

LEASE

between

The Firs
(Landlord)

and

Northwest Educational Service District 189
(Tenant)

June 12, 2012

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LEASE

THIS LEASE, dated this ____ day of _____, 2012, is by and between The Firs Bible and Missionary Conference, hereinafter called "Landlord," and Northwest Educational Service District 189, hereinafter called "Tenant."

LEASE SUMMARY

The following is a summary of some of the details of this *Lease*. To the extent any of this summary is not consistent with the body of the *Lease*, the provisions of the body of the *Lease* shall prevail:

- A. Premises: Located on the real property more particularly described in Exhibit A presently using the name; Discovery School.
- B. Address of Premises: 4604 Cable Street; Bellingham, WA 98229
- C. Area of buildings on Leased Premises: 9,184 square feet (approximately)
- D. Term:
 - 1. Commencement Date: September 1, 2012
 - 2. Expiration Date: July 15, 2015
(Subject to early termination as delineated in Section 14.2)
- E. Monthly Rent: Tenant shall pay rent as provided in Section III
- F. Permitted Use of Premises: Classroom space for educating students and related administrative uses.
- G. Exhibits: The following Exhibit is attached to this *Lease*, and is incorporated into this *Lease* by this reference, and is to be construed as part of this *Lease*:

Exhibit A	Legal description
Exhibit B	Site Plan Map

SECTION I—PREMISES

1.1 Premises. In consideration of the mutual promises, covenants and conditions hereinafter set forth, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord upon the terms and conditions herein set forth, those certain premises (the "Premises") commonly known as 4604 Cable Street, Bellingham, WA 98229, as further described on Exhibit A (Legal Description), including buildings as depicted on Exhibit B (general plan of area, not to scale) both of which are attached hereto and by this reference incorporated herein.

1.2 Reserved to Landlord. Landlord reserves all air rights over the Premises, the use of the exterior walls, the roof, and the right to install, maintain, use, repair and replace pipes, ducts, conduits and wires leading through the Premises in locations which will not materially interfere with Tenant's use thereof to serve other parts of any real property of which the Premises may be a part, and the right to use the land below the Premises in any manner not materially interfering with Tenant's use of the Premises. As the Tenant will be using the Premises for a school program, Landlord will require that the provisions of 13.2 (Background Checks) will be complied with.

SECTION II—TERM

2.1 Lease Term Commencement and Expiration Dates. The term of this *Lease* shall commence on:

2.1.1 The lease term will commence September 1, 2012.

2.1.2 The lease term will expire July 15, 2015 (Subject to early termination, as delineated in Section 14.1)

SECTION III—RENT

3.1 Monthly Rent. Tenant shall pay to Landlord at the address specified by Landlord, without any set-off or deduction whatsoever, rent beginning September 1, 2012, based on August 2012 rent (\$8,988.79) which will be adjusted upward or downward by the same percentage as the percentage change in the Seattle Consumer Price Index (CPI) between August 2011 and August 2012 (See Section 19 re: CPI). Thereafter, beginning September 1 of each year, the monthly rent shall be adjusted in the same manner using the percentage which the CPI had changed since August of the previous year. Notwithstanding anything to the contrary in this Section 3.1, In the event Landlord elects to use easement rights reserved in Section 20.1.4, Tenant shall receive a credit as set forth in Section 20.1.5.

3.2 Additional Rent. Additional rent is a payment to be made in addition to rent set forth above, and includes Maintenance and Repair Charges (Section 7.4), Utilities (Section 5), Insurance and Indemnity (Section 8), and Real estate Taxes and Assessments (Section 5.2). and other expenses incurred by Landlord as provided in this lease. Within 60 days after September 1st of each year, Landlord will notify Tenant of Landlord's estimate of the amount due each month. Any increase or decrease will be retroactive beginning with September rent. Payment of additional rent will be due on the same date as rent pursuant to Section 3.1 above.

3.3 Review: At the request of either Landlord or Tenant, the additional rent will be reviewed. In the event payment is in excess of that needed, the estimate will be lowered. In the event payment is not sufficient, at the option of Landlord, (a) the monthly payment will be increased or (b) payment in full of the shortage will be immediately due and payable by Tenant. At the expiration or sooner termination of the Lease, if Tenant is not in default, Landlord shall refund any excess to Tenant.

3.4 Late Charge. Time is of the essence of this *Lease*. If Tenant fails to pay any amount due hereunder within ten (10) days of the due date, a late charge equal to five (5) percent of the unpaid amount or Fifty Dollars (\$50.00), whichever is greater, shall be assessed and be immediately due and payable. Tenant shall pay Landlord a Twenty Dollar (\$20.00) fee for any payment due hereunder which is returned due to insufficient funds. As stated elsewhere in this *Lease*, all payments of rent and additional rent are due on or before the first day of each month of the lease term. Unless otherwise provided for in this lease, all other payments are due within twenty (20) days from date written invoice/notice has been provided.

SECTION IV—CONDUCT OF BUSINESS USE

4.1 Use of Premises. The Premises shall be used and occupied only for the purpose of providing classroom space for educating students and related administrative uses, including all uses incidental thereto, and no other use or purpose without the prior written consent of Landlord.

4.2 Conditions of Premises. Tenant hereby accepts the Premises in their condition existing as of the Commencement Date of this *Lease*, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this *Lease* subject thereto and to all matters

disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Tenant's business.

4.3 Appearance of Premises. Tenant shall maintain the Premises in a clean, orderly and neat fashion, neither committing waste nor permitting any waste to be committed thereon. The grounds and exterior of the premises will be maintained by Landlord for an additional fee, as delineated in Section VII.

4.4 Unlawful Use; Compliance. Tenant shall not use or permit the Premises or any part thereof to be used for any purpose in violation of any municipal, county, state or federal law, ordinance or regulation. Tenant shall promptly comply, at its sole cost and expense (including the cost of any fines or penalties), with all laws, ordinances, and regulations now in force or hereafter adopted (including, without limitation, permit and license requirements) and with the requirements of any board of fire underwriters, board of health or similar body relating to or affecting the condition, use or occupancy of the Premises.

4.5 Rules and Regulations. Tenant shall comply with and observe such reasonable rules and regulations as may be adopted and published by Landlord for the safety, care and cleanliness of the Premises or any real property of which the Premises may be a part, and for the preservation of good order therein and thereon, all of which will be sent by Landlord to Tenant in writing and shall be thereafter carried out and observed by Tenant.

4.6 Hazardous Substances. Without Landlord's prior written consent, Tenant shall not receive, store or otherwise handle any product, material or merchandise on the Premises which is a Hazardous Substance, provided that Tenant may store and use on the Premises such commercially available cleaning products and supplies as are used by Tenant in its ordinary course of business. With respect to the release of any Hazardous Substances on or about the Premises occurring on or after early occupancy or the Commencement Date of this Lease which ever occurs first, which violates the provisions of, or necessitates any removal, treatment or other remedial action under, any past, present, or future federal, state or local statute or ordinance or any regulation, directive, or requirement of any governmental authority with jurisdiction relating to protection of the environment, Tenant agrees to defend, indemnify, and hold harmless Landlord, its employees, agents, and contractors, from and against any and all losses, claims, liabilities, damages, demands, fines, costs, and expenses (including reasonable attorneys' fees) arising out of or resulting therefrom. The provisions of this Section 4.6 shall survive the termination or expiration of this Lease and the surrender of the Premises by Tenant. As used herein, the term "Hazardous Substance" means any hazardous, toxic, or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law, now or hereafter in effect, pertaining to environmental protection, contamination or cleanup, including without limitation, any substance, waste or material which now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA", 42 U.S.C. §9601 et. seq.) or under the Washington Model Toxics Control Act.

4.7 Liens and Encumbrances. Tenant shall keep the Premises free and clear of all liens and encumbrances arising or growing out of its use and occupancy of the Premises. If any lien is filed against the Premises or any real property of which the Premises may be a part as a result of the action or inaction of Tenant, Tenant shall upon demand provide Landlord with cash or other security acceptable to Landlord in an amount equal to twice the amount of the claimed lien as security for its prompt removal. Landlord shall have the right to disburse such security to cause the removal of the lien if a judgment is entered against Tenant in a lien proceeding, if such lien causes difficulties for Landlord in connection with its financing of the premises or any real property of which the Premises may be a part, if Tenant is otherwise in default under this Lease or if Landlord otherwise deems such appropriate, in Landlord's sole discretion.

4.8 Signs. Tenant shall not erect or place, or permit to be erected or placed, or maintain any signs of any nature or kind whatsoever either on the exterior walls or roof of the Premises or elsewhere in or surrounding any real property of which the Premises may be a part without Landlord's prior written consent, which shall not be unreasonably withheld.

SECTION V—UTILITIES, SERVICES, AND TAXES

5.1 Utilities and Services. Tenant shall be responsible for utilities and services in the following manner: These may need to be adjusted based on the date the premises are occupied by Landlord.

5.1.1 Power

Meter U012872606 – Rutledge, Sigurdson, Welsh, Vanstone,
September – May: Tennant 100%
June : Tennant 25%; Landlord 75%
July: Landlord 100%
August: Tennant 25%; Landlord 75%

5.1.2 Water/Sewer

Account Number 120000714 – Rutledge Building Basic Sewer Charge
Tennant 100%

Account Number 120000341 – Vanstone Building Basic Sewer Charge
September – May: Tennant 75%; Landlord: 25%
June : Tennant 25%; Landlord 75%
July – August: Landlord 100%

Account Number 60099002 – South Cable Street Water
September – May: Tennant 75%; Landlord 25%
June: Tennant 25%; Landlord 75%
July – August: Landlord 100%

5.1.3 Fire Alarm Monitoring / Fire Alarm Monitoring Phone Line
All Year: Tennant 50%; Landlord 50%

5.1.4 Garbage Service. The Tennant shall be billed directly from, and make payments directly to, Sanitary Services for 100% of their garbage services. Landlord will use the garbage dumpsters on the Conference Center grounds.

5.1.5 Telephone. The Tennant shall be billed directly from, and make payments directly to its service providers for 100% of their telephone services.

5.1.6 Landlord shall not be liable for any loss, injury or damage to person or property directly or indirectly caused by or resulting from any variation (including without limitation power surges), interruption, failure of (or failure to provide) such services or utilities, nor shall such failure be deemed an eviction of Tenant or relieve Tenant from any of Tenant's obligations hereunder or give Tenant the right to terminate, provided, this paragraph shall not apply where Tenant establishes that such interruption resulted from causes under the control of Landlord.

5.2 Real Estate Taxes and Assessments. Real Estate taxes on the leased premises shall be a part of and paid as provided in Section 3.2 (Additional Rent). In the event that Tenant's use of the Premises qualifies for a real estate tax exemption, Tenant shall have no liability for such taxes applied to the premises. All other costs affiliated with the real estate, such as surface water management assessments and other assessments, shall continue to be charged to Tenant, as described in Section 3.2 (Additional Rent).

SECTION VI—ALTERATIONS

6.1 Alterations by Tenant. Tenant shall not make any alterations, additions or improvements in or to the Premises without prior written consent of Landlord. Consent will be subject to conditions of landlord including but not limited to the following: (1) Tenant will submit to Landlord professionally prepared plans and specifications for such work. (2) Tenant shall reimburse Landlord for any reasonable sums expended for examination and approval of such plans and specifications and direct costs reasonably incurred during any inspection or supervision of any alterations, additions or improvements up to \$1,000 or (3) such amount as may be agreed to in writing by Landlord and Tenant in advance. All such alterations, additions and improvements, shall be at Tenant's sole cost and expense in a manner which: (a) is consistent with Landlord-approved plans and specifications and any conditions imposed by Landlord in connection therewith; (b) is in conformity with commercial standards; (c) includes insurance coverage specified by Landlord (d) does not affect the structural integrity of the Building; (e) does not disrupt the business or operation of adjoining tenants; and (f) does not invalidate or otherwise affect the construction and systems warranties then in effect with respect to the Premises or any real property of which the Premises may be a part. Tenant shall secure all governmental permits and approvals, as well as comply with all other applicable governmental requirements and restrictions. Tenant shall indemnify, defend and hold Landlord harmless from and against all losses, liabilities, damages, liens, costs and expenses (including attorneys' fees, but without waiver of the duty to hold harmless) arising from or out of the performance of such alterations, additions and improvements. All such alterations, additions and improvements (expressly including all light fixtures, heating, ventilation and air conditioning units and floor coverings), except trade fixtures and appliances and equipment not affixed to the Premises, shall immediately become the property of Landlord without any obligation on its part to pay therefore, and shall not be removed by Tenant unless so agreed to by Landlord in connection with the termination of this *Lease*.

SECTION VII—MAINTENANCE OF PREMISES

7.1 Grounds Maintenance. Tenant will pay Landlord an additional monthly fee of three hundred ninety one dollars and 77 cents (\$391.77) for grounds maintenance through August 31, 2013. Effective each September 1st thereafter while this *Lease* continues in effect, these grounds maintenance fees shall be adjusted by Landlord for the period ending August 31 each year through 2014. Beginning September 1, 2014 the monthly fee will be for the period ending July 15, 2015. Grounds maintenance will include: mowing, raking, weekly blowing of sidewalks, clearing fallen branches, snow removal, annual pressure washing of sidewalks for moss and algae, and general duties associated with keeping the grounds well maintained. Notwithstanding any language in this Section to the contrary, so long as the work meets the requirements of Landlord, Tenant may elect to provide such grounds maintenance at Tenant's own costs and in such event the additional monthly fee for grounds and maintenance due Landlord shall be waived.

7.2 Maintenance and Repair by Tenant. Except as provided in Sections 7.1 and 7.4, Tenant shall at all times throughout the *Lease* term keep the entire Premises (including exterior doors and entrances, all windows and moldings and trim of all doors and windows) and all partitions, door surfaces, fixtures, equipment and appurtenances thereof (including lighting and plumbing fixtures located in the Premises) in good order, condition and repair throughout the term of this *Lease*. Without limiting the generality thereof, Tenant shall keep the glass of all windows and doors clean and presentable; replace immediately all broken glass in the Premises; and paint, refinish and keep clean the interior of the Premises. The selection of paint and colors must be approved by Landlord in writing.

7.3 Failure to Maintain. If Tenant fails to keep and maintain the Premises in the condition set forth in Section 7.2, Landlord may, at its option, put or cause the same to be put in the condition required thereunder, and in such case, upon receipt of written statements from Landlord, Tenant

shall promptly pay the entire cost thereof. Landlord shall have the right to enter the Premises for the purpose of making such repairs upon Tenant's failure to do so.

7.4 Maintenance and Repairs by Landlord: Subject to the provisions of Section X (Destruction of Premises) and Section XI (Eminent Domain) and excepting for maintenance by Tenant (Section 7.2) Landlord shall maintain and repair the roof, exterior walls, foundation, building structure, HVAC, electrical, plumbing, building structure and all systems of the Premises (collectively the "Building Systems") in a good state of repair. In addition, Landlord shall cause to be performed any maintenance repairs or other work requested by Tenant. Tenant shall make payment for all Landlord's performance under this Section 7.4. as additional rent (section 3.2).

7.5 Surrender of Premises. At the expiration or sooner termination of this *Lease*, Tenant shall return the Premises to Landlord in the same condition in which received or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed by Landlord under terms of Section 6.1 (Alterations by Tenant), reasonable wear and tear excepted. Prior to such return, Tenant may remove all trade fixtures and appliances and equipment which do not become a part of the Premises, but not including the plumbing, heating, ventilation and air conditioning systems, however installed, and shall restore the Premises to the condition they were in prior to the installation of said items. Any such trade fixtures, appliances, equipment or other property of Tenant left in the Premises after the expiration or sooner termination of this *Lease* shall be deemed to have been abandoned by Tenant and shall become the property of Landlord with Landlord having the right to dispose of all such property as Landlord deems expedient. Tenant's obligation to perform this covenant shall survive the expiration or termination of this *Lease*. There is no right to remove if Tenant is in default, provided, Landlord may require removal of items Landlord does not wish to retain. Landlord will remove should Tenant fail to do so and all costs incurred will be immediately due and payable by Tenant to Landlord.

SECTION VIII—INSURANCE AND INDEMNITY

8.1 Indemnification.

8.1.1 Subject to the provisions of Sections 8.1.2 and 8.4, each party shall defend, indemnify and hold the other party, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of injuries and damages caused by each party's own negligence.

8.1.2 Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining space. Tenant shall store its property in and shall use and enjoy the Premises and all other portions of the Building and improvements at its own risk, and hereby releases Landlord, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

8.2 Tenant Insurance. As a condition of this *Lease*, the Tenant will provide a Certificate of Coverage evidencing: *Commercial General, Automobile and Errors & Omissions Liability* coverage written on an occurrence basis with limits no less than five million dollars (\$5,000,000) combined single limit per occurrence for personal injury, bodily injury and property damage. Landlord shall have the right to cancel the *Lease* simultaneously with the cancellation of the aforesaid insurance. The certificate will provide that the insurance carrier will give not less than 30 days prior notice of any change in or termination of coverage.

It is understood that Landlord has fire insurance on the building but not on the contents. Insurance of the contents owned or used by Tenant shall be the sole responsibility of Tenant.

8.3 Prohibited Use of Premises. Tenant shall not permit the use or maintenance on the premises of any substance or material, nor take any action(s) which may (a) be prohibited by Landlord's insurance (b) cause any limitation, reduction in coverage or other change in Landlord's insurance, or (c) result in any increase in Landlord's insurance premium(s). Tenant shall not permit any use determined by Landlord to be unlawful, dangerous, hazardous or which restricts use by Landlord or other persons or property in the area.

8.4 Waiver of Subrogation. Neither party to this *Lease* shall be liable to the other or to the insurance carrier of the other party by subrogation or otherwise for any loss or damage even though such may have resulted from the negligence of a party, the party's agents or employees if any such loss is covered by insurance carried, or was required to be carried, by a party suffering loss or damage if both parties obtain a waiver of subrogation from their respective carriers. Each party shall make a good faith effort to obtain a waiver of subrogation from all of that party's insurance carriers. The Tenant does not waive the subrogation rights to the extent of its property insurance on structures that are not covered by the *Lease*.

8.5 Landlord Insurance Premium. All Landlord insurance premiums for coverage on leased premises referred to in this *Lease* are part of additional rent as provide in section 3.2 (Additional Rent), provided that expenses for such coverage shall be allocated between Landlord and Tenant based on actual occupancy of the premises in a same manner as Rent and Additional Rent are allocated for the use by Landlord of the Welch Room (see section 20.1.5).

SECTION IX—ASSIGNMENT AND SUBLETTING

9.1 Assignment or Sublease. Tenant shall not assign or sublet the whole or any part of the Premises, nor shall this *Lease* or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise (hereinafter "assign or sublease"), without the prior written consent of Landlord, which may be granted or withheld at Landlord's sole discretion. Consent by Landlord to one or more assignments or subleases, shall not operate as a waiver of Landlord's rights under this Section. No assignment or sublease shall relieve Tenant of any of its obligations or liabilities under this *Lease* or be construed or taken as a waiver of any of Landlord's rights hereunder. The acceptance of rent from someone other than Tenant shall not be deemed to be a waiver of any of the provisions of this *Lease* or consent to any assignment or subletting of the Premises.

9.2 Prohibited Transfers. To the fullest extent permitted by law, neither this *Lease* nor any interest herein shall pass to any trustee in bankruptcy, receiver appointed for Tenant or its property, or any assignee for the benefit of creditors of Tenant, or by operation of the law. This *Lease* shall terminate automatically upon the happening of any of said events, unless Landlord, in writing, specifically elects to continue this *Lease*.

9.3 Assignment by Landlord. If Landlord sells or otherwise transfers the Premises or any real property of which the Premises may be a part, or if Landlord assigns its interest in this *Lease*, such purchaser, transferee or assignee thereof shall be deemed to have assumed Landlord's obligations hereunder, and Landlord shall thereupon be relieved of all liabilities hereunder, but this *Lease* shall otherwise remain in full force and effect.

SECTION X—DESTRUCTION OF PREMISES

10.1 Partial Destruction. If the Premises are rendered partially untenable by fire or other insured casualty, and if the damage is repairable within sixty (60) days from the date of the occurrence (with the repair work and preparations therefore to be done during regular working hours on regular work days), Landlord shall repair the Premises with due diligence, to the extent of the insurance proceeds available, and the monthly rental shall be abated in the proportion that the

untenantable portion of the Premises bears to the whole thereof for the period from the date of the casualty to the completion of the repairs, unless the casualty results from Tenant's negligence or its breach of the terms hereof. If twenty five percent (25%) or more of any real property of which the Premises may be a part is destroyed or damaged, Landlord may terminate this *Lease* as of the date of such damage or destruction by giving notice to Tenant within thirty (30) days thereafter of the election so to do.

10.2 Total Destruction. If the Premises are completely destroyed by fire or other casualty, or if they are damaged by uninsured casualty, or by insured casualty to such an extent that the damage cannot be repaired within sixty (60) days of the occurrence, Landlord shall have the option to restore the Premises or to terminate this *Lease* on thirty (30) days' written notice, effective as of any date not more than sixty (60) days after the occurrence. If this Section becomes applicable, Landlord shall advise Tenant within thirty (30) days after such casualty whether Landlord elects to restore the Premises or to terminate the *Lease*. If Landlord elects to restore the Premises, it shall commence and prosecute the restoration work with diligence. For the period from the date of the casualty until completion of the repairs (or the date of termination of the *Lease*, if Landlord elects not to restore the Premises), the monthly rent shall be abated in the same proportion that the untenable portion of the Premises bears to the whole thereof, unless the casualty results from Tenant's negligence or its breach of the terms hereof.

10.3 Limitation. Landlord shall not be responsible to the Tenant in this paragraph or elsewhere in the *Lease* for loss of use or other damages, resulting from delay in repairs so long as work is done as provide above, nor for damage to, or destruction of, Tenant's personal property and removable trade fixtures including, without limitation, Tenant's furniture, appliances, furnishings, and equipment, in, on or about the Premises regardless of the cause of damage or destruction, except that, if Landlord chooses to repair and reconstruct the Premises as provided above, Landlord on behalf of Tenant, and at Landlord's expense, shall repair or restore Tenant Improvements which were originally made by Landlord pursuant to this *Lease* to as near the condition which existed on the Commencement Date of the term of this *Lease* as reasonably possible. Landlord shall have the exclusive right to all insurance proceeds relating to Tenant improvements.

SECTION XI—EMINENT DOMAIN

11.1 Total Taking. If all of the Premises are taken by eminent domain, this *Lease* shall terminate as of the date Tenant is required to vacate the Premises and all rentals shall be paid to that date. The term "eminent domain" shall include the taking or damaging of property by, through or under any governmental or statutory authority, and any purchase or acquisition in lieu thereof, whether the damaging or taking is by government or any other person.

11.2 Partial Taking. If a taking of any part of the Premises by eminent domain renders the remainder thereof unusable, in the reasonable judgment of Landlord, or if as a result of a taking of any part of any real property of which the Premises may be a part, Landlord determines the remaining portions of such real property cannot be economically and effectively used by Landlord (whether on account of physical, economic, aesthetic or other reasons and whether or not the Premises, or any portion thereof, is included in the taking), the *Lease* may, at the option of Landlord, be terminated by written notice given to Tenant not more than thirty (30) days after Landlord receives notice of the taking, and such termination shall be effective as of the date when Tenant is required to vacate the Premises. If this *Lease* is so terminated, all rent shall be paid to the date of termination. Whenever any portion of the Premises is taken by eminent domain and this *Lease* is not terminated, Landlord shall at its expense proceed with all reasonable dispatch to restore, to the extent of available proceeds and to the extent it is reasonably prudent and practical to do so, the remainder of the Premises to the condition it was in immediately prior to such taking, and Tenant shall at its expense proceed with all reasonable dispatch to restore its fixtures, furniture, furnishings, floor covering and equipment to the same condition they were in immediately prior to such taking.

The monthly rent payable hereunder shall be reduced from the date Tenant is required to partially vacate the Premises in the same proportion that the area taken bears to the total area of the Premises prior to taking.

11.3 Damages. Landlord reserves all right to the entire damage award or payment for any taking by eminent domain or a transfer in lieu thereof, and Tenant waives all claim whatsoever against Landlord for damages for termination of its leasehold interest in the premises or for interference with its business. Tenant hereby grants and assigns to Landlord any right Tenant may now have or hereafter acquire to such damages and agrees to execute and deliver such further instruments of assignment as Landlord may from time to time request. Tenant shall, however, have the right to claim from the condemning authority all compensation that may be recoverable by Tenant on account of any loss incurred by Tenant in removing Tenant's merchandise, furniture, trade fixtures and equipment, provided, however, that Tenant may claim such damages only if they are awarded separately in the eminent domain proceeding and not as part of Landlord's damages.

SECTION XII—DEFAULT OF TENANT

12.1 Defaults. If default is made in the payment of any sum to be paid by Tenant under this *Lease*, and such default continues for twenty (20) days, except rent; or if default is made in the performance of any of the other covenants or conditions which Tenant is required to observe and to perform, and such default continues for twenty (20) days; or if the interest of Tenant under this *Lease* is attached by legal process; or if any petition is filed by or against Tenant to declare Tenant a bankrupt or to delay, reduce or modify Tenant's debts or obligations; or if any petition is filed or other action taken to reorganize Tenant or if Tenant is declared insolvent according to law; or if assignment of Tenant's property is made for the benefit of creditors; or if a receiver or trustee is appointed for Tenant or its property; or if a proceeding is commenced to foreclose any mortgage or any other lien on Tenant's interest in the Premises or on personal property kept or maintained thereon; or if Tenant vacates or abandons the Premises during the term of this *Lease* or any renewals or extensions thereof; then Landlord may treat the occurrence of any one or more of the foregoing events as a breach of this *Lease*. Upon any such occurrence, at Landlord's option, Landlord may have any one or more of the remedies described below in addition to all other rights and remedies provided at law or in equity. Default in payment of rent not cured within Ten (10) days after notice has been given to Tenant in the manner set forth in Section 18.1 (Notices) shall be a default giving rise to all remedies set forth in this *Lease* or in other provisions of the law.

12.2 Termination. Landlord may terminate this *Lease* and repossess the Premises and remove all persons or property therefrom, and be entitled to recover as damages a sum of money equal to the total of (i) the cost of recovering the Premises; (ii) the unpaid rent owed at the time of termination, plus interest on all sums due and not paid at an annual rate of interest equal to the lesser of (a) eighteen percent (18%), or (b) the highest rate permitted by law; (iii) the amount of the rent reserved in this *Lease* for the remainder of the term of the *Lease* (which shall be accelerated and become due at the time of such default), and (iv) any other sum of money, late charges and damages owed by Tenant to Landlord, including without limitation, amounts owed pursuant to Section 12.3 herein.

12.3 Right to Re-enter and Re-let. After default without the requirement to comply with other provisions of this *Lease* limiting Landlord's right of entry, with or without terminating this *Lease*, Landlord may under the provisions of RCW Chapter 59.12 or following any other accepted legal process re-enter the Premises or any part thereof and remove all persons and property therefrom, without such reentry diminishing Tenant's obligation to pay rent for the full term hereof, and re-let the Premises or any part thereof for such term (which may extend beyond the term of this *Lease*), for such rent and upon such other conditions as Landlord in its sole discretion deems advisable, with Landlord having the right to repair, remodel and change the Premises and Tenant remaining liable for any deficiency computed as provided herein. At the option of Landlord, rents received by

Landlord from such re-letting shall be applied first to the payment of any indebtedness from Tenant to Landlord, other than rent due hereunder, plus interest thereon at an annual rate of interest equal to the lesser of (i) eighteen percent (18%), or (ii) the maximum rate permitted by applicable law; second, to the payment of costs and expenses of such re-letting including, but not limited to, attorneys' fees, advertising fees and brokerage fees, and to the payment of any repairs, remodeling, and changes in the Premises; and third, to the payment of rent due (earned but unpaid at the time of re-letting) and to become due hereunder. If the rents received from such subletting are not sufficient to pay the amounts due as provided in the foregoing sentence, Tenant shall pay the deficiency upon demand. Landlord may recover sums due from Tenant under this section from time to time, and Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this Section 12.3 from time to time on one or more occasions without Landlord being obligated to wait until the expiration of the term of this *Lease*. Any payment made or suits brought to collect the amount of the deficiency for any month shall not prejudice in any way the right of Landlord to collect the deficiency for any subsequent month.

The failure of Landlord to re-let the Premises shall not release or affect Tenant's liability hereunder, nor shall Landlord be liable for failure to re-let, or in the event of re-letting, for failure to collect the rent thereof. In no event shall Tenant be entitled to receive any excess of net rents collected over sums payable by Tenant to Landlord hereunder. No such reentry or taking possession of the Premises shall be construed as an election on Landlord's part to terminate this *Lease* unless a written notice of such intention be given to Tenant. Notwithstanding any such re-letting without termination, Landlord may at any time thereafter elect to terminate this *Lease* for such previous breach.

12.4 No Waiver. Failure of Landlord to declare any default immediately upon occurrence thereof, or delaying taking any action in connection therewith, shall not waive such default, but Landlord shall have the right to declare any such default at any time thereafter.

12.5 Landlord's Cure. If Tenant defaults in the observance or performance of any of Tenant's covenants, agreements or obligations hereunder, Landlord may, but without obligation and without limiting any other remedies which it may have by reason of such default, cure the default, charge the costs thereof to Tenant, and Tenant shall make payment upon demand, together with interest thereon at the rate specified in Section 12.2 hereof for unpaid rent.

12.6 Remedies Cumulative. Landlord's remedies hereunder are cumulative, and Landlord's exercise of any right or remedy due to a default or breach by Tenant shall not be deemed a waiver of, or alter, affect or prejudice any other right or remedy which Landlord may have under this *Lease* or by law or in equity.

SECTION XIII—ACCESS BY LANDLORD; DEFAULT OF LANDLORD

13.1 Right of Entry. Landlord and its agents shall have the right to enter the Premises upon minimum of twenty-four (24) hours advance notice to the ranking administrator, or school office in his/her absence, for any reason including but not limited to the right to examine the same, and to show them to prospective purchasers, lenders or tenants, and to make such repairs, alterations, improvements or additions as Landlord may deem necessary or desirable. If Tenant is not personally present to permit entry and an entry is necessary or permissible, Landlord may enter the same. Such entry will be conducted in ways that minimize impact on the instructional program. Forcible entry may be used in the event of an emergency, without rendering Landlord liable therefore. Nothing contained herein shall be construed to impose upon Landlord any duty of repair except as specifically provided for herein. Tenant shall not change the locks to the Premises. In the event of emergency which jeopardizes the safety of persons or the Premises the minimum twenty-four (24) hour notice is waived.

13.2 Background Checks. When students are present, Landlord shall ensure that anyone coming onto the Premises with Landlord's permission or consent as a contractor, employee, guest, licensee or invitee (collectively "Landlord's Guests") shall either be supervised by Landlord or shall have provided Landlord with certification that such Landlord's Guest(s) has never been convicted of a crime against children.

13.3 Default of Landlord. If Landlord defaults in the performance of any covenant required to be performed by Landlord, Tenant may serve upon Landlord a written notice specifying the default. If Landlord does not remedy the default within sixty (60) days following receipt thereof or, in the case of a default which takes more than sixty (60) days to cure, if Landlord has not commenced to remedy the same within sixty (60) days following receipt thereof, Tenant's remedies, after expiration of the notice period required under the terms of Section 18.1 (Notices) hereof, shall be limited to damages and/or an injunction.

13.4 Shared Use. See Section 20 (Easements) and Section 21 (Parking, Soccer Field, and Playground).

SECTION XIV—OPTION AND EARLY TERMINATION

14.1 Early Termination. Both the Tenant and Landlord have the annual right to early termination of this *Lease* providing written notice is provided the other party on or before April 15th, effective the following July 15,

SECTION XV—SURRENDER OF PREMISES

15.1 Surrender of Possession. Tenant shall promptly yield and deliver to Landlord possession of the Premises upon the expiration or earlier termination of this *Lease* in the condition they were required to be maintained hereunder (subject to the removals required or permitted hereunder). Landlord may place and maintain signs in conspicuous places on the Premises for one hundred twenty (120) days prior to the expiration or earlier termination of this *Lease* advertising the Premises' availability.

15.2 Holding Over. If Tenant holds over after expiration or termination of this *Lease* without written consent of Landlord, Tenant shall pay twice the monthly rent in effect during the last month hereof plus all other charges due hereunder for each month or any part thereof of any such holdover period. No holding over by Tenant after the term of this *Lease* shall operate to extend the *Lease* term. In the event of any unauthorized holding over, Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Premises covered hereby effective upon the termination of this *Lease*. Any holding over by Tenant after the expiration or termination of this *Lease*, with Landlord's consent, shall be construed as a tenancy from month-to-month on the terms and conditions set forth herein, except for monthly rent which shall be increased as set forth above. Such tenancy may be terminated by either party upon at least thirty (30) days' written notice to the other party, effective as of the last day of a calendar month.

SECTION XVI—QUIET ENJOYMENT

16.1 Landlord's Covenant. Tenant, upon fully complying with and promptly performing all of the terms, covenants and conditions of this *Lease* on its part to be performed shall have and quietly enjoy the Premises for the term set forth herein, if its performance of such terms, covenants and conditions continues for such period, subject, however, to matters of record on the date hereof and to those matters to which this *Lease* may be subsequently subordinated.

SECTION XVII—SUSPENSION AND DISBARMENT

17.1 Assurances/Affirmative Notification. The parties to this *Lease* certify, and each relies thereon in execution of this *Lease*, that neither its entity nor its Principals are presently debarred, suspended, proposed for debarment, or declared ineligible, or voluntarily excluded for the award of contracts by any Federal governmental agency or department. "Principals," for the purposes of this certification, mean officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of subsidiary, division, or business segment; and similar positions). Further, each party agrees to provide the other(s) immediate written notice if, at any time during the term of this *Lease*, including any renewals hereof, it learns that its certification was erroneous when made or has become erroneous by reason of changed circumstances. Each party's certification via the execution of this *Lease* is a material representation of fact upon which each party has relied in entering into this *Lease*. Should either party determine, at any time during this *Lease*, including any renewals hereof, that this certification is false, or should it become false due to changed circumstances, it may terminate this *Lease* in accordance with the terms and conditions therein.

SECTION XVIII—MISCELLANEOUS

18.1 Notices. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, certified or registered, return receipt requested, postage prepaid, and addressed to the party to be notified at the address for such party specified in this *Lease*, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days written notice to the notifying party.

To Landlord: The Firs
4604 Cable Street
Bellingham, WA 98229
Telephone: (360) 733-6840
Contact: Kirk Potter, Conference Director

To Tenant: Northwest Educational Service District 189
1601 R Avenue
Anacortes, WA 98221
Telephone: (360) 299-4000
Contact: Director of Special Programs and Services

18.2 Successors or Assigns. All of the terms, conditions, covenants and agreements of this *Lease* shall extend to and be binding upon Landlord, Tenant and their respective heirs, administrators, executors, successors and permitted assigns, and upon any person or persons coming into ownership or possession of any interest in the Premises by operation of law or otherwise.

18.3 Tenant Defined; Joint Obligation. The word "Tenant" as used herein shall mean each and every person, partnership or corporation who is mentioned as Tenant herein or who executes this *Lease* as Tenant. If there shall be more than one Tenant, they shall all be bound jointly and severally by the terms, covenants and agreements herein.

18.4 Partial Invalidity. If any term, covenant or condition of this *Lease* or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this *Lease*, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each

term, covenant or condition of this *Lease* shall be valid and be enforced to the fullest extent permitted by law.

18.5 Subordination; Notice to Mortgagee; Atonement. Unless otherwise designated by Landlord, this *Lease* shall be subordinate to all existing and future mortgages and deeds of trust on the Premises or any real property of which the Premises may be a part, and to all extensions, renewals or replacements thereof. Within ten (10) days of Landlord's request therefore, Tenant shall promptly execute and deliver all instruments or certificates which may be necessary or appropriate to reflect such subordination of this *Lease*. Further, Tenant hereby constitutes and appoints Landlord as Tenant's attorney-in-fact, coupled with an interest to execute any such instrument or certificate for and on behalf of Tenant. Within ten (10) days of Landlord's request therefore Tenant shall promptly execute and deliver to third parties designated by Landlord an estoppel certificate or letter in the form requested by Landlord or its lender that correctly recites the facts with respect to the existence, terms and status of the *Lease*. Notwithstanding anything to the contrary in this *Lease*, Landlord shall not be in default under any provision hereof unless written notice specifying such default is given to Landlord and to all persons who have an interest in all or part of the premises as secured parties. Tenant agrees that any such secured parties shall have the right to cure such default on behalf of Landlord within sixty (60) days after receipt of such notice. Tenant further agrees not to invoke any of its remedies under this *Lease* until said sixty (60) days have elapsed, or during any period that such secured parties are proceeding to cure such default, or are diligently taking steps to obtain the right to enter the Premises and cure the default. Tenant agrees to attorn to Landlord's successor following any foreclosure, sale or transfer in lieu thereof.

18.6 Waiver of Covenants. Failure of Landlord to insist in any one or more instances upon strict performance of any term, covenant or condition of this *Lease* or to exercise any option herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or option, but the same shall continue and remain in full force and effect. The receipt by Landlord of rents with knowledge of a breach in any of the terms, covenants or conditions of this *Lease* to be kept and performed by Tenant shall not be deemed a waiver of such breach, and Landlord shall not be deemed to have waived any provisions of this *Lease* until expressed in writing and signed by Landlord. All such terms, covenants and conditions to be performed by Tenant during the lease term prior to expiration/termination shall survive the expiration or termination of this lease.

18.7 Liability of Landlord. Tenant shall look solely to rents, issues and profits from the Premises for the satisfaction of any judgment or decree against Landlord based upon any default under this *Lease*; and no other property or assets of the Landlord shall be subject to levy, execution or other enforcement procedures for satisfaction of any such judgment or decree. No personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against Landlord, its respective heirs, legal representatives, successors or assigns on account of this *Lease* or on account of any covenant, undertaking or agreement of Landlord in this *Lease* contained.

18.8 Tenant's Business Interruption. Notwithstanding any other provision of this *Lease*, and to the fullest extent permitted by law, Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, whether such injury or loss results from conditions arising upon the Premises or any real property of which the Premises may be a part, or from other sources or places, including without limitation any interruption of services and utilities or any casualty, or from any cause whatsoever, including, Landlord's negligence, and regardless of whether the cause of such injury or loss or the means of repairing the same is inaccessible to Landlord or Tenant. Tenant may elect, at its sole cost and expense to obtain business interruption insurance with respect to such potential injury or loss.

18.9 Light and Air. Tenant agrees and covenants that no diminution of light, air or view by any structure which may hereafter be erected shall entitle Tenant to any reduction in monthly rent under this *Lease*, result in any liability or obligation of Landlord to Tenant, or in any way affect this *Lease* or Tenant's obligations hereunder.

18.10 Remedies, Law and Venue. All rights and remedies of Landlord under this *Lease* shall be cumulative and none shall exclude any other rights or remedies allowed by law or in equity, and this *Lease* is declared to be a Washington contract, and all the terms hereof shall be construed according to the laws of the State of Washington and venue for any action brought hereunder shall lie in Whatcom County, Washington.

18.11 Captions. The captions in the *Lease* are for convenience only and are not part of this *Lease*.

18.12 Counterparts. This *Lease* may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

18.13 Entire Agreement. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and this *Lease* may be modified or altered only by agreement in writing between Landlord and Tenant, and no act, omission of any employee or agent of Landlord or of Landlord's broker shall alter, change or modify any of the provisions hereof.

18.14 Time. Time is of the essence of this *Lease* and each and every provision hereof, except as to the conditions relating to the delivery of possession of the Premises to Tenant.

18.15 Legal Expenses. If either party is required to bring or maintain any action (including assertion of any counterclaim or cross-claim, or claim in a proceeding of bankruptcy, receivership or any other proceeding instituted by a party hereto or by others), or otherwise refers this *Lease* to an attorney for the enforcement of any of the covenants, terms or conditions of this *Lease* or in any other way in connection with this *Lease*, the prevailing party in such action shall, in addition to all other payments required to be made, recover from the defaulting party all such expenses together with costs and reasonable attorney fees prior to, in any trial and any appeal.

SECTION XIX—CONSUMER PRICE INDEX

19.1 Consumer Price Index. The use of the Consumer Price Index (CPI) referred to in this *Lease* for determination of rent shall be as follows:

19.1.2 CPI will be understood to refer to that index as published by the U. S. Department of Labor, Bureau of Labor Statistics (Bureau).

19.1.3 The CPI index to be used is that identified by the Bureau as all urban consumers: (CPI-U) for the Seattle area, all items. The index base period is 1982-84 which is assumed as 100.

19.1.4 In the event of a change in reporting data presently identified as CPI, the system adopted by the Bureau or by a government entity most closely resembling data which is now published by the Bureau as CPI will be substituted.

SECTION XX—EASEMENTS

20.1 Easements Retained. Landlord retains easements over the leased premises as follows:

20.1.1 Driveway: A non-exclusive easement for ingress, egress and passage over, upon and through the following described real property for driveway and related purposes:

The north 30 feet of lots 25 through 30 inclusive Block 16, Plat of West Geneva on Lake Whatcom, according to the Plat thereof recorded in Volume 2 of Plats, page 55, Records of Whatcom County, Washington.

20.1.2 Transformer: An easement for transformer together with underground cables attached thereto, for ingress, egress and to service, remove, replace and for all other similar purposes over, upon, through and under the following described real property:

Lots 25 to 30 inclusive, Block 16, Plat of West Geneva on Lake Whatcom, according to the Plat thereof recorded in Volume 2 of Plats, page 55, Records of Whatcom County, Washington, together with north half of vacated Desmond Street also known as 1st Street abutting thereto on the south, and north 35 feet of Lots 1 and 2, and the north 20 feet of the west 25 feet of Lot 3, Block 19, West Geneva on Lake Whatcom, Records of Whatcom County, Washington, together with south half of vacated Desmond Street also known as 1st Street abutting lots 1, 2, 3, and 4, Block 19 on the north.

20.1.3 Sigurdson Building Lower Floor: An easement reserving to Landlord the exclusive use of the lower floor of the Sigurdson building together with ingress, egress and passage for access to said building, which building and passage way are situated on the following described real property:

Lot 25, Block 16, Plat of West Geneva on Lake Whatcom, according to the Plat thereof recorded in Volume 2 of Plats, page 55, Records of Whatcom County, Washington, as further described on Exhibit A (Legal Description), and depicted on Exhibit B (general plan of area, not to scale) both of which are attached hereto and by this reference incorporated herein.

20.1.4 Welch Building: Landlord reserves a non-exclusive easement for ingress, egress and passage over, upon and through the following real property to access the Welch Building and within the building for access to such areas as may be needed to reach and make exclusive use of the multipurpose room, restrooms, and those areas of the kitchen selected by Landlord. At the option of Landlord, some or all of the contents of the multipurpose room may be placed by Landlord in the kitchen during occupancy by Landlord and replaced at the end of Landlord occupancy.

Lots 25, 26 and 27, Block 16, Plat of West Geneva on Lake Whatcom, according to the Plat thereof recorded in Volume 2 of Plats, page 55, Records of Whatcom County, Washington.

20.1.5 Occupancy by Landlord under the easement set forth in Section 20.1.4 will be limited to a period of the time beginning at noon of the day following the last day of Tenant's student classes preceding summer break. In the event that the last day of Tenant's student classes is on a Friday, occupancy by Landlord will commence no later than 6:00 pm of the same day. Landlord will relinquish occupancy no later than Sunday at midnight two calendar weeks prior to Labor Day each year.

During any period in which Landlord makes use of rights granted in Section 20.1.4 the amount payable by Tenant as set forth in Section 3 (Monthly Rent and Additional Rent) will be reduced on a prorated basis for the period of time occupied by the Landlord, at the rate of 15.67 % per month.

SECTION XXI—PARKING, SOCCER FIELD, AND PLAYGROUND

21.1 Shared Facilities. Also the Tenant is granted non-exclusive use of the following described real property a portion of which is:

21.1.1 Parking: located west of Geneva Street currently used as parking.

21.1.2 Playground and Soccer Field: The remainder west of the parking area being a playground and soccer field. The Tenant's use of the play ground and soccer field is limited to Monday through Friday during the following times: 11:45 am to 1:00 pm, or such additional times as may be authorized by Landlord. Landlord reserves the right to close the field for repairs or at such other times as the Landlord deems necessary.

The real property referred to in Section 21.1.2 is described as follows:

Lots 16 to 23 inclusive, Block 17, Platt of West Geneva on Lake Whatcom, according to the Platt thereof recorded in Volume 2 of Plats, page 55, Records of Whatcom County, Washington, together with the North half of vacated Desmond Street also known as 1st Street abutting thereto on the south and Lots 10 to 15 inclusive, Block 18, Platt of West Geneva on Lake Whatcom, according to the Platt thereof recorded in Volume 2 of Platts, page 55, Records of Whatcom County Washington, together with the South half of vacated Desmond Street also known as 1st Street abutting thereto on the north, and the vacated alley abutting thereto on the south.

**

*

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year indicated below.

LANDLORD:

TENANT:

The Firs

Northwest Educational Service District 189

By: Tom Beaumont
Executive Director

By: Gerald W Jenkins
Dr. Gerald Jenkins
Superintendent

Date: 6/29/2012

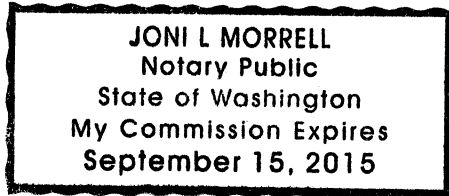
Date: 6/27/12

(Acknowledgment by Northwest Educational Service District 189)

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this 27th day of June 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Gerald W. Jenkins, to me known to be the Superintendent of Northwest Educational Service District 189, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that s/he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.



Joni L. Morrell
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes
Printed Name Joni L. Morrell
My commission expires 9/15/15

(Acknowledgement by The Firs)

STATE OF WASHINGTON)
) ss.
COUNTY OF Whatcom)

On this _____ day of _____ 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Tom Beaumont, to me known to be the Executive Director of The Firs, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that s/he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.



Karen Lee Watson
NOTARY PUBLIC in and for the State of
Washington, residing at _____
Printed Name KAREN LEE WATSON
My commission expires May 24, 2016

EXHIBIT A

LEGAL DESCRIPTION

The leased premises are a part of what is commonly known as 4604 Cable Street, Bellingham, Whatcom County, Washington described as follows:

Lots 25 to 30 inclusive, Block 16, Plat of West Geneva on Lake Whatcom, according to the Plat thereof recorded in Volume 2 of Plats, page 55, Records of Whatcom County, Washington, together with north half of vacated Desmond Street also known as 1st Street abutting thereto on the south, and north 35 feet of Lots 1 and 2, and the north 20 feet of the west 25 feet of Lot 3, Block 19, West Geneva on Lake Whatcom, Records of Whatcom County, Washington, together with south half of vacated Desmond Street also known as 1st Street abutting lots 1, 2, 3, and 4, Block 19 on the north.

The following buildings are located on the above described real property: Rutledge, Welch, Sigurdson and Vanstone. The Tennant's rights covering the use of the Sigurdson building are limited to the upper floor only.

The following buildings contain a floor space of approximately 9,184 square feet, not including the lower floor of Sigurdson possession of which is retained by Landlord in Section 20.1.3. These buildings are shown on Exhibit B.

Welsh, Sigurdson, Reutledge, Vanstone.

EXHIBIT B

GENERAL PLAN OF AREA (not to scale)

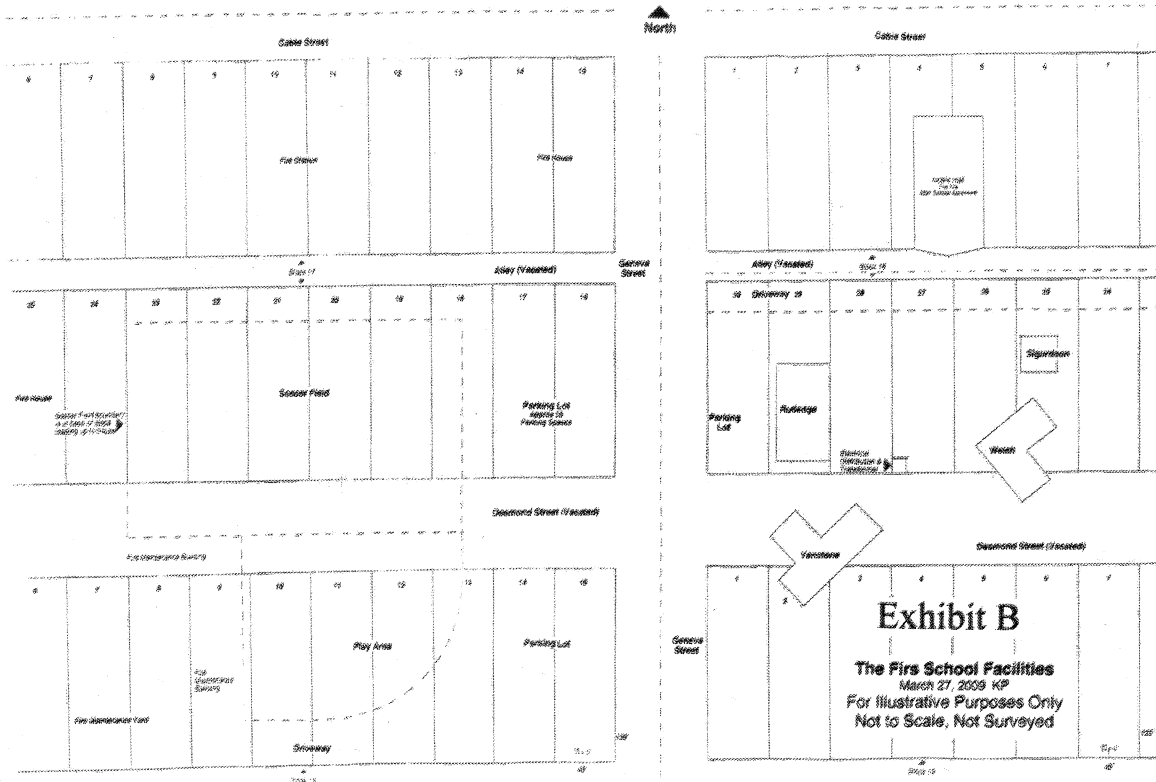


Exhibit B
The Firs School Facilities
 March 27, 2009 KP
 For Illustrative Purposes Only
 Not to Scale, Not Surveyed