (10%) or more of the Premises or, regardless of the percentage taken, if the remaining portion of the Premises is of such size or configuration that Tenant in Tenant's reasonable judgment is unable to conduct its business in the Premises, then the Term shall terminate as of the date of taking.

(c) Taking of Part of the Building. If there is a taking of a part of the Building other than the Premises and if in the reasonable opinion of Landlord all leases in the Building that are affected by the taking are to be terminated and the Building should be restored in such a way as to materially alter the Premises, then Landlord may terminate the Term by giving notice to such effect to Tenant within sixty (60) days after the date of vesting of title in the condemnor and the Term shall terminate as of the date specified in such notice, which date shall not be less than one hundred twenty (120) days after the giving of such notice.

(d) Award. The entire award for the Premises, the Building and the Property, shall belong to and be paid to Landlord, Tenant hereby assigning to Landlord Tenant's interest therein, if any, provided, however, that Tenant shall have the right to claim and recover from the condemnor compensation for the loss of any alterations made by Tenant, Tenant's trade fixtures, Tenant's personal property, moving expenses and business interruption.

(e) Abatement of Rent. If any part of the Premises is taken by condemnation and this Lease remains in full force and effect, on the date of taking the Minimum Monthly Rent shall be reduced by an amount that is in the same ratio to the Minimum Monthly Rent as the total number of square feet in the Premises taken bears to the total number of square feet in the Premises immediately before the date of taking.

25. Assignment and Subletting.

(a) Landlord's Consent; Definitions. Tenant acknowledges that the Building is a multi-tenant office building, occupied by tenants specifically selected by Landlord, and that Landlord has a legitimate interest in the type and quality of such tenants, the location of tenants in the Building and in controlling the leasing of space in the Building so that Landlord can better meet the particular needs of its tenants and protect and enhance the relative image, position and value of the Building in the office building market. Tenant further acknowledges that the rental value of the Premises may fluctuate during the Term in accordance with market conditions, and, as a result, the Rent paid by Tenant under the Lease at any particular time may be higher or lower than the then market rental value of the

Premises. Landlord and Tenant agree, and the provisions of this Section are intended to so provide, that, if Tenant voluntarily assigns its interest in this Lease or in the Premises or subleases any part or all of the Premises, Fifty Percent (50%) of the net profits from any increase in the market rental value of the Premises shall belong to Landlord. Tenant acknowledges that, if Tenant voluntarily assigns this Lease or subleases any part or all of the Premises, Tenant's investment in the subject portion of the Premises (specifically including, but not limited to, tenant improvements, good will or other assets) may be lost or reduced as a result of such action.

(b) Consent Required. Tenant shall not voluntarily assign or encumber its interest in this Lease or in the Premises, or sublease any part or all of the Premises, without Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Tenant may sublease up to two offices in the Premises prior to Tenant's initial occupancy. Any assignment, encumbrance or sublease without Landlord's consent shall be voidable and, at Landlord's election, shall constitute a default by Tenant under this Lease. In determining whether to approve a proposed assignment or sublease, Landlord shall place primary emphasis on the proposed transferee's reputation and creditworthiness, the character of the business to be conducted by the proposed transferee at the Premises and the affect of such assignment or subletting on the tenant mix in the Building. In addition, Landlord shall have the right to approve the specific form of any assignment or sublease agreement. In no event shall Landlord be obligated to consent to any assignment or subletting which increases (i) the Operating Costs, (ii) the burden on the Building services, or (iii) the foot traffic, elevator usage or security concerns in the Building, or creates an increased probability of the comfort and/or safety of the Landlord and other tenants in the Building being unreasonably compromised or reduced (for example, but not exclusively, Landlord may deny consent to an assignment or subletting where the space will be used for a school or training facility, an entertainment, sports or recreation facility, retail sales to the public (unless Tenant's permitted use is retail sales), a personnel or employment agency, a medical office, or an embassy or consulate or similar office). Landlord shall not be obligated to approve an assignment or subletting to (x) a current tenant of the Building or (y) a prospective tenant of the Building with whom Landlord is then negotiating. Landlord's foregoing rights and options shall continue throughout the entire term of this Lease. No consent to any assignment, encumbrance or sublease shall constitute a waiver of the provisions of this Section and no other or subsequent assignment, encumbrance or sublease shall be made without Landlord's prior consent. Neither an assignment or subletting nor the collection of Rent by Landlord from any person other than Tenant, nor the application of any such Rent as provided in this Section shall be deemed a waiver of any of the provisions of this Section or release Tenant from its obligation to comply with the terms and provisions of this Lease and Tenant shall remain fully and primarily liable for all of Tenant's obligations under this Lease, including the obligation to pay Rent under this Lease. Any personal guarantee(s) of Tenant's obligations under this Lease shall remain in full force and effect following any such assignment or subletting. In addition to Landlord's other rights under this Section, Landlord may condition approval of an assignment or subletting hereunder on an increase in the amount of the Security Deposit or on receipt of personal guarantees of the assignee's or sublessee's obligations under this Lease. Except for the option to extend the Term set forth in Section 46 below, the Expansion Option set forth in Section 48 below and the Expansion Space Early Termination Option set forth in Section 49 below, which shall be transferred to any assignee of all or substantially all of Tenant's interest in this Lease and approved by Landlord pursuant to this Section, any other renewal or extension options, expansion options, rights of first refusal, rights of first negotiation or any other rights or options pertaining to additional space in the Building, such rights and/or options shall not run to the assignee or subtenant, it being agreed by the parties hereto that any such rights and options are personal to Tenant named herein and may not be transferred.

(c) Conditions to Assignment or Sublease. Tenant agrees that any instrument by which Tenant assigns or sublets all or any portion of the Premises shall expressly provide that the assignee or subtenant may not further assign or sublet the assigned or sublet space without Landlord's prior consent (which consent shall not, subject to Landlord's rights under this Section, be unreasonably withheld or delayed), and that the assignee or subtenant will comply with all of the provisions of this Lease and that Landlord may enforce the Lease provisions directly against such assignee or subtenant. If this Lease is assigned, whether or not in violation of the terms and provisions of this Lease, Landlord may collect Rent from the assignee. If the Premises, or any part thereof, is sublet, Landlord may, upon a default under this

Lease, collect rent from the subtenant. In either event, Landlord may apply the amount collected from the assignee or subtenant to Tenant's obligation to pay Rent under this Lease.

(d) Events Constituting an Assignment or Sublease. For purposes of this Section, the following events shall be deemed an assignment or sublease, as appropriate: (i) the issuance of equity interests (whether stock, partnership interests or otherwise) in Tenant, or any assignee or subtenant, if applicable, or any entity controlling any of them, to any person or group of related persons, in a single transaction or a series of related or unrelated transactions, such that, following such issuance, such person or group shall have Control (as defined below) of Tenant, or any assignee or subtenant, if applicable; or (ii) a transfer of Control of Tenant, or any assignee or subtenant, if applicable, or any entity controlling any of them, in a single transaction or a series of related or unrelated transactions (including, without limitation, by consolidation, merger, acquisition or reorganization), except that the transfer of outstanding capital stock or other listed equity interests by persons or parties other than "insiders" within the meaning of the Securities Exchange Act of 1934, as amended, through the "over-the-counter" market or any recognized national or international securities exchange, shall not be included in determining whether Control has been transferred. "Control" shall mean direct or indirect ownership of more than fifty percent (50%) of all the legal and equitable interest in any business entity.

(e) Processing Expenses. Tenant shall pay to Landlord the reasonable amount of Landlord's cost of processing each proposed assignment or subletting, including without limitation, reasonable attorneys' and other professional fees, and the reasonable cost of Landlord's administrative, accounting and clerical time (collectively, "Processing Costs"), and the amount of all reasonable direct and indirect expense incurred by Landlord arising from the assignee or sublessee taking occupancy of the subject space, including without limitation, reasonable costs of freight elevator operation for moving of furnishings and trade fixtures, security service, janitorial and cleaning service, rubbish removal service, costs of changing signage, and costs of changing locks and making new keys (collectively, "Occupancy Costs"). Notwithstanding anything to the contrary herein, Landlord shall not be required to process any request for Landlord's consent to an assignment or subletting until Tenant has paid to Landlord Three Hundred Dollars (\$300.00), or Landlord's commercially reasonable estimate of the Processing Costs and the Occupancy Costs, whichever is greater; provided, however Tenant shall not be liable for Processing Costs in excess of \$500.00 per assignment or subletting.

(f) Consideration to Landlord. In the event of any assignment or sublease, whether or not requiring Landlord's consent, Landlord shall be entitled to receive, as Additional Rent, one-half (1/2) of any consideration, including without limitation, payment for leasehold improvements paid for by Landlord, paid by the assignee or subtenant for the assignment or sublease and, in the case of sublease, one-half (1/2) of the excess of the amount of rent paid for the sublet space by the subtenant over the total amount of Minimum Monthly Rent under Section 5 and Additional Rent under Sections 7 and 8, less reasonable expenses incurred by Tenant for any changes, alterations and improvements to the Premises incident to such assignment or sublease, and any reasonable market-rate brokerage commission paid in connection with such assignment or sublease. Upon mutual agreement between Landlord and Tenant, Tenant shall assign to Landlord all amounts to be paid to Tenant by the assignee or subtenant and shall direct such assignee or subtenant to pay the same directly to Landlord. If there is more than one sublease under this Lease, the amounts (if any) to be paid by Tenant to Landlord pursuant to the preceding sentence shall be separately calculated for each sublease and amounts due Landlord with regard to any one sublease may not be offset against rental and other consideration due under any other sublease.

(g) Procedures. If Tenant desires to assign this Lease or any interest therein or sublet all or part of the Premises, Tenant shall give Landlord written notice thereof designating the space proposed to be sublet and the terms proposed. If the proposed sublease covers the entire Premises and if the term of the proposed sublease (including any renewal or extension terms) will expire during the final six (6) months of the Term (or if Tenant has exercised an extension option, if any, then during the final six (6) months of the subject extended term), then Landlord shall have the prior right and option (to be exercised by written notice to Tenant given within ten (10) business days after receipt of Tenant's notice) (i) to terminate this Lease, or (ii) to approve Tenant's proposal to sublet conditional upon Landlord's subsequent written approval of the specific sublease obtained by Tenant and the specific subtenant named therein. If Landlord exercises its option described in (ii) above, Tenant shall, unless Tenant rescinds its proposal

within ten (10) business days after Landlord's notice, submit to Landlord for Landlord's written approval Tenant's proposed sublease agreement (in which the proposed subtenant shall be named) together with a current reviewed or audited financial statement prepared by a certified public accountant for such proposed subtenant and, if Landlord deems necessary, a credit report on such proposed subtenant prepared by a recognized credit reporting agency. If Landlord fails to exercise its option to terminate this Lease, this shall not be construed as or constitute a waiver of any of the provisions of this Section. If Landlord exercises its option to terminate this Lease, Landlord shall not have any liability for any real estate brokerage commission(s) or with respect to any of the costs and expenses that Tenant may have incurred in connection with its proposed subletting, and Tenant agrees to hold Landlord harmless from and against any and all claims (including, without limitation, claims for commissions) arising from such proposed subletting. Landlord's foregoing rights and options shall continue throughout the Term. For purposes of this Section, a proposed assignment of this Lease in whole or in part shall be deemed a proposed subletting of such space.

(h) Documentation. No permitted subletting by Tenant shall be effective until there has been delivered to Landlord a counterpart of the sublease in which the subtenant agrees to be and remain jointly and severally liable with Tenant for the payment of Rent pertaining to the sublet space and for the performance of all of the terms and provisions of this Lease; provided, however, that the subtenant shall be liable to Landlord for rent only in the amount set forth in the sublease. No permitted assignment shall be effective unless and until there has been delivered to Landlord a counterpart of the assignment in which the assignee assumes all of Tenant's obligations under this Lease arising on or after the date of the assignment. The failure or refusal of a subtenant or assignee to execute any such instrument shall not release or discharge the subtenant or assignee from its liability as set forth above.

(i) No Merger. Without limiting any of the provisions of this Section, if Tenant has entered into any subleases of any portion of the Premises, the voluntary or other surrender of this Lease by Tenant, or a mutual cancellation by Landlord and Tenant, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies or, at the option of Landlord, operate as an assignment to Landlord of any or all such subleases or subtenancies.

26. Default. The occurrence of any of the following shall constitute a default by Tenant under this Lease:

(a) Failure to Pay Rent. Failure to pay Rent when due, if the failure continues for a period of three (3) days after notice of such default has been given by Landlord to Tenant.

(b) Failure to Comply with Rules and Regulations. Failure to comply with the Rules and Regulations, if the failure continues for a period of twenty-four (24) hours after notice of such default is given by Landlord to Tenant. If the failure to comply cannot reasonably be cured within twenty-four (24) hours, then Tenant shall not be in default under this Lease if Tenant commences to cure the failure to comply within twenty-four (24) hours and diligently and in good faith continues to cure the failure to comply.

(c) Other Defaults. Failure to perform any other provision of this Lease, if the failure to perform is not cured within thirty (30) days after notice of such default has been given by Landlord to Tenant. If the default cannot reasonably be cured within thirty (30) days, then Tenant shall not be in default under this Lease if Tenant commences to cure the default within thirty (30) days and diligently and in good faith continues to cure the default.

(d) Appointment of Trustee or Receiver. The appointment of a trustee or receiver to take possession of substantially all of the Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days.

27. Remedies. If Tenant commits a default, Landlord shall have the following alternative remedies, which are in addition to any remedies now or later allowed by law:

(a) Maintain Lease in Force. Maintain this Lease in full force and effect and recover the Rent and other monetary charges as they become due, without terminating Tenant's right to possession, irrespective of whether Tenant shall have abandoned the Premises. If Landlord elects to not terminate the Lease, Landlord shall have the right to attempt to re-let the Premises at such rent and upon such conditions and for such a term, and to do all acts necessary to maintain or preserve the Premises as Landlord deems reasonable and necessary without being deemed to have elected to terminate the Lease including removal of all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. In the event any such re-letting occurs, this Lease shall terminate automatically upon the new Tenant taking possession of the Premises. Notwithstanding that Landlord fails to elect to terminate the Lease initially, Landlord at any time during the term of this Lease may elect to terminate this Lease by virtue of such previous default of Tenant, unless Tenant has cured such default pursuant to the provisions of Section 26, captioned "Default".

(b) Terminate Lease. Terminate Tenant's right to possession by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including without limitation thereto, the following: (i) The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that is proved could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including without limitation, any costs or expenses incurred by Landlord in (A) retaking possession of the Premises, including reasonable attorney fees therefore, (B) maintaining or preserving the Premises after such default, (C) preparing the Premises for reletting to a new tenant, including repairs or necessary alterations to the Premises for such reletting, (D) leasing commissions incident to reletting to a new tenant, and (E) any other costs necessary or appropriate to relet the Premises; plus (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable state law. The amounts described in clauses (C) and (D) shall be amortized over the term of the new tenant's lease, and Tenant shall only be liable to Landlord for the portion of such amounts attributable to the period prior to the Expiration Date of this Lease set forth in Section 1. Upon any such re-entry Landlord shall have the right to make any reasonable repairs, alterations or modifications to the Premises, which Landlord in its sole discretion deems reasonable and necessary. As used in Subsection 27(b)(i) the "worth at the time of award" is computed by allowing interest at the rate of twelve percent (12%) per year from the date of default. As used in Subsections 27(b)(ii) and 27(b)(iii) the "worth at the time of award" is computed by discounting such amounts at the discount rate of eight percent (8%) per year.

28. Bankruptcy.

(a) Assumption of Lease. If Tenant becomes a Debtor under Chapter 7 of the Bankruptcy Code ("Code") or a petition for reorganization or adjustment of debts is filed concerning Tenant under Chapters 11 or 13 of the Code, or a proceeding is filed under Chapter 7 of the Code and is transferred to Chapters 11 or 13 of the Code, the Trustee or Tenant, as Debtor and as Debtor-In-Possession, may not elect to assume this Lease unless, at the time of such assumption, the Trustee or Tenant has:

(i) Cured all defaults under the Lease and paid all sums due and owing under the Lease or provided Landlord with "Adequate Assurance" (as defined below) that: (I) within ten (10) days from the date of such assumption, the Trustee or Tenant will completely pay all sums due and owing under this Lease and compensate Landlord for any actual pecuniary loss resulting from any existing default or breach of this Lease, including without limitation, Landlord's reasonable costs, expenses, accrued

interest, and attorneys' fees incurred as a result of the default or breach; (ii) within twenty (20) days from the date of such assumption, the Trustee or Tenant will cure all non-monetary defaults and breaches under this Lease, or, if the nature of such non-monetary defaults is such that more than twenty (20) days are reasonably required for such cure, that the Trustee or Tenant will commence to cure such non-monetary defaults within twenty (20) days and thereafter diligently prosecute such cure to completion; and (iii) the assumption will be subject to all of the provisions of this Lease.

(ii) For purposes of this Section, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding involving Tenant, at a minimum, "Adequate Assurance" shall mean: (i) the Trustee or Tenant has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that the Trustee or Tenant will have sufficient funds to fulfill the obligations of Tenant under this Lease; (ii) the Bankruptcy Court shall have entered an Order segregating sufficient cash payable to Landlord and/or the Trustee or Tenant shall have granted a valid and perfected first lien and security interest and/or mortgage in or on property of Trustee or Tenant acceptable as to value and kind to Landlord, to secure to Landlord the obligation of the Trustee or Tenant to cure the monetary and/or non-monetary defaults and breaches under this Lease within the time periods set forth above; and (iii) the Trustee or Tenant, at the very minimum, shall deposit a sum equal to two (2) month's Minimum Monthly Rent to be held by Landlord (without any allowance for interest thereon) to secure Tenant's future performance under the Lease.

(b) Assignment of Lease. If the Trustee or Tenant has assumed the Lease pursuant to the provisions of this Section for the purpose of assigning Tenant's interest hereunder to any other person or entity, such interest may be assigned only after the Trustee, Tenant or the proposed assignee have complied with all of the terms, covenants and conditions of this Lease, including, without limitation, those with respect to Additional Rent. Landlord and Tenant acknowledge that such terms, covenants and conditions are commercially reasonable in the context of a bankruptcy proceeding of Tenant. Any person or entity to which this Lease is assigned pursuant to the provisions of the Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall upon request execute and deliver to Landlord an instrument confirming such assignment.

(c) Adequate Protection. Upon the filing of a petition by or against Tenant under the Code, Tenant, as Debtor and as Debtor-In-Possession, and any Trustee who may be appointed agree to adequately protect Landlord as follows: (i) to perform each and every obligation of Tenant under this Lease until such time as this Lease is either rejected or assumed by Order of the Bankruptcy Court; (ii) to pay all monetary obligations required under this Lease, including without limitation, the payment of Minimum Monthly Rent, Tenant's Share of Real Property Taxes, Tenant's Share of Operating Costs and any other sums payable by Tenant to Landlord under this Lease which is considered reasonable compensation for the use and occupancy of the Premises; (iii) provide Landlord a minimum of thirty (30) days prior written notice, unless a shorter period is agreed to in writing by the parties, of any proceeding relating to any assumption of this Lease or any intent to abandon the Premises, which abandonment shall be deemed a rejection of this Lease; and (iv) to perform to the benefit of Landlord as otherwise required under the Code. The failure of Tenant to comply with the above shall result in an automatic rejection of this Lease.

29. Intentionally Omitted.

30. Limitation on Landlord's Liability. Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements 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 Property and any proceeds thereof, but are made and intended for the purpose of binding only the Landlord's interest in the Property and any proceeds thereof. 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 this Lease or on account of any covenant, undertaking or agreement of Landlord contained in this Lease.

31. Signs. Tenant shall not have the right to place, construct or maintain any sign, advertisement, awning, banner or other exterior decoration without Landlord's consent. Any sign that Tenant has Landlord's consent to place, construct and maintain shall comply with all laws, and Tenant shall obtain any approval required by such laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.

32. Landlord's Right to Enter the Premises. Landlord and its authorized representatives shall have the right to enter the Premises at reasonable times and upon reasonable prior notice (except in an emergency when no such notice shall be required) for any of the following purposes: (i) to determine whether the Premises are in good condition and whether Tenant is complying with its obligations under this Lease, (ii) to do any maintenance; to make any restoration to the Premises or the Building that Landlord has the right or the obligation to perform, and to make any improvements to the Premises or the Building that Landlord reasonably deems necessary, (iii) to serve, post or keep posted any notices required or allowed under the provisions of this Lease, (iv) to post any ordinary "For Sale" signs at any time during the Term and to post any ordinary "For Lease" signs during the last ninety (90) days of the Term, and (v) to show the Premises to prospective brokers, agents, purchasers, tenants or lenders, at any time during the Term. Landlord shall not be liable in any manner for any inconvenience, annoyance, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Section, except damage resulting from the negligent or willful acts of Landlord or its authorized representatives. Tenant shall not be entitled to an abatement or reduction of Rent if Landlord exercises any right reserved in this Section. Landlord shall conduct its activities on the Premises as allowed in this Section in a reasonable manner so as to cause minimal inconvenience, annoyance or disturbance to Tenant.

33. Subordination. This Lease is and shall be prior to any mortgage recorded after the date of this Lease affecting the Property. If, however, a lender requires that this Lease be subordinate to any mortgage, this Lease shall be subordinate to that mortgage if Landlord first obtains from the lender a written agreement that provides substantially the following:

"As long as Tenant performs its obligations under this Lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the mortgage, and no steps or procedures taken under the mortgage, shall affect Tenant's rights under this Lease."

Tenant shall attorn to any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure. Tenant shall execute the written agreement and any other commercially reasonable documents required by the lender to accomplish the purposes of this Section.

34. Right to Estoppel Certificates. Tenant, within ten (10) business days after notice from Landlord, shall execute and deliver to Landlord, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified and stating the modifications. The certificate shall also state the amount of Minimum Monthly Rent, the dates to which Rent has been paid in advance, and the amount of any Prepaid Rent or Security Deposit and such other matters concerning the status of the Lease as Landlord may reasonably request. Failure to deliver the certificate within such ten (10) business day period shall be conclusive upon Tenant for the benefit of Landlord and any successor to Landlord, that this Lease is in full force and effect and has not been modified except as may be represented by Landlord requesting the certificate.

35. Transfer of Landlord's Interest. If Landlord sells or transfers the Property, Landlord, on consummation of the sale or transfer, shall be released from any liability thereafter accruing under this Lease if Landlord's successor has assumed in writing, for the benefit of Tenant, Landlord's obligations under this Lease. If any Security Deposit or Prepaid Rent has been paid by Tenant, Landlord shall transfer such Security Deposit or Prepaid Rent to Landlord's successor and on such transfer Landlord shall be discharged from any further liability with respect to such Security Deposit or Prepaid Rent.

36. Attorneys' Fees. If either party shall bring any action for relief against the other party, declaratory or otherwise, arising out of this Lease, including any action by Landlord for the recovery of Rent or possession of the Premises, the losing party shall pay the successful party a reasonable sum for attorneys' fees which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.

37. Surrender; Holding Over.

(a) Surrender. On expiration or ten (10) days after termination of the Term, Tenant shall surrender the Premises and all Tenant's Improvements and alterations to Landlord broom clean and in good condition. Tenant shall remove all of its trade fixtures and personal property, which personal property specifically includes all cabling installed in the Premises by Tenant (unless Tenant has received consent from Landlord that such cabling may be surrendered with and remain in the Premises), within the time period stated in this Section. Tenant, at its cost, shall perform all restoration made necessary by, and repair any damage to the Premises caused by, the removal of its trade fixtures, personal property, and signs to Landlord's reasonable satisfaction within the time period stated in this Section. Landlord may, at its election, retain or dispose of in any manner any of Tenant's trade fixtures or personal property that Tenant does not remove from the Premises on expiration or within ten (10) days after termination of the Term as allowed or required by the provisions of this Lease by giving ten (10) days notice to Tenant. Title to any such trade fixtures and personal property that Landlord elects to retain or dispose of on expiration of such ten (10) day period shall vest in Landlord. Tenant waives all claims against Landlord for any damage to Tenant resulting from Landlord's retention or disposition of any such trade fixtures and personal property. Tenant shall be liable to Landlord for Landlord's reasonable costs for storing, removing and disposing of Tenant's trade fixtures and personal property. If Tenant fails to surrender the Premises to Landlord on expiration or ten (10) days after termination of the Term as required by this Section, Tenant shall pay Landlord Rent in an amount equal to 150% of the Minimum Monthly Rent applicable to each month immediately following the expiration or termination of the Term for the entire time Tenant thus remains in possession and Tenant shall be liable for, shall indemnify Landlord against and shall hold Landlord harmless from all damages resulting from Tenant's failure to timely surrender the Premises, including without limitation, (i) any Rent payable by, or any damages claimed by, any prospective tenant of any part or all of the Premises, and (ii) Landlord's damages resulting from such prospective tenant rescinding or refusing to enter into the prospective lease of part or all of the Premises by reason of Tenant's failure to timely surrender the Premises. If Tenant, without Landlord's prior consent, remains in possession of the Premises after expiration or termination of the Term, or after the date in any notice given by Landlord to Tenant terminating this Lease, such possession by Tenant shall be deemed to be a tenancy at sufferance terminable at any time by either party.

(b) Holding Over with Landlord's Consent. If Tenant, with Landlord's prior consent, remains in possession of the Premises after expiration or termination of the Term, or after the date in any notice given by Landlord to Tenant terminating this Lease, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable by Landlord by a notice given to Tenant at least twenty (20) days prior to the end of any such monthly period or by Tenant by a notice given to Landlord at least thirty (30) days prior to the end of any such monthly period. During such month-to-month tenancy, Tenant shall pay Rent in the amount then agreed to in writing by Landlord and Tenant, which amount shall not exceed one hundred fifty percent (150%) of the Minimum Monthly Rent applicable for the month immediately prior to the expiration or termination of the Term. All provisions of this Lease, except those pertaining to term, shall apply to the month-to-month tenancy.

38. Agency Disclosure; Broker.

(a) Agency Disclosure. Kidder Mathews hereby discloses that it represents the Landlord and Paul Suzman of OfficeLease represents the Tenant in this transaction, and, for purposes of Subsection (b) below, shall be considered the Brokers.

(b) Broker. Landlord and Tenant each represent to the other that neither is represented by any broker, agent or finder with respect to this Lease in any manner, except the Broker(s). The commission due to the Broker(s) shall be paid by Landlord pursuant to a separate agreement. Each party



agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Lease.

39. Interest on Unpaid Rent. In addition to the Late Charge as provided in Section 5(b), Rent not paid when due shall bear interest from the date due until paid at the rate of twelve percent (12%) per year, or the maximum legal rate of interest, whichever is less.

40. Landlord's Option to Relocate Tenant. Intentionally omitted.

41. Definitions. As used in this Lease, the following words and phrases, whether or not capitalized, shall have the following meanings:

(a) "Additional Rent" means pass-throughs of increases in Operating Costs and Taxes, as defined in this Lease, and other monetary sums to be paid by Tenant to Landlord under the provisions of this Lease.

(b) "Alteration" means any addition or change to, or modification of, the Premises made by Tenant, including without limitation, fixtures, but excluding trade fixtures as defined in this Section.

(c) "Authorized representatives" means any officer, agent, employee, independent contractor or invitee of either party.

(d) "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

(e) "Common Areas" means all areas outside the Premises and within the Building or on the Land that are provided and designated by Landlord from time to time for the general, non-exclusive use of Landlord, Tenant and other tenants of the Building and their authorized representatives, including without limitation, common entrances, lobbies, corridors, stairways and stairwells, elevators, escalators, public restrooms and other public portions of the Building.

(f) "Condemnation" means the exercise of any governmental power, whether by proceedings or otherwise, by a condemnor and a voluntary sale or transfer by Landlord to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

(g) "Condemnor" means any public or quasi-public authority or entity having the power of condemnation.

(h) "Damage" means any injury, deterioration, or loss to a person, property, the Premises or the Building caused by another person's acts or omissions or by Acts of God. Damage includes death.

(i) "Damages" means a monetary compensation or indemnity that can be recovered in the courts by any person who has suffered damage to his person, property or rights through another's acts or omissions.

(j) "Date of taking" means the date the condemnor has the right to possession of the property being condemned.

(k) "Encumbrance" means any mortgage, deed of trust or other written security device or agreement affecting the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.

(l) "Expiration" means the coming to an end of the time specified in the Lease as its duration, including any extension of the Term.

(m) "Force Majeure" means strikes, lockouts, labor disputes, shortages of labor or materials, fire or other casualty, Acts of God or any other cause beyond the reasonable control of a party.

(n) "Good condition" means the good physical condition of the Premises and each portion of the Premises, including without limitation, all of the Landlord's Work, Tenant's alterations, Tenant's trade fixtures, Tenant's Personal Property, all as defined in this Section, signs, walls, interior partitions, windows, window coverings, glass, doors, carpeting and resilient flooring, ceiling tiles, plumbing fixtures and lighting fixtures, all of which shall be in conformity with building standard finishes, ordinary wear and tear, damage by fire or other casualty and taking by condemnation excepted.

(o) "Hazardous substances" means any industrial waste, toxic waste, chemical contaminant or other substance considered hazardous, toxic or lethal to persons or property or designated as hazardous, toxic or lethal to persons or property under any laws, including without limitation, asbestos material or materials containing asbestos.

(p) "Hold harmless" means to defend and indemnify from all liability, losses, penalties, damages as defined in this Section, costs, expenses (including without limitation, reasonable attorneys' fees), causes of action, claims or judgments arising out of or related to any damage, as defined in this Section, to any person or property.

(q) "Law" means any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, administrative order or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Property, or both, in effect either at the time of execution of this Lease or at any time during the Term, including without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities) and any legally effective conditions, covenants or restrictions affecting the Property.

(r) "Lender" means the mortgagee, beneficiary, secured party or other holder of an encumbrance, as defined in this Section.

(s) "Lien" means a charge imposed on the Premises by someone other than Landlord, by which the Premises are made security for the performance of an act.

(t) "Maintenance" means repairs, replacement, repainting and cleaning.

(u) "Mortgage" means any deed of trust, mortgage or other written security device or agreement affecting the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.

(v) "Mortgagee" means the beneficiary under a deed of trust or mortgagee under a mortgage.

(w) "Mortgagor" means the grantor or trustor under a deed of trust or mortgagor under a mortgage.

(x) "Operating Costs" means all costs of any kind incurred by Landlord in operating, cleaning, equipping, protecting, lighting, repairing, replacing, heating, air-conditioning, maintaining and insuring the Property. Operating Costs shall include, without limitation, the following costs: (i) salaries, wages, bonuses and other compensation (including hospitalization, medical, surgical, retirement plan, pension plan, union dues, life insurance, including group life insurance, welfare and other fringe benefits, and vacation, holidays and other paid absence benefits) relating to employees of Landlord or its agents directly engaged in the operation, repair, or maintenance of the Property; (ii) payroll, social security, workers' compensation, unemployment and similar taxes with respect to such employees of Landlord or its authorized representatives, and the cost of providing disability or other benefits imposed by law, with respect to such employees; (iii) uniforms (including the cleaning, replacement and pressing thereof) provided to such employees; (iv) premiums and other charges incurred by Landlord with respect to fire, earthquake, other casualty, all risk, rent loss and liability insurance, any other insurance as is deemed necessary or advisable in the reasonable judgment of Landlord and, after the Base Year, costs of repairing an insured casualty to the extent of the deductible amount under the applicable insurance

policy; (v) water charges and sewer rents or fees; (vi) license, permit and inspection fees; (vii) sales, use and excise taxes on goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Property and Building systems and equipment; (viii) telephone, facsimile, messenger, express delivery service, postage, stationery supplies and other expenses incurred in connection with the operation, management, maintenance, or repair of the Property; (ix) customary and reasonable market-rate property management fees and expenses; (x) repairs to and physical maintenance of the Property, including building systems and appurtenances thereto and normal repair and replacement of worn-out equipment, facilities and installations, but excluding the replacement of major building systems (except to the extent provided in (xvi) and (xvii) below); (xi) janitorial, window cleaning, security, extermination, water treatment, rubbish removal, plumbing and other services and inspection or service contracts for elevator, electrical, HVAC, mechanical and other building equipment and systems or as may otherwise be necessary or proper for the operation or maintenance of the Property; (xii) supplies, tools, materials, and equipment used in connection with the operation, maintenance or repair of the Property; (xiii) reasonable accounting, legal and other professional fees and expenses; (xiv) painting the exterior or the public or common areas of the Building and the cost of maintaining the sidewalks, landscaping and other common areas of the Property; (xv) all costs and expenses for electricity, chilled water, air conditioning, water for heating, gas, fuel, steam, heat, lights, power and other energy related utilities required in connection with the operation, maintenance and repair of the Property; (xvi) the cost of any improvements which Landlord elects to capitalize made by Landlord to the Property during the Term in compliance with the requirements of any laws or regulation or insurance requirement with which the Property was not required to comply during the Base Year, as reasonably amortized by Landlord, with interest on the unamortized balance at the rate of ten percent (10%) per year, or the maximum legal rate of interest, whichever is less; (xvii) the cost of any improvements which Landlord elects to capitalize made by Landlord to the Property during the term of this Lease for the protection of the health and safety of the occupants of the Property or that are intended to reduce other Operating Costs, as reasonably amortized by Landlord, with interest on the unamortized balance at the rate of ten percent (10%) per year, or the maximum legal rate of interest, whichever is less; (xviii) a reasonable reserve for repair or replacement of equipment used in the maintenance or operation of the Property; (xix) the cost of furniture, draperies, carpeting, landscaping and other customary and ordinary items of personal property (excluding paintings, sculptures and other works of art) provided by Landlord for use in common areas of the Building or in the Building office (to the extent that such Building office is dedicated to the operation and management of the Property), such costs to be amortized over the useful life thereof; (xx) Building office rent or rental value; and (xxi) all other costs which, in accordance with generally sound accounting and management principles used by Landlord, as applied to the maintenance and operation of office and/or retail buildings, are properly chargeable to the operation and maintenance of the Property.

(x) Operating Costs shall not include the following: (i) depreciation on the Building; (ii) debt service; (iii) capital improvements, except as otherwise provided in clauses (xvi) and (xvii) above, (iv) rental under any ground or underlying leases; (v) Real Property Taxes, (vi) attorneys' fees and expenses incurred in connection with lease negotiations with prospective tenants, or default or enforcement proceedings with respect to defaulting tenants, or financing, refinancing or sale of the Building; (vii) the cost of tenant improvements; (viii) advertising expenses; (ix) real estate broker's or other leasing commissions; (xi) executives' salaries above the grade of building manager; (xii) amounts received by Landlord through proceeds of insurance to the extent the proceeds are compensation for expenses which were previously included in Operating Costs hereunder; (xiii) cost of repair or replacements incurred by reason of fire or other casualty or by the exercise of the right of eminent domain; (xiv) costs incurred in performing work or furnishing services for individual tenants (including Tenant) at such tenant's expense, to the extent that such work or service is in excess of any work or service Landlord at its expense is obligated to furnish to Tenant; (xv) all Operating Costs for which Landlord has received reimbursement, except by way of basic rents or escalation rents; (xvi) costs resulting from the correction of any latent construction defects in all of any portion of the Premises or Building; (xvii) penalties due to any violation of law by Landlord or other tenants; (xviii) damages incurred by Landlord for any default, breach, claim, judgment or settlement; and (xix) any expenses relating to, or allocated to, the residential portion of the Building.

(y) "Parties" means Landlord and Tenant.

(z) "Party" means Landlord or Tenant.

(aa) "Person" means one or more human beings, or legal entities or other artificial persons, including without limitation, partnerships, corporations, trusts, estates, associations and any combination of human beings and legal entities.

(bb) "Property" means the Premises, Building, the other building(s) in the Project and Land.

(cc) "Provision" means any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the Lease that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

(dd) "Real Property Taxes" means any form of tax, assessment, general assessment, special assessment, lien, levy, bond obligation, license fee, license tax, tax or excise on rent, or any other levy, charge or expense, together with any statutory interest thereon, (individually and collectively, the "Impositions"), now or hereafter imposed or required by any authority having the direct or indirect power to tax, including any federal, state, county or city government or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, (individually and collectively, the "Governmental Agencies") on any interest of Landlord or Tenant or both (including any legal or equitable interest of Landlord or its mortgagee, if any) in the Premises or the Property, including without limitation:

(i) any Impositions upon, allocable to or measured by the area of the Premises or the Property, or the rental payable hereunder, including without limitation, any gross income tax or excise tax levied by any Governmental Agencies with respect to the receipt of such rental; or

(ii) any Impositions upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair or use or occupancy by Tenant of the Premises or any portion thereof; or

(iii) any Impositions upon or with respect to the building equipment and personal property used in connection with the operation and maintenance of the Property or upon or with respect to the furniture, fixtures and decorations in the common areas of the Property.

(iv) any Impositions upon this Lease or this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises; or

(v) any Impositions by Governmental Agencies (whether or not such Impositions constitute tax receipts) in substitution, partially or totally, of any Impositions now or previously included within the definition of real property taxes, including those calculated to increase tax increments to Governmental Agencies and to pay for such services as fire protection, water drainage, street, sidewalk and road maintenance, refuse removal or other governmental services formerly provided without charge to property owners or occupants; or

(vi) any and all reasonable and necessary costs, including without limitation, the fees of attorneys, tax consultants and experts, incurred by Landlord should Landlord elect to negotiate or contest the amount of such real property taxes in formal or informal proceedings before the Governmental Agency imposing such real property taxes; provided, however, that real property taxes shall in no event include Landlord's general income, inheritance, estate, gift or franchise taxes.

(ee) "Rent" means Minimum Monthly Rent, as adjusted from time to time under this Lease, Additional Rent, Prepaid Rent, Security Deposit, all as defined in this Lease, payments of Tenant's Share of increases in Real Property Taxes and Operating Costs, Insurance, utilities and other charges payable by Tenant to Landlord.

(ff) "Rentable square feet of space" as to the Premises or the Building, as the case may be, means the number of usable square feet of space times the applicable R/U Ratio(s) as defined in this Section.

(gg) "Restoration" means the reconstruction, rebuilding, rehabilitation and repairs that are necessary to return damaged portions of the Premises and the Building to substantially the same physical condition as they were in immediately before the damage.

(hh) "R/U Ratio" means the rentable area of a floor of the Building divided by the usable area of such floor, both of which shall be computed in accordance with American National Standard Z65.1-1996 Method of Measuring Floor Space in Office Buildings as published by the Building Owners and Managers Association in 1996.

(ii) "Substantially complete" or "substantially completed" or "substantial completion" means the completion of Landlord's construction obligations in accordance with this Lease and the Work Letter attached hereto, subject to completion or correction of "punch list" items, that is, minor items of incomplete or defective work or materials or mechanical maladjustments that are of such a nature that they do not materially interfere with or impair Tenant's use of the Premises for the Permitted Use.

(jj) "Successor" means assignee, transferee, personal representative, heir, or other person or entity succeeding lawfully, and pursuant to the provisions of this Lease, to the rights or obligations of either party.

(kk) "Landlord's Work" means the improvements and alterations set forth in Exhibit C.

(ll) "Tenant's personal property" means Tenant's equipment, furniture, and movable property (including cabling) placed in the Premises by Tenant.

(mm) "Tenant's trade fixtures" means any property attached to the Premises by Tenant.

(nn) "Termination" means the ending of the Term for any reason before expiration, as defined in this Section.

(oo) "Work" means the construction of any improvements or alterations or the performance of any repairs done by Tenant or caused to be done by Tenant on the Premises as permitted by this Lease.

#### 42. Miscellaneous Provisions.

(a) Entire Agreement. This Lease sets forth the entire agreement of the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them. This Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each party hereto.

(b) Governing Law. This Lease shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington.

(c) Severability. Should any of the provisions of this Lease be found to be invalid, illegal or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Lease shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the parties.

(d) Jurisdiction. In the event any action is brought to enforce any of the provisions of this Lease, the parties agree to be subject to exclusive in personam jurisdiction in the Superior Court in and for King County Washington or in the United States District Court for the Western District of Washington and agree that in any such action venue shall lie exclusively at Seattle, Washington.

(e) Waiver. No waiver of any right under this Lease shall be effective unless contained in a writing signed by a duly authorized officer or representative of the party sought to be charged with the waiver and no waiver of any right arising from any breach or failure to perform shall be deemed to be a waiver of any future right or of any other right arising under this Lease.

(f) Captions. Section captions contained in this Lease are included for convenience only and form no part of the agreement between the parties.

(g) Notices. All notices or requests required or permitted under this Lease shall be in writing. Such notices or requests may be personally delivered, delivered by a reputable express delivery service such as Federal Express or DHL, or sent by certified mail, return receipt requested, postage prepaid. Such notices or requests shall be deemed given when so delivered, if personally delivered, or one (1) business day after mailed, if sent overnight by express delivery, or three (3) business days after mailed, if sent by certified mail, irrespective of whether such notice or request is actually received by the addressee. All notices or requests to Landlord shall be sent to Landlord at Landlord's Address for Notice and all notices or requests to Tenant shall be sent to Tenant at Tenant's Address for Notice. Either party may change the address to which notices shall be sent by notice to the other party.

(h) Binding Effect. Subject to the provisions of Section 25 captioned "Assignment and Subletting", this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. No permitted assignment of this Lease or Tenant's rights hereunder shall be effective against Landlord unless and until an executed counterpart of the instrument of assignment shall have been delivered to Landlord and Landlord shall have been furnished with the name and address of the assignee. The term "Tenant" shall be deemed to include the assignee under any such permitted assignment.

(i) Effectiveness. This Lease shall not be binding or effective until properly executed and delivered by Landlord and Tenant.

(j) Gender and Number. As used in this Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall include the masculine and feminine, the singular shall include the plural and the plural shall include the singular, as the context may require.

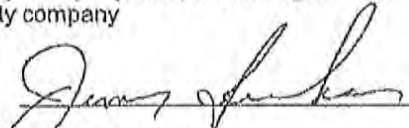
(k) Time of the Essence. Time is of the essence in the performance of all covenants and conditions in this Lease for which time is a factor.

[SIGNATURES ON NEXT PAGE]

Dated the date first above written.

**Landlord:**

Shelby Company, LLC, a Washington limited liability company

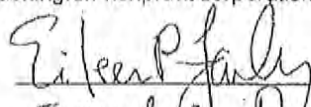
By:   
Its: Managing Member

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Tenant:**

Northwest Defenders Association, a Washington nonprofit corporation

By:   
Its: Executive Director

By: \_\_\_\_\_

Its: \_\_\_\_\_

This Lease has been prepared for submission to you and your attorney. Kidder Mathews is not authorized to give legal or tax advice. Neither Landlord nor Kidder Mathews makes any representations or recommendations as to the legal sufficiency, legal effect or tax consequences of this document or any transaction relating thereto. These are questions for your attorney with whom you should consult before signing the document to determine whether your legal rights are adequately protected.

LANDLORD'S ACKNOWLEDGEMENT FORM

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 18<sup>th</sup> day of March, 2011, before me personally appeared Jerry Anches to me known to be the Managing Member of Shelby Company, I.L.C, the individual that executed the within and foregoing Instrument, and acknowledged the same instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

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



Terry K. Howard  
Notary Public in and for the State of Washington  
residing at Snodgrass  
My commission expires: 10/27/2011

TENANT'S ACKNOWLEDGEMENT FORM

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 18<sup>th</sup> day of March, 2011, before me personally appeared Edwin P Farley, to me known to be the Executive Director of Northwest Defenders Association, a Washington nonprofit corporation, the individual that executed the within and foregoing instrument, and acknowledged the same instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

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



Terry K. Howard  
Notary Public in and for the State of Washington  
residing at Snodgrass  
My commission expires: 10/27/2011



## RIDER

This Rider is part of that certain Lease dated March 18<sup>th</sup>, 2011, by and between Shelby Company, LLC, a Washington limited liability company ("Landlord"), and Northwest Defenders Association, a Washington nonprofit corporation ("Tenant"), who further agree as follows:

43. Parking. Landlord shall arrange with the operator (the "Building Garage Operator") of the Watermark Tower Garage (the "Building Garage") to provide to Tenant two (2) unreserved parking stalls and the right, on an as-available basis and subject to Tenant's separate agreement with the Building Garage Operator, to use up to seventeen (17) additional unreserved parking stalls in the Building Garage until the Expiration Date or sooner termination of this Lease. Tenant shall pay the Building Garage Operator directly for all parking stalls it is using from time to time the then-applicable market rate in the location of such parking, plus all applicable taxes. From time to time the charge for such parking stalls may be increased to the then-prevailing market rate in the location of such parking. In the event Tenant elects to use or discontinue use of any of said parking stalls, then Tenant shall provide Landlord and the Building Garage Operator with written notice to such effect thirty (30) days prior to the end of a monthly rental period. Tenant shall comply with all Building Garage rules regulations and any and all governmental rules and regulations governing such parking. Landlord or the Building Garage operator may make, modify, and enforce reasonable rules and regulations related to the parking of automobiles in the Building Garage, and Tenant agrees to abide by such rules and regulations.

44. Sublease Rights. Notwithstanding anything to the contrary elsewhere in the Lease, Tenant shall have the right to sublet any portion of the Premises with the prior written consent of Landlord, not to be unreasonably withheld, conditioned or delayed.

45. Storage/Filing Space. The Premises shall be deemed to include, and Tenant shall have the exclusive right to use during the Term and any extension or renewal hereof, that certain storage and filing space known as Space No. 125 containing approximately 2,130 rentable square feet of space located on the ground floor of the Building (the "Storage/Filing Space"), as depicted on Exhibit B. Tenant accepts the Storage/Filing Space in its "as is", "with all faults", "without any warranties or representations" condition, and Landlord shall have no obligation to make any repairs or improvements thereto except for the sink and cabinetry depicted on Exhibit B. Tenant shall pay to Landlord, as additional Minimum Monthly Rent as to the Storage/Filing Space, \$12.00 per rentable square foot per year during the Term (subject to increase by Landlord during any extension or renewal thereof) (the "Monthly Storage Rent"). Such Monthly Storage Rent shall be payable in advance (except that the first month's Monthly Storage Rent shall be paid concurrently with execution of this Lease) in monthly installments on the first day of each month. Landlord shall cause, once per week, garbage/trash to be collected from and janitorial service to be provided to the Storage/Filing Space, and Tenant shall reimburse Landlord's reasonable and customary market-rate hourly costs to provide such limited services. Notwithstanding anything to the contrary elsewhere in the Lease, Tenant shall be responsible for any additional janitorial services desired by it as to the Storage/Filing Space. Tenant agrees not to store any flammable, combustible or other materials in the Storage/Filing Space that would increase the cost of Landlord's insurance, and not to store any toxic or hazardous materials, substances or waste in the Storage/Filing Space. Tenant also agrees not to store excess or highly concentrated weight in the Storage/Filing Space; it shall be Tenant's responsibility to obtain from Landlord the tolerable limits thereof. Tenant agrees to use the Storage/Filing Space solely for storage purposes of files, dry goods and similar materials, and filing, organizing and retrieving such stored items. Tenant agrees to use the Storage/Filing Space in a manner which shall not interfere with the use and enjoyment of the Building by Landlord or any tenants, occupants or persons claiming through or under Landlord. Tenant agrees that Landlord and its agents may enter and inspect the Storage/Filing Space and any property stored therein at any time upon giving reasonable advance notice to Tenant (except that no such prior notice shall be required in cases of emergency). Tenant shall deliver to Landlord a key for any locks installed by Tenant for Landlord's emergency entry purposes. All of Tenant's insurance and indemnity requirements set forth in the Lease shall fully apply to the

Storage/Filing Space and the Tenant's use thereof and are hereby incorporated herewith by reference. Upon the expiration or termination of the Lease, Tenant shall surrender the Storage/Filing Space to Landlord in the following condition: (a) Tenant shall remove all of its property and all trash and debris from the Storage/Filing Space; (b) Tenant shall broom clean all portions of the Storage/Filing Space and common areas immediately adjacent to the Storage/Filing Space; and (c) Tenant shall otherwise perform and pay for costs of repairing and restoring the Storage/Filing Space to at least as good condition as existed prior to Tenant's entry onto or use of the Storage/Filing Space, reasonable wear and tear and damage by fire or other casualty which Tenant is not required elsewhere in this Lease to repair or restore excepted.

46. Extension Option. Provided that Tenant is not then in default of this Lease, Tenant shall have the right to further extend this Lease for one (1) additional period of five (5) years ("Extended Term"), upon the same terms and conditions herein, except (i) Minimum Monthly Rent during such Extended Term shall be Fair Market Rental Value (defined below), (ii) except as and to the extent contemplated in connection with the determination of Fair Market Rental Value, there shall be no free rent periods, space pockets, or tenant improvement/refurbishment allowances, and (iii) there shall be no further extension term options. Tenant may exercise its extension option only by providing Landlord written notice thereof not more than three hundred sixty (360) nor less than two hundred seventy (270) days prior to the end of the initial Term. Tenant's extension option shall automatically terminate and become null and void upon the earlier to occur of (1) the termination of Tenant's right to possession of the Premises, (2) the termination of this Lease, (3) any assignment or transfer, by operation of law or otherwise, of any of Tenant's interest in this Lease other than to a transferee approved by Landlord, or (4) the failure of Tenant to timely or properly exercise its extension option as aforesaid.

47. Fair Market Rental Value. As used herein, "Fair Market Rental Value" shall be the rental rate that comparable Premises for the same term as the applicable Extended Term would command on the open market at the beginning of such Term, determined as set forth below. For purposes hereof, the term "comparable Premises" shall mean premises similar in size and location to the Premises with similar improvements and amenities, including any improvements installed upon Tenant's initial occupancy of Premises (but excluding trade fixtures owned and installed by Tenant).

a. If Landlord and Tenant cannot agree upon the Fair Market Rental Value of the Premises for the Extended Term by the date that is one hundred eighty (180) days prior to the end of the initial Term (the "New Rent Agreement Deadline"), then Landlord and Tenant shall agree within ten (10) days after said New Rent Agreement Deadline on one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers or equivalent) who will determine the Fair Market Rental Value of the Premises for the ensuing Term. If Tenant and Landlord agree on one real estate appraiser who determines the Fair Market Rental Value of the Premises for the ensuing Term and Tenant disapproves of the determined Fair Market Rental Value, Tenant shall have twenty (20) days after such determination to withdraw its election to extend the term of the Lease and to so notify the Landlord, in which event the Lease shall expire according to its terms. If Tenant does not withdraw its election to extend, such determination shall be final, conclusive and binding upon both parties. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, then one M.A.I. qualified appraiser shall be appointed by Tenant and one M.A.I. qualified appraiser shall be appointed by Landlord within ten (10) days of notice by one party to the other of such disagreement. The two appraisers shall determine the Fair Market Rental Value of the Premises within twenty (20) days of their appointment; provided, however, if either party fails to appoint an appraiser within such ten (10) day period, then the determination of the appraiser first appointed shall be final, conclusive and binding upon both parties. The conclusion shall be final, conclusive and binding upon both Landlord and Tenant. If said appraisers should fail to agree, but the difference in their conclusions as to Fair Market Rental Value is ten percent (10%) or less of the lower of the two appraisals, the Fair Market Rental Value shall be deemed the average of the two.

b. If the two appraisers should fail to agree on the Fair Market Rental Value, and the difference between the two appraisals exceeds ten percent (10%) of the lower of the two appraisals, then the two appraisers thus appointed shall appoint a third M.A.I. qualified appraiser, and in case of their

failure to agree on a third appraiser within ten (10) days after their individual determination of the Fair Market Rental Value, either party may apply to the Presiding Judge of the Superior Court for King County, Washington, in Seattle, Washington, requesting said Judge to appoint the third M.A.I. qualified appraiser. The third appraiser so appointed shall promptly determine the Fair Market Rental Value of the Premises and the average of the appraisals of the two closest appraisers shall be final, conclusive and binding upon both parties. The fees and expenses of said third appraiser or the one appraiser Landlord and Tenant agree upon shall be borne equally by Landlord and Tenant. Landlord and Tenant shall pay the fees and expenses of their respective appraiser if the parties fail to agree on a single appraiser. All M.A.I. appraisers appointed or selected pursuant to this subsection shall have at least ten (10) years experience appraising commercial properties in the downtown office market in Seattle, Washington.

48. Expansion Option: Tenant shall have the option (the "Expansion Option"), exercisable on or before May 31, 2011 (the "Expansion Option Exercise Deadline"), to lease additional space containing approximately 2,500 to 3,000 rentable square feet of space and located within the current SAM or other suitable space (the "Expansion Space"), with the exact location and outlines of the Expansion Space subject to the parties reasonable prior agreement as described below. If Tenant desires to exercise the Expansion Option, it must deliver written notice of exercise to Landlord on or before the Expansion Option Exercise Deadline, time being of the essence in connection therewith. If Tenant fails to properly exercise the Expansion Option by such date, the Expansion Option shall forever lapse and be of no further force or effect. If Tenant timely exercises the Expansion Option, then Landlord shall, on or before July 2, 2011, subject to Tenant Delays, use commercially reasonable good faith efforts to deliver the Expansion Space to Tenant with the Expansion Space Work (defined below) Substantially Complete, and effective on such date of delivery (the "Expansion Date"), the Expansion Space shall be deemed added to the original Premises demised hereby for all purposes under this Lease. Without limiting the generality of the foregoing, (i) the termination date of the Initial Term of the Lease as to the original Premises shall be the termination date of the term of the Lease as to the Expansion Space; and (ii) if Tenant exercises its expansion option pursuant to Section 46 of this Lease, the Term as to the Expansion Space shall also automatically be deemed to have been so extended. Tenant's Expansion Option shall automatically terminate and become null and void upon the earlier to occur of (1) the termination of Tenant's right to possession of the Premises, (2) the termination of this Lease, (3) any assignment or transfer, by operation of law or otherwise, of any of Tenant's interest in this Lease except to a transferee approved by Landlord, or (4) the failure of Tenant to timely or properly exercise its Expansion Option as aforesaid. As used herein, the "Expansion Space Work" shall mean Landlord's construction in the Expansion Premises, at Landlord's sole cost and expense and on a turnkey basis, of offices for seven (7) attorneys, cubicles for four (4) staff, a reception area and a copy/coffee room, and such other improvements and facilities to which the parties may subsequently agree, in conformity with then building standard improvements and the Landlord's Work performed in the Premises. WMS

49. Early Termination Option as to Expansion Space. Notwithstanding anything to the contrary herein, if Tenant shall have exercised its Expansion Option and the Expansion Space is thereafter added to the Premises, and if Tenant shall not have received a new services contract or an extension of its existing legal services contract with the City of Seattle providing for at least six (6) attorneys beyond the below-defined Expansion Space Early Termination Date, Tenant shall thereafter have the right (the "Expansion Space Early Termination Option") to terminate this Lease only as to the Expansion Space, such termination to be effective on the last day of the calendar month that is forty-two (42) months after the Expansion Date (the "Expansion Space Early Termination Date"). To exercise such right, Tenant must provide written notice to Landlord not less than six (6) months before the Early Termination Date, such notice to be accompanied by the Early Termination Payment described below and documentation establishing the termination or reduction of the City of Seattle legal services agreement as described above. If Tenant elects to terminate this Lease early as to the Expansion Space as provided herein, the Expansion Space Early Termination Date shall operate as if that date were the time originally fixed for the termination of this Lease with respect only to the Expansion Space and this Lease shall come to an end as to the Expansion Space only with the same force and effect as if the Expansion Space Early Termination Date were the date herein provided for the normal expiration hereof with respect thereto. For the avoidance of doubt, if Tenant shall have received a new services contract or an extension of its existing legal services contract with the City of Seattle, in either case providing for fewer than six (6)

attorneys, then Tenant shall have the right to exercise the Expansion Space Early Termination Option in accordance with this paragraph, and to accommodate such personnel in the original Premises, notwithstanding anything to the contrary set forth in this Lease. As used herein, the "Early Termination Payment" shall be equal to the unamortized portion, as of the Expansion Space Early Termination Date, and amortized on a straight-line basis over that portion of the initial Term between the Expansion Date and the originally-scheduled Expiration Date of the Initial Term hereof, of the costs of tenant improvements and brokerage fees paid by Landlord in connection with the Expansion Space. Tenant's Expansion Space Early Termination Option shall automatically terminate and become null and void upon the earlier to occur of (1) the termination of Tenant's right to possession of the Premises, (2) the termination of this Lease, (3) any assignment or transfer, by operation of law or otherwise, of any of Tenant's interest in this Lease except to a transferee approved by Landlord, or (4) the failure of Tenant to timely or properly exercise its Expansion Space Early Termination Option as aforesaid.

**EXHIBIT A-1  
LEGAL DESCRIPTION**

Watermark Tower (the Land)

LOTS 6 AND 7, BLOCK "C", A.A. DENNY FIRST ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 69, IN KING COUNTY, WASHINGTON, EXCEPT THE EASTERLY 9 FEET AS CONDEMNED IN SUPERIOR COURT CAUSE #7092, ORDINANCE #1129; AND ALSO LOTS 3 AND 4, BLOCK 184, SEATTLE TIDELANDS; SUBJECT TO SIDEWALK AGREEMENT WITH CITY OF SEATTLE DATED FEBRUARY 28, 1921, RECORDED MARCH 4, 1921 UNDER AUDITOR'S FILE NO. 1498573

**EXHIBIT A-2  
LEGAL DESCRIPTION**

Watermark Tower (the Building)

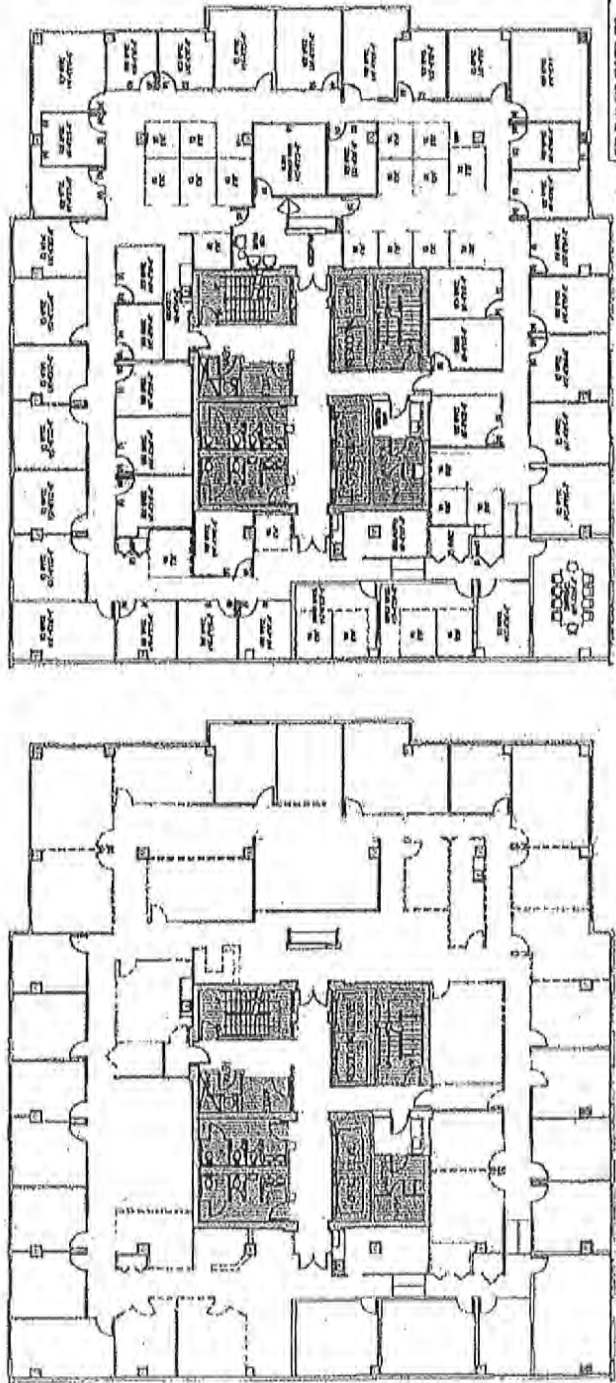
APARTMENT NO. 2, THE WATERMARK TOWER, A CONDOMINIUM INTENDED FOR COMMERCIAL USE, ACCORDING TO THE CONDOMINIUM PLAN AND SURVEY MAP DELINEATING SAID APARTMENT, RECORDED IN VOLUME 65 OF CONDOMINIUMS, PAGES 44 THROUGH 50, UNDER KING COUNTY RECORDING NO. 8309150507, LOCATED AT 1107 1 ST AVENUE; SEATTLE, WASHINGTON 98104;

TOGETHER WITH AN UNDIVIDED 36.2143515% INTEREST IN THE COMMON AREAS AND FACILITIES APPERTAINING TO SAID APARTMENT, AND INCLUDING THEREIN LIMITED COMMON AREAS AND FACILITIES SO APPERTAINING, ACCORDING TO THE CONDOMINIUM DECLARATIONS RECORDED UNDER KING COUNTY RECORDING NO. 8309150508;

SAID DECLARATIONS AND PLANS ARE MODIFIED OR AMENDED BY DOCUMENTS RECORDED UNDER KING COUNTY RECORDING NOS. 8311210528;

SITUATE IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON.

**EXHIBIT B**  
**OUTLINE DRAWING OF THE PREMISES**  
**Third Floor Space**



**CONSTRUCTION**

**DECONSTRUCTION**

**Legend:**

- (M) NEW / (R) RELOCATED
- (S) PRIVATE OFFICES - (M) 6754 RECONSTRUCTING
- (O) 5107/5108 OPEN OFFICE WORK STATIONS
- (C) RECEPTION DESK
- (D) CONFERENCE / MEETING ROOM
- (I) INTEROFFICE
- (U) UNIVERSITY ROOM
- (S) SERVICE
- (B) BUREAU

**EXISTING CONSTRUCTION TO BE REMOVED**

- EXISTING CONSTRUCTION TO REMAIN
- NOT INCLUDED UNDER FURTHER CONSTRUCTION
- CLASS W/ FRAME
- FRAMING GLASS
- KEY DOORWAY / ALLIGMENT
- USE OF UPPER DECK

**Project No:** 11-0111-01  
**Location:** University, 3rd Floor

**bc**  
 Burgess Design Interiors © Architecture  
 1000 University Ave. Suite 3000, University, MD 20782

**Scale:** 1/8" = 1'-0"

**Drawn by:** J.S.  
**Check:** J.S.  
**SWAGS No.:** SP-3

**DATE:** 02/01/11

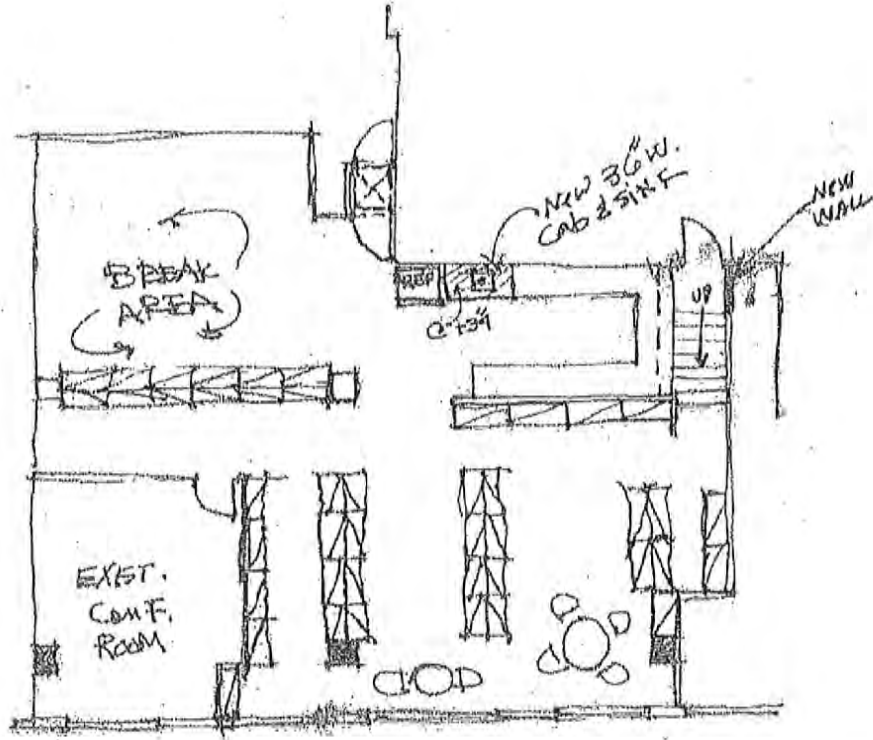
**NOTES:** THIS PLAN HAS BEEN PROVIDED FOR OFFICE USE ONLY. IT IS NOT TO BE USED FOR CONSTRUCTION. ANY CHANGES TO THIS PLAN MUST BE APPROVED BY A REGISTERED ARCHITECT.

**NEW DEPENDERS 10,307 USE**

**PERMITS: PLEASE SEE ARCHITECT'S NOTES FOR ALL PERMITS REQUIRED FOR THIS PROJECT AT THE CITY OF UNIVERSITY.**

Water  
 61434

EXHIBIT B  
OUTLINE DRAWING OF THE PREMISES  
Storage/Filling Space





**EXHIBIT C**  
**WORK LETTER**

1. Space Plans and Working Drawings.

(a) Tenant shall, no later than May 31, 2011, furnish to Landlord and/or Landlord's architect ("Landlord's Architect") a proposed space plan and plans and specifications for any desired alterations, additions, or improvements of a fixed and permanent nature to the Premises, the Storage Room and the Expansion Space (the "Landlord's Work"), including without limitation final location of partitions, doors, ceiling devices, and final specifications for materials and finishes, electrical devices, electrical loads, heat loads, extraordinary floor loads, supplemental cooling required for Tenant's proposed server room and other special equipment, and all other requirements (collectively, the "Space Plan"). Tenant agrees to meet and cooperate with Landlord's Architect and engineers as required and provide complete information as requested. Landlord shall be entitled, in all respects, to rely upon information so supplied by Tenant and Tenant's vendors. Subject to Landlord's approval, Landlord shall incorporate Tenant's requirements into the final Space Plan. Landlord shall then cause Landlord's Architect to prepare working drawings and specifications for the Landlord's Work, including architectural, structural, plumbing, mechanical, electrical, and fire protection drawings as required, suitable for permit application (the "Working Drawings"), utilizing uniform building-standard specifications and otherwise consistent with (or logical extensions of) the final Space Plan. Tenant shall be solely responsible for ensuring that the Working Drawings reflect Tenant's requirements for the Landlord's Work. Tenant shall deliver its written comments on the proposed Working Drawings to Landlord not later than ten (10) working days after Tenant's receipt of the same; provided, however, that Tenant may not disapprove any matter that is consistent with the Space Plan without submitting a change request. Landlord and Landlord's Architect shall consider all such comments in good faith and shall notify Tenant how Landlord proposes to respond to such comments, but Tenant's review rights pursuant to the foregoing sentence shall not delay the design or construction schedule for the Landlord's Work. Provided that the design reflected in the Working Drawings is consistent with the Space Plan, Tenant shall approve the Working Drawings submitted by Landlord, unless Tenant submits a change request. Once approved by Tenant, Landlord shall not materially modify the Working Drawings except as may be reasonably required in connection with the issuance of applicable permits and approvals.

(b) After mutual approval of the Space Plan and the Working Drawings, the costs of and delays attributable to any revisions to either that are requested by Tenant shall be the sole responsibility of the Tenant. Approval of final Working Drawings shall be considered final authorization for Landlord to proceed.

(c) Landlord shall cause the approved Working Drawings to be submitted to the appropriate governmental agencies for plan review and building permit. Revisions which may be required by governmental agencies as a result of the plan review process shall be reviewed by Tenant and Landlord and modifications reflecting same shall be mutually agreed upon in a timely manner so as not to delay progress of the Landlord's Work.

2. Work Schedule. Landlord shall provide Tenant with a draft schedule (the "Work Schedule") setting forth the various items of Landlord's Work and duration of each task. Upon approval by Tenant and Landlord, the Work Schedule shall become the basis for completing the Landlord's Work. Failure by Tenant to approve or disapprove the Work Schedule within five (5) working days following the date of initial submittal by Landlord shall be deemed approval thereof.

3. Construction of Landlord's Work.

(a) Upon issuance of the building permit for the Landlord's Work, Landlord shall enter into a construction contract for construction of the Landlord's Work identified in the Working Drawings with a contractor (the "Contractor") selected by Landlord and subject to change by Landlord. Upon award of the contract, the contractor shall promptly revise the Work Schedule as may be required. Tenant and Landlord agree to review the construction schedule and revise the Work Schedule as may be required.

(b) Landlord shall monitor the execution of the Landlord's Work and use reasonable efforts to coordinate Substantial Completion in accordance with the Work Schedule. Other than Landlord's Work, Landlord shall not have any obligation whatsoever with respect to the finishing of the Premises for Tenant's use and occupancy.

4. Landlord's Cost Cap; Moving Allowance.

(a) Landlord shall cause the Landlord's Work as reflected in the final Space Plan to be constructed at its sole cost and expense (the "Landlord's Cost Cap"), including but not limited to costs associated with: (i) preparation of Working Drawings; (ii) construction of the Landlord's Work, including all hard costs, soft costs, construction management fees, including without limitation the costs of changes, code compliance work, and upgrades to the base, shell & core of the building or to any major building systems such as fire, life safety, electrical, mechanical, and structural, as may be required by the Working Drawings or applicable permitting authorities (whether or not such changes or upgrades are due to the fact that such work is prepared on an unoccupied basis), and all other costs; (iii) required permits, governmental fees, and inspections; (iv) applicable sales taxes; and (v) as-built record documentation. Tenant shall be responsible for and shall pay to Landlord all excess costs above the Landlord's Cost Cap.

(b) Intentionally Omitted.

(c) Landlord and Tenant agree to meet and use their best efforts to approve in writing the contractor's bid proposal and all other associated costs for the Landlord's Work within five (5) days receipt of notice. Tenant's failure to approve or disapprove the bid proposal shall be deemed approval thereof. Payment for the cost of the Landlord's Work shall be as set forth below.

(d) In addition to Landlord's obligation to pay all costs of the Landlord's Work up to the Landlord's Cost Cap, Landlord shall provide Tenant, as partial reimbursement for Tenant's out-of-pocket moving expenses reasonably incurred because of moving to the Premises, a moving allowance up to a maximum of \$61,500.00 (the "Moving Allowance"). Reimbursable moving expenses shall be limited to the cost of: moving and reinstalling Tenant's equipment (including but not limited to phones, utilities, and computers), furniture, trade fixtures, inventory, supplies, and other personal property from Tenant's current space at 1111 Third Avenue in Seattle, to the Premises, as well as acquisition and installation of voice/data cabling in the Premises and printing reasonable quantities of stationery, business cards and other paper goods to replace supplies on-hand. Within thirty (30) days after having completed its relocation to the Premises, Tenant shall provide a written invoice together with reasonable back-up documentation showing amounts spent toward the aforementioned reimbursable moving costs, whereupon Landlord will provide a credit against Minimum Monthly Rent next coming due, up to the maximum amount of the Moving Allowance.

5. Additional Work.

(a) Work requested by the Tenant after final approval of the Working Drawings ("Additional Work") shall be made in writing to Landlord. Thereafter, Landlord shall submit to Tenant a written cost estimate of the Additional Work, at Tenant's sole cost and expense, including costs associated with: (i) revisions to the Working Drawings; (ii) construction of the Additional Work; (iii) required permits, governmental fees, and inspections; (iv) Washington State sales tax; (v) as-built record documentation; and (vi) delay of the Work Schedule. Upon written approval thereof, Landlord shall authorize its contractor, architect, engineer and/or vendor to proceed with the Additional Work, and to submit actual

costs by Change Order to the construction contract for invoicing to Tenant. Failure by Tenant to approve the cost estimate or Work Schedule within five (5) days receipt thereof shall be deemed a withdrawal of request and contractor shall proceed with the Landlord's Work as defined in the Lease.

(b) Prior to the commencement of construction, Tenant shall pay to Landlord in cash or same-day funds the amount of one hundred percent (100%) of the estimated value of the Additional Work.

(c) Tenant shall utilize uniform building-standard finishes and materials to the extent such finishes and materials are applicable to the scope of the Landlord's Work. Tenant shall be responsible for all costs related to the proper design, operation and maintenance of the Additional Work whether or not installed by Landlord's contractor at Tenant's request.

(d) All Additional Work referred to herein above shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed.

6. Substantial Completion; Early Access.

(a) "Substantial Completion" is the stage in the progress of the Landlord's Work when they are reasonably complete in accordance with the Working Drawings; subject to minor "punch list" items that do not materially interfere with Tenant's use and occupancy of the Premises for their intended uses.

(b) Notwithstanding the provisions of Paragraph 6(a) above, if there is a delay in Substantial Completion as a result of: (i) Tenant's failure to approve any item or to perform any other obligation by the date specified in this Exhibit; (ii) Tenant's request for materials, finishes or methods of construction not readily available; or (iii) Tenant's revisions to the Space Plan or the Working Drawings after final approval (each of the foregoing, a "Tenant Delay"), then such Tenant Delay, at Landlord's option, shall cause the commencement of the term and/or payment of Rent to accelerate by the number of days delayed.

(c) Tenant and Landlord agree to meet with the contractor to review the Landlord's Work on the date of Substantial Completion and to prepare a punch list of items to be completed and/or corrected by the contractor and schedule for completing same.

(d) Tenant shall be allowed to access and enter the Premises commencing on December 1, 2011 in order to install its furniture, fixtures and equipment, including without limitation voice/data cabling and other telecommunications and information technology infrastructure and equipment, without the payment of Rent, provided that in no event may Tenant or its contractors materially interfere with the prosecution and completion by Landlord of the Landlord's Work.

7. Construction Representatives. Tenant hereby appoints Eileen Farley and Terry Howard to act on its behalf and represent its interests with respect to all matters requiring Tenant action in this Exhibit. Tenant may change its representative at any time upon not less than five (5) business days' advance written notice to Landlord. Neither Tenant nor Tenant's representative shall be authorized to direct Landlord's contractors in the performance of Landlord's Work. All matters requiring the consent, authorization or other actions by Tenant with respect to matters set forth in this Exhibit shall be in writing and signed by the aforementioned person. No consent, authorization, or other action by Tenant with respect to the matters set forth in this Exhibit shall bind Tenant unless in writing and signed by the aforementioned person. Landlord hereby appoints Bowen Peck, RPA, to act on its behalf and represent its interests with respect to all matters requiring Landlord action in this Exhibit. Landlord may change its representative at any time upon not less than five (5) business days' advance written notice to Tenant. All matters requiring the consent, authorization or other actions by Landlord with respect to matters set forth in this Exhibit shall be in writing and signed by the aforementioned person. No consent, authorization, or other action by Landlord with respect to the matters set forth in this Exhibit shall bind Landlord unless in writing and signed by the aforementioned person.

8. Legal Title. Legal title to all Landlord's Work and Additional Work shall immediately vest in Landlord upon substantial completion thereof.

**EXHIBIT D****RULES AND REGULATIONS**

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the exterior or in any area visible from the exterior of the Building without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant. At the expiration or termination of Tenant's Lease, Tenant, at Tenant's sole cost and expense, shall remove all tenant-installed signage and repair and paint any and all damage resulting from installation and/or removal of said signage.
2. Tenant shall not install any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises except building standard drapes approved by Landlord. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against or near glass partitions or doors or windows, which may appear unsightly from outside the Premises.
3. Tenant shall not obstruct any sidewalks, lobbies, halls, passages, exits, entrances, elevators, or stairways of the Building. The halls, passages, exits, entrances, lobbies, elevators, and stairways are not open to the general public. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interest of the Building and its Tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No Tenant and no employee or invitee of any tenant shall go upon the roof of the Building without Landlord's prior written consent.
4. The directory of the Building will be provided exclusively for the display of the name and location of tenants' business only and Landlord reserves the right to exclude any other names therefrom.
5. All cleaning and janitorial services for the Building and the Premises, unless otherwise provided in the Lease, shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any tenant for any loss of property on the Premises, however occurring, or for any damage to any tenant's property by the janitor or any other employee or any other person.
6. Landlord shall furnish Tenant with appropriate number of keys to each door lock in the Premises and to the main entrance door of the Building. Landlord may make a reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premises. Tenant, upon termination of its tenancy, shall deliver to Landlord all keys to all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall reimburse Landlord for the cost of any new lock(s) required due to such loss.
7. Tenant shall not install computer cabling, telephone, burglar alarm or similar services without Landlord's approval for installation of same. Upon termination of Tenant's tenancy, at Landlord's option, Tenant shall remove any equipment and/or services from the Premises and shall restore the Premises to its condition prior to such installation.
8. Freight elevator(s), if any, shall be available for use by all tenants in the Building, subject to such reasonable scheduling, as Landlord in its discretion shall deem appropriate. No equipment, materials,

furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the passenger elevators except between such hours and in such elevators as may be designated by Landlord.

9. Tenant shall not place a load upon any floor of the Premises, which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment; materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight of such objects. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein or to any tenants in the Building shall be placed and maintained by Tenant, at Tenant's sole cost and expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

10. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, nor shall Tenant bring into or keep in or about the Premises any animals, including dogs (except seeing-eye dogs).

11. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord.

12. Tenant shall not waste electricity, water or air conditioning, and Tenant agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air-conditioning system and to comply with any governmental energy-saving rules, laws or regulations, of which Tenant has actual notice, and shall refrain from attempting to adjust controls. Tenant shall keep corridor and exterior doors closed and shall close window coverings at the end of each business day.

13. The name of the Building is The Watermark Tower. Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name of the Building.

14. Landlord reserves the right to exclude from the Building between the hours of 6:00 p.m. and 7:00 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays any person, unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

15. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, electricity, copiers and other office equipment, including coffee pots, etc., before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

16. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant, or employees or invitees of the tenant, who shall have caused it.

17. Tenant shall not make any room-to-room solicitation of business from other tenants in the Building. Tenant shall not use the Premises for any business or activity other than that specifically provided for in Tenant's Lease.
18. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.
19. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building except as permitted in the Lease. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.
20. Landlord reserves the right to direct electricians as to where and how telephone, computer or other wiring or cabling is to be introduced to the Premises. Tenant shall not cut nor bore holes for wiring or cabling without Landlord's prior written consent; said consent shall not be unreasonably withheld. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.
21. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of alcohol or drugs or who is in violation of any of the Rules and Regulations of the Building.
22. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material that cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. All garbage over and above normal (i.e., major-delivery wrappings, etc.) shall be at Tenant's sole cost and expense. Tenant agrees to cooperate with Landlord in recycling programs as may be established from time to time by Landlord.
23. The Premises shall not be used for lodging nor for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted by Tenant on the Premises, except that use by Tenant of Underwriters Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, and microwave ovens shall be permitted; provided that such equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations and does not cause objectionable odor.
24. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.
25. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.
26. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.
27. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office of the Building without specific instructions from Landlord.
28. Tenant and Tenant's employees shall not park vehicles in any parking areas designated by Landlord as reserved parking areas or as visitor parking areas. Tenant shall not park any vehicles in the Building parking areas other than automobiles, motorcycles, motor-driven or nonmotor-driven bicycles or four wheeled trucks.

29. Tenant and Tenant's delivery personnel shall utilize loading zones and delivery entrances for all deliveries. Any damage to the Building or Premises resulting from Tenant's deliveries shall be repaired at the sole cost and expense of the Tenant.

30. Tenant and Tenant's delivery personnel shall not use in any space or in the common areas of the Building any hand truck except those equipped with rubber tires and side guards or such other material handling equipment as Landlord may approve. Tenant shall not bring vehicles of any other kind into the Building.

31. All moving of furniture or other equipment shall be done so as to have minimal impact on other tenants' and visitors' use of elevators, common areas, and parking facilities.

32. The Building is a nonsmoking building. Loitering and/or smoking in the interior or exterior common areas of the Building, near the entrances to the Building, or on the sidewalks adjacent to the Building are expressly prohibited, except in the loading bay area of the Building located at the Post Alley level. Landlord has provided a receptacle in the loading area for use by tenants and tenants' employees. Tenant's employees and invitees shall use the receptacle provided and keep the loading area free of debris including, but not limited to, soft drink and other containers and cigarette butts. Landlord reserves the right to revoke the privilege of smoking in the loading area in its sole discretion.

33. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

34. These Rules and Regulations are in addition to and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building.

35. Landlord reserves the right to make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional reasonable Rules and Regulations which are adopted.

36. Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.



## LEASE AMENDMENT NO. 1

This Lease Amendment No. 1 (this "Amendment") is made and entered into this 27<sup>th</sup> day of May, 2011 by and between Shelby Company, LLC, a Washington limited liability company ("Landlord"), and Northwest Defenders Association, a Washington nonprofit corporation ("Tenant").

## Recitals

- A. Landlord and Tenant entered into a written Lease dated March 18, 2011 (the "Lease").
- B. The Lease demised certain premises containing approximately (i) 12,448 rentable square feet ("RSF") of office space on the third floor of the below-described Building and commonly known as Suite 300, plus approximately (ii) 2,130 RSF of Storage/Filing Space on the Spring Street level of the Building, for a total of 14,578 RSF (collectively, the "Original Premises") in the building commonly known as the Watermark Tower located in the City of Seattle, County of King, State of Washington, the street address of which is 1109 First Avenue (the "Building").
- C. Landlord and Tenant now desire to document Tenant's exercise of its Expansion Option as described in Section 48 of the Lease, and the expansion of the Original Premises with the addition of the Expansion Space described therein containing an agreed-upon 3,943 RSF on the second floor of the Building, such expansion to be effective as of July 1, 2011 (the "Expansion Date"). The Expansion Space is depicted on Exhibit "A" attached hereto. The parties acknowledge that the Expansion Date shall occur prior to the date on which Landlord is required to deliver possession of the Original Premises to Tenant pursuant to the Lease.
- D. The provisions of these Recitals form a contractual part of this Amendment.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree to amend the Lease as follows:

## Agreement

1. Expansion of Premises. Effective as of the Expansion Date, and subject to satisfaction or deemed satisfaction of the Contingencies described in Section 4 below, the Premises is hereby increased from 14,578 RSF to 18,521 RSF by the addition of the Expansion Space. As of the Expansion Date, the "Premises" as defined in the Lease shall be deemed to mean the Original Premises plus the Expansion Space (provided that Landlord shall not be required to deliver initial possession of the Original Premises until the original Commencement Date set forth in the Lease). Tenant shall provide insurance certificates to Landlord as required by the Lease, acknowledging the addition of the Expansion Space to the Original Premises under the Lease not later than the Expansion Date. Upon delivery of the Expansion Space pursuant to this Amendment, Tenant has no further right pursuant to Section 48 of the Lease to expand the Premises.
2. Delivery of Expansion Space. Pursuant to Section 48 of the Lease, Landlord shall use commercially reasonable good faith efforts to deliver exclusive possession of the Expansion Space to Tenant with the Expansion Space Work substantially completed by Landlord on or before the Expansion Date; however, Tenant acknowledges that the Expansion Date shall nevertheless occur on July 1, 2011.
3. Confirmation of Terms. The parties hereby confirm and acknowledge that, effective as of the Expansion Date, all obligations of the parties that were to commence as of the Commencement Date except as to those obligations relating solely to the Original Premises shall be deemed in full force and effect, and the Expansion Space shall be deemed added to the Original Premises demised hereby for all purposes under the Lease. Without limiting the generality of the foregoing, (i) the termination date of the Initial Term of the Lease as to the Original Premises shall be the termination date of the term of the Lease as to the Expansion Space; (ii) if Tenant exercises its extension option pursuant to Section 46 of the Lease, the Term as to the Expansion Space shall also automatically be deemed to have been so extended; and (iii) Tenant's Expansion Space Early Termination Option pursuant to Section 49 of the Lease shall remain applicable.
4. Contingencies.
  - a. Seattle Legal Services Contract. The effectiveness of this Amendment is contingent upon Tenant's having received a new legal services contract and/or an extension of its existing legal services contract with the City of Seattle (the "Seattle Contract Contingency"). The Seattle Contract Contingency shall be deemed satisfied or waived by Tenant unless Tenant provides written notice of nonsatisfaction thereof to Landlord on or before \_\_\_\_\_, 2011, in which event this Amendment shall terminate and the Lease, unaffected by this Amendment, shall remain in full force and effect.
  - b. Acquisition of Expansion Space. The effectiveness of this Amendment is further contingent upon Landlord's having obtained exclusive possession of the Expansion Space from the existing tenants/occupants thereof (the "Possession Contingency," and, together with the Seattle Contract Contingency, the "Contingencies"). The Possession Contingency shall be deemed satisfied or waived by Landlord unless Landlord provides written notice of nonsatisfaction thereof to Tenant on or before \_\_\_\_\_, 2011, in which event this Amendment shall terminate and the Lease, unaffected by this Amendment, shall remain in full force and effect.

5. Minimum Monthly Rent and Monthly Storage Rent. As of the Expansion Date, (i) the Minimum Monthly Rent described in Section 1(i) of the Lease and payable by Tenant with respect to that portion of the Premises commonly known as Suite 300 (12,448 RSF) and the Expansion Space (3,943 RSF), and (ii) the Monthly Storage Rent described in Section 45 of the Lease and payable by Tenant with respect to the Storage/Filling Space, shall be revised as follows:

Period	Annual Minimum Rental Rate per RSF of the Premises	RSF of the Premises	Minimum Annual Rent for the Premises	Minimum Monthly Rent for the Premises	Annual Storage Rent per RSF of the Storage/Filling Space	RSF of the Storage/Filling Space	Annual Storage Rent	Monthly Storage Rent	Total Monthly Rent
Expansion Date - One Day prior to Commencement Date	\$19.00	3,943	\$74,917.00	\$6,243.00	\$12.00*	2,130	\$25,560.00	\$2,130.00	\$9,373.00
Commencement Date - End of Lease Year 1	\$19.00	10,391	\$311,420.00	\$25,952.42	\$12.00	2,130	\$25,560.00	\$2,130.00	\$28,082.42
Lease Year 2	\$19.75	10,391	\$323,722.25	\$26,976.85	\$12.00	2,130	\$25,560.00	\$2,130.00	\$29,106.85
Lease Year 3	\$20.50	10,391	\$336,016.50	\$28,001.29	\$12.00	2,130	\$25,560.00	\$2,130.00	\$30,131.29
Lease Year 4	\$21.25	10,391	\$348,308.75	\$29,025.73	\$12.00	2,130	\$25,560.00	\$2,130.00	\$31,155.73
Lease Year 5	\$22.00	10,391	\$360,602.00	\$30,050.17	\$12.00	2,130	\$25,560.00	\$2,130.00	\$32,180.17
Lease Year 6	\$22.75	10,391	\$372,895.25	\$31,074.60	\$12.00	2,130	\$25,560.00	\$2,130.00	\$33,204.60
Lease Year 7	\$23.50	10,391	\$385,189.50	\$32,099.04	\$12.00	2,130	\$25,560.00	\$2,130.00	\$34,229.04
Lease Year 8	\$24.25	10,391	\$397,483.75	\$33,123.48	\$12.00	2,130	\$25,560.00	\$2,130.00	\$35,253.48
Lease Year 9	\$25.00	10,391	\$409,778.00	\$34,147.92	\$12.00	2,130	\$25,560.00	\$2,130.00	\$36,277.92
Lease Year 10	\$25.75	10,391	\$422,072.25	\$35,172.35	\$12.00	2,130	\$25,560.00	\$2,130.00	\$37,302.35

\*Tenant shall commence paying Monthly Storage Rent on the first date on which Tenant first uses any part of the Storage/Filling Space.

6. Tenant's Share. Effective on the Expansion Date, Tenant's Share as defined in Section 1(f) of the Original Lease shall be 5.56% (i.e., the RSF of the Expansion Space divided by 70,464, the RSF of the Building). As of the Commencement Date as to the Original Premises, Tenant's Share shall be increased to 26.28% (i.e., the RSF of the Expansion Space plus the Original Premises, divided by the RSF of the Building).
7. Miscellaneous.
- This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment. This Amendment shall not be relied upon by any other party, individual, corporation, partnership or entity as a basis for reducing its lease obligations with Landlord or for any other purpose. Tenant agrees that it shall not disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord.
  - Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.
  - In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.
  - Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.
  - The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.
  - Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment other than Kidder Mathews, which represented Landlord in this transaction, and Paul Suzman of Officebase, which represented Tenant in this transaction. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

Landlord:

Shelby Company, LLC, a Washington limited liability company

By: \_\_\_\_\_  
Jerry Anchos, its Managing Member

Tenant:

Northwest Defenders Association, a Washington nonprofit corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LANDLORD ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Managing Member of Shelby Company, LLC, a limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of \_\_\_\_\_, residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

**TENANT ACKNOWLEDGMENT**

STATE OF WASHINGTON  
COUNTY OF KING

ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Northwest Defenders Association, a Washington nonprofit corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_



## LEASE AMENDMENT NO. 1

This Lease Amendment No. 1 (this "Amendment") is made and entered into this 27<sup>th</sup> day of May, 2011 by and between Shelby Company, LLC, a Washington limited liability company ("Landlord"), and Northwest Defenders Association, a Washington nonprofit corporation ("Tenant").

## Recitals

- A. Landlord and Tenant entered into a written Lease dated March 18, 2011 (the "Lease").
- B. The Lease demised certain premises containing approximately (i) 12,448 rentable square feet ("RSF") of office space on the third floor of the below-described Building and commonly known as Suite 300, plus approximately (ii) 2,130 RSF of Storage/Filing Space on the Spring Street level of the Building, for a total of 14,578 RSF (collectively, the "Original Premises") in the building commonly known as the Watermark Tower located in the City of Seattle, County of King, State of Washington, the street address of which is 1109 First Avenue (the "Building").
- C. Landlord and Tenant now desire to document Tenant's exercise of its Expansion Option as described in Section 4B of the Lease, and the expansion of the Original Premises with the addition of the Expansion Space described therein containing an agreed-upon 3,943 RSF on the second floor of the Building, such expansion to be effective as of July 1, 2011 (the "Expansion Date"). The Expansion Space is depicted on Exhibit "A" attached hereto. The parties acknowledge that the Expansion Date shall occur prior to the date on which Landlord is required to deliver possession of the Original Premises to Tenant pursuant to the Lease.
- D. The provisions of these Recitals form a contractual part of this Amendment.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree to amend the Lease as follows:

## Agreement

1. Expansion of Premises. Effective as of the Expansion Date, and subject to satisfaction or deemed satisfaction of the Contingencies described in Section 4 below, the Premises is hereby increased from 14,578 RSF to 18,521 RSF by the addition of the Expansion Space. As of the Expansion Date, the "Premises" as defined in the Lease shall be deemed to mean the Original Premises plus the Expansion Space (provided that Landlord shall not be required to deliver initial possession of the Original Premises until the original Commencement Date set forth in the Lease). Tenant shall provide insurance certificates to Landlord as required by the Lease, acknowledging the addition of the Expansion Space to the Original Premises under the Lease not later than the Expansion Date. Upon delivery of the Expansion Space pursuant to this Amendment, Tenant has no further right pursuant to Section 4B of the Lease to expand the Premises.
2. Delivery of Expansion Space. Pursuant to Section 4B of the Lease, Landlord shall use commercially reasonable good faith efforts to deliver exclusive possession of the Expansion Space to Tenant with the Expansion Space Work substantially completed by Landlord on or before the Expansion Date; however, Tenant acknowledges that the Expansion Date shall nevertheless occur on July 1, 2011.
3. Confirmation of Terms. The parties hereby confirm and acknowledge that, effective as of the Expansion Date, all obligations of the parties that were to commence as of the Commencement Date except as to those obligations relating solely to the Original Premises shall be deemed in full force and effect, and the Expansion Space shall be deemed added to the Original Premises demised hereby for all purposes under the Lease. Without limiting the generality of the foregoing, (i) the termination date of the Initial Term of the Lease as to the Original Premises shall be the termination date of the term of the Lease as to the Expansion Space; (ii) if Tenant exercises its extension option pursuant to Section 4B of the Lease, the Term as to the Expansion Space shall also automatically be deemed to have been so extended; and (iii) Tenant's Expansion Space Early Termination Option pursuant to Section 4B of the Lease shall remain applicable.
4. Contingencies.
  - a. Seattle Legal Services Contract. The effectiveness of this Amendment is contingent upon Tenant's having received a new legal services contract and/or an extension of its existing legal services contract with the City of Seattle (the "Seattle Contract Contingency"). The Seattle Contract Contingency shall be deemed satisfied or waived by Tenant unless Tenant provides written notice of nonsatisfaction thereof to Landlord on or before \_\_\_\_\_, 2011, in which event this Amendment shall terminate and the Lease, unaffected by this Amendment, shall remain in full force and effect.
  - b. Acquisition of Expansion Space. The effectiveness of this Amendment is further contingent upon Landlord's having obtained exclusive possession of the Expansion Space from the existing tenants/occupants thereof (the "Possession Contingency," and, together with the Seattle Contract Contingency, the "Contingencies"). The Possession Contingency shall be deemed satisfied or waived by Landlord unless Landlord provides written notice of nonsatisfaction thereof to Tenant on or before \_\_\_\_\_, 2011. In which event this Amendment shall terminate and the Lease, unaffected by this Amendment, shall remain in full force and effect.

5. Minimum Monthly Rent and Monthly Storage Rent. As of the Expansion Date, (i) the Minimum Monthly Rent described in Section 1(i) of the Lease and payable by Tenant with respect to that portion of the Premises commonly known as Suite 300 (12,448 RSF) and the Expansion Space (3,943 RSF), and (ii) the Monthly Storage Rent described in Section 45 of the Lease and payable by Tenant with respect to the Storage/Filling Space, shall be revised as follows:

Period	Annual Minimum Rental Rate per RSF of the Premises	RSF of the Premises	Minimum Annual Rent for the Premises	Minimum Monthly Rent for the Premises	Annual Storage Rent per RSF of the Storage/Filling Space	RSF of the Storage/Filling Space	Annual Storage Rent	Monthly Storage Rent	Total Monthly Rent
Expansion Date - One Day prior to Commencement Date	\$19.00	3,943	\$74,917.00	\$9,243.00	\$12.00*	2,130	\$25,560.00	\$2,130.00	\$9,378.00
Commencement Date - End of Lease Year 1	\$19.00	10,391	\$311,420.00	\$25,952.42	\$12.00	2,130	\$25,560.00	\$2,130.00	\$28,082.42
Lease Year 2	\$19.75	16,391	\$323,722.25	\$26,976.85	\$12.00	2,130	\$25,560.00	\$2,130.00	\$29,106.85
Lease Year 3	\$20.50	16,391	\$336,915.50	\$28,001.29	\$12.00	2,130	\$25,560.00	\$2,130.00	\$30,131.29
Lease Year 4	\$21.25	16,391	\$348,308.75	\$29,025.73	\$12.00	2,130	\$25,560.00	\$2,130.00	\$31,155.73
Lease Year 5	\$22.00	16,391	\$360,802.00	\$30,050.17	\$12.00	2,130	\$25,560.00	\$2,130.00	\$32,180.17
Lease Year 6	\$22.75	16,391	\$372,895.25	\$31,074.60	\$12.00	2,130	\$25,560.00	\$2,130.00	\$33,204.60
Lease Year 7	\$23.50	16,391	\$385,188.50	\$32,099.04	\$12.00	2,130	\$25,560.00	\$2,130.00	\$34,229.04
Lease Year 8	\$24.25	16,391	\$397,481.75	\$33,123.48	\$12.00	2,130	\$25,560.00	\$2,130.00	\$35,253.48
Lease Year 9	\$25.00	16,391	\$409,775.00	\$34,147.92	\$12.00	2,130	\$25,560.00	\$2,130.00	\$36,277.92
Lease Year 10	\$25.75	16,391	\$422,068.25	\$35,172.35	\$12.00	2,130	\$25,560.00	\$2,130.00	\$37,302.35

\*Tenant shall commence paying Monthly Storage Rent on the first date on which Tenant first uses any part of the Storage/Filling Space.

6. Tenant's Share. Effective on the Expansion Date, Tenant's Share as defined in Section 1(i) of the Original Lease shall be 5.58% (i.e., the RSF of the Expansion Space divided by 70,464, the RSF of the Building). As of the Commencement Date as to the Original Premises, Tenant's Share shall be increased to 26.28% (i.e., the RSF of the Expansion Space plus the Original Premises, divided by the RSF of the Building).
7. Miscellaneous.
- This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment. This Amendment shall not be relied upon by any other party, individual, corporation, partnership or entity as a basis for reducing its lease obligations with Landlord or for any other purpose. Tenant agrees that it shall not disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord.
  - Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.
  - In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.
  - Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.
  - The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.
  - Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment other than Kidder Mathews, which represented Landlord in this transaction, and Paul Suzman of Office Lease, which represented Tenant in this transaction. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

Landlord:

Shelby Company, LLC, a Washington limited liability company

By: \_\_\_\_\_  
Jerry Anches, Its Managing Member

Tenant:

Northwest Defenders Association, a Washington nonprofit corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LANDLORD ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Managing Member of Shelby Company, LLC, a limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of \_\_\_\_\_, residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

**TENANT ACKNOWLEDGMENT**

STATE OF WASHINGTON  
COUNTY OF KING

ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Northwest Defenders Association, a Washington nonprofit corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

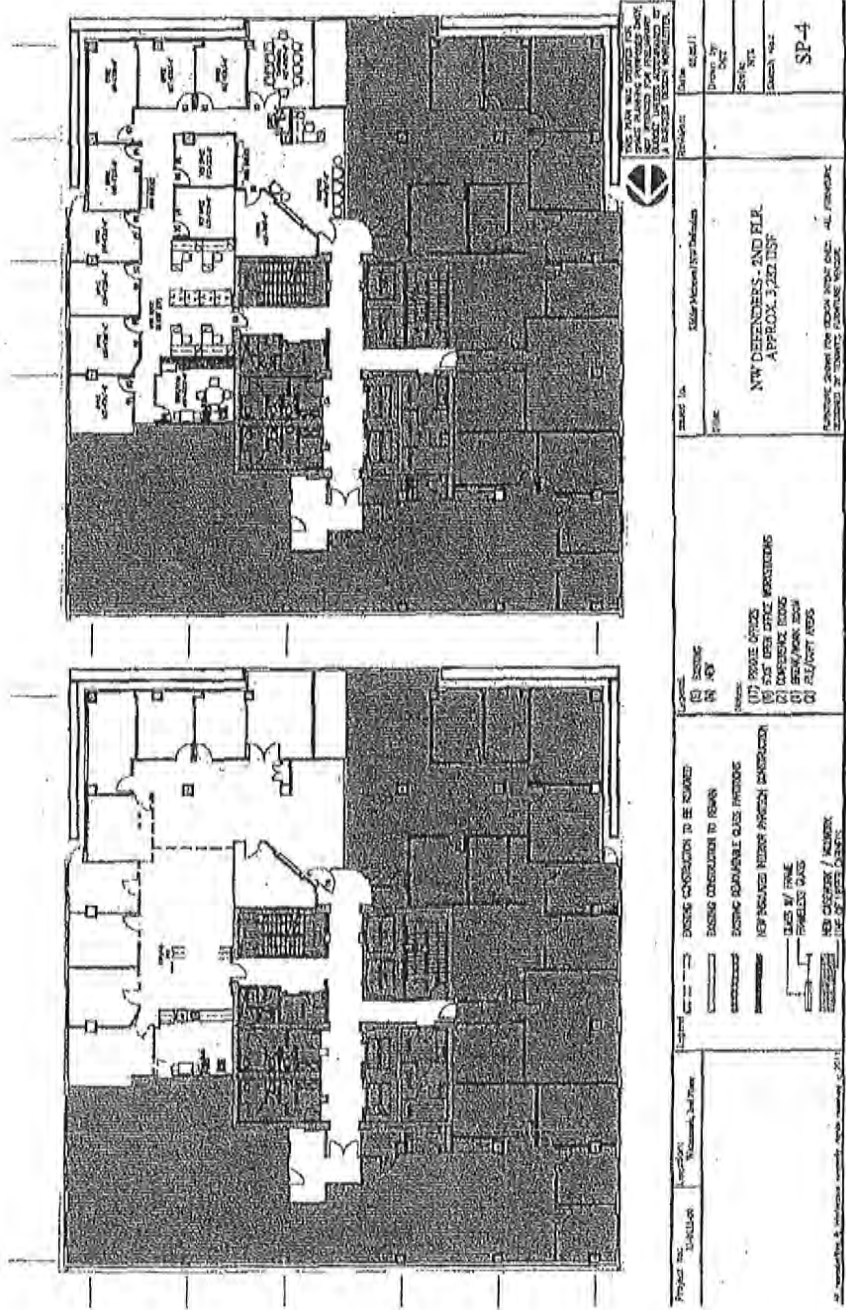
Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

EXHIBIT A  
SPACE PLAN OF EXPANSION SPACE



Project No. 17904	Location: Washington, DC	Architect: [Faded]	Date: 02/11/11
Drawn by: [Faded]	Scale: 1/8" = 1'-0"	Sheet No.: SP-4	
Project Name: [Faded]	Client: [Faded]	Project Description: NW DEFENDERS - 2ND FLOOR APPROX. 3,222 USF	
Notes:	Legend:	Notes:	Notes:
<p>EXISTING CONSTRUCTION TO BE MAINTAINED</p> <p>EXISTING CONSTRUCTION TO REMAIN</p> <p>EXISTING REMOVABLE GLASS PARTITION</p> <p>NEW INSULATED NEWSPAPER ARCHIVE STRUCTURE</p> <p>GLASS BY FRAME</p> <p>FRAMELESS GLASS</p> <p>NEW CHAIRS / SEATING</p> <p>NEW OFFICE DESKS</p>	<p>(U) EXISTING</p> <p>(D) DEMOLITION</p> <p>(N) NEW</p> <p>(P) PARTITION</p> <p>(G) GLASS</p> <p>(S) SEATING</p> <p>(D) DESK</p>	<p>(U) EXISTING</p> <p>(D) DEMOLITION</p> <p>(N) NEW</p> <p>(P) PARTITION</p> <p>(G) GLASS</p> <p>(S) SEATING</p> <p>(D) DESK</p>	<p>REMOVE SHOWS FROM REAR OFFICE AND ALL FURNITURE</p> <p>RELOCATE TO FRONT OFFICE AREA</p>



Second Amendment to the Lease between King County  
(as Assignee of Northwest Defenders Association) and MRM Watermark, LLC for  
Space in the Watermark Tower

This King County Amendment No.2 is made and entered into by and between MRM Watermark, LLC, a Washington limited liability company ("Landlord"), and King County, a political subdivision of the State of Washington ("Tenant").

Recitals

A. Effective as of January 1, 2014, the Northwest Defenders Association assigned and King County assumed a certain Lease Agreement by and between Landlord's predecessor in interest, Shelby Company, LLC and Northwest Defenders Association, dated March 18, 2011 and all exhibits and riders thereto, as amended by Lease Amendment No. 1 dated June 6, 2011 (collectively referred to as the "Lease"). Landlord consented to this Assignment and Assumption.

B. In consideration of the Landlord's consent, and for other good and valuable consideration, the receipt and sufficiency of which was acknowledged, Tenant and Landlord amended the Lease also effective as of January 1, 2014 ("King County Amendment No 1").

C. The provisions of these Recitals form a contractual part of this King County Amendment No. 2.

Pursuant to Section 42 of the Lease, the parties agree to amend that Lease as follows:

1. The following text shall be inserted after the section captions for both Sections 19 and 20 of the Lease to clarify when the Tenant must meet the requirements of these sections:

"The Landlord acknowledges that the Tenant is a self-insured government entity for all liability exposure. Tenant shall provide the Landlord with notice of any change in self-insured status within 30 days of electing to cease self-insurance. Upon any change in such self-insured status, the Tenant shall provide to the Landlord proof of liability insurance as required by this Section."

2. Add the following as a new section to the Lease:

"Section 50. Anti-Discrimination. Landlord shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other

benefits under King County Code Ch. 12.16.125. Landlord shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default 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 with the Tenant.”

All other terms of the Lease, as amended by King County Amendment 1, remain in full force and effect.

This King County Amendment No. 2 shall be effective upon the date of the last signature to this Amendment.

LANDLORD:  
MRM Watermark, LLC,

TENANT:  
King County

By: \_\_\_\_\_  
Joe Razore, Manager

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

