

LEASE AGREEMENT

Landlord hereby leases to Tenant and Tenant leases from Landlord the Premises for the term, at the rental, and on all of the terms and conditions of this Lease.

BASIC PROVISIONS

As used in this Lease, the following terms shall have the following meanings:

Lease Date: December 29, 2011 (for reference purposes only)

Landlord: Marie T. Wilson Trust
(Thorp Trust Building)

Landlord's Address: 9409 North Harborview Drive
Gig Harbor, WA 98332

Tenant: Fab- 5

Tenant's Address: 1316 MLK Jr. Way
Tacoma, WA 98402

Premises: Approximately 2,322 rentable square feet
1316 MLK Jr. Way
Tacoma, WA 98402

Term: Month-to-month.

Commencement Date: January 1, 2012

Base Monthly Rent: \$500 per month

Rent Deposit: On signing this Lease, Tenant shall pay Landlord \$ 500 to be applied toward payment of Monthly Rent for the first month of the term of this Lease.

Security Deposit: On signing this Lease, Tenant shall pay Landlord \$650.00 to be held as the "Security Deposit".

Allowed Use: _____

Exhibits: Attached hereto are the following Addenda and Exhibits, all of which constitute part of this Lease.

Exhibit A Floor Plan of Premises
Exhibit B Rules and Regulations

1. **TERM.** The term of this Lease shall be month-to-month and may be terminated by either party at any time upon at least thirty (30) days' prior notice to the other party. Despite the stated Commencement Date, Landlord shall not be liable to Tenant if for any reason Landlord does not deliver possession of the Premises to Tenant on the Commencement Date, but in such case Tenant shall have no obligation to pay rent until Landlord delivers possession of the Premises to Tenant. If Tenant remains in possession of the Premises or any part thereof after the expiration of the term hereof without the express written consent of Landlord, such occupancy shall be a tenancy at sufferance at a rental equal to two hundred percent (200%) of the Base Monthly Rent due for the last month of this Lease term, and Tenant shall indemnify Landlord from all damages resulting from Tenant's failure to timely surrender possession of the Premises.

2. **RENT.** Tenant shall pay to Landlord as rent for the Premises the Base Monthly Rent, in advance, on or before the first day of each month of the term hereof. Rent for any period during the term hereof which is for less than one (1) month shall be a pro-rata portion of the monthly installment based on a thirty (30) day month. Rent shall be payable without notice or demand and without deduction, offset, or abatement, in lawful money of the United States of America to Landlord at:

Thorp Trust Building
9409 North Harborview Drive
Gig Harbor, WA 98332

or at such other address or persons as Landlord may from time to time in writing direct. If any sum due from Tenant shall not be received by Landlord within five (5) days after that said amount is due, then Tenant shall pay to Landlord a late charge of five percent (5%) of such overdue amount. In addition, any amount due to Landlord not paid when due shall bear interest at twelve percent (12%) per annum ("Default Rate") from the due date.

3. **UTILITIES AND SERVICES.** Tenant shall pay its proportionate share of all charges for any utilities that are jointly metered based on the ratio which the rentable square feet of the Premises bears to the total rentable square feet served by the joint meters. Notwithstanding the foregoing, if Tenant's use of the Premises incurs utility charges which are above those usual and customary for the Permitted Use, Landlord reserves the right to require Tenant to pay a reasonable additional charge for such usage.

Tenant shall furnish all other utilities (including, but not limited to, telephone, Internet, and cable service if available) and other services which Tenant requires with respect to the Premises, and shall pay, at Tenant's sole expense, the cost of all utilities separately metered to the Premises, and of all other utilities and other services which Tenant requires with respect to the Premises, except those to be provided by Landlord as described above. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities due to any cause whatsoever, and Rent shall not abate as a result thereof.

4. **SECURITY DEPOSIT.** The Security Deposit shall be security for Tenant's full performance of Tenant's lease obligations. If Tenant fails to pay rent or any other charges due from Tenant under this Lease, or to surrender the space pursuant to Section 1 above, Landlord may elect to apply the Security Deposit toward the payment of such default.

5. PREMISES - MAINTENANCE AND REPAIRS. Tenant accepts the Premises in its present condition, state of repair and operating order and in its present "As-Is" condition and Landlord has no obligation to make any improvements or changes to the Premises. Tenant shall not make any alterations or additions to the Premises without the prior written consent of Landlord. Except for damage caused or allowed by Tenant and its employees or invitees, Landlord shall maintain the structural foundations of the Building and the exterior roof of the Building. Except for Landlord's obligations set forth above, Tenant, at Tenant's expense, shall maintain in good condition and appearance all and every part of the Premises. On the termination of this Lease, Tenant shall surrender the Premises to Landlord in good condition and in accordance with Tenant's maintenance obligation and broom clean, ordinary wear and tear excepted. Tenant shall repair all demising and partition walls, and patch, fill and paint any holes resulting from attachment of any of Tenant's trade fixtures, furnishings and equipment. Unless otherwise agreed by Landlord in writing, Tenant shall remove any alterations or improvements made by Tenant. Tenant on Tenant's behalf and on behalf of his agents and employees hereby covenants not to sue Landlord and hereby waives all claims against Landlord: (a) for damage to all personal property and trade fixtures in or about the Premises or the Building whether arising from water leakage or otherwise and (b) for injuries to any persons in said Premises or the Building arising out of any cause at any time whether known or unknown to Landlord, including but not limited to the use, misuse, condition or state of repair of said Premises, or any part thereof or any part of the Building and (c) for loss of Tenant's profits at any time from any cause. This covenant and waiver is complete and includes a waiver of claims arising out of damage by the use, misuse, conditions or state of said Premises or any part thereof or the Building though the cause of such damage may be so situated that Tenant has no access to or means of repairing the same.

6. USE. The Premises shall be used and occupied only for the Allowed Use and for no other purpose without prior written consent of Landlord. During this Lease term, Tenant has a non-exclusive license to use the common areas as they from time to time exist, subject to Landlord's right to modify the common areas. Tenant shall, at Tenant's expense, comply promptly with all present and future laws and requirements regulating the use of the Premises by Tenant or Tenant's business together with any laws providing for accessibility of the Premises, including access by disabled persons. Tenant shall not create or allow waste or a nuisance, or unreasonably disturb any other tenant or person. Tenant shall have a license to use for the parking of passenger automobiles the number of non-exclusive and undesignated parking spaces, if any, set forth in the Basic Provisions. All spaces will be on a first-come, first-served basis in common with other tenants of and visitors to the Property in parking spaces provided by Landlord from time to time in the Properties parking areas. Tenant shall comply with reasonable regulations made or changed by Landlord from time to time. A copy of the current rules and regulations is attached as Exhibit B.

7. ASSIGNMENT AND SUBLETTING. Tenant shall not voluntarily or by operation of law assign or sublet all or any part of Tenant's interest in this Lease or the Premises without Landlord's prior written consent.

8. INSURANCE. Tenant shall obtain and keep in force during the term of this Lease a commercial liability insurance policy protecting Tenant and Landlord against claims for bodily injury, personal injury and property damage based upon, involving or

arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence and shall be in a form and with a company approved by Landlord. Tenant shall also maintain insurance coverage on all of Tenant's personal property, trade fixtures and Tenant-owned alterations and improvements in the Premises. Landlord shall obtain and keep in force during the term of this Lease a policy or policies in the name of Landlord, with loss payable to Landlord and to any Lender(s), insuring against loss or damage to the Property with such deductible amount as is selected by Landlord. Tenant shall be responsible for paying Landlord's deductible to the extent of any damages to the Premises or Property caused by Tenant, its guests or invitees which are covered by Landlord's property insurance. Landlord reserves the right to modify the amount of Landlord's deductible from time to time. Tenant shall cause to be delivered to Landlord, prior to the Commencement Date, certified copies of, or certificates evidencing the existence and amounts of, the insurance required of Tenant by this Lease. No such policy shall be cancelable or subject to modification except after thirty (30) days' prior written notice to Landlord. Without affecting any other rights or remedies, Tenant and Landlord each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss or damage to persons or property arising out of or incident to the perils required to be insured against under this Lease. Landlord and Tenant shall cause each insurance policy obtained to provide that the insurance company waives any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated thereby.

9. INDEMNITY. Except to the extent of Landlord's comparative negligence or breach of an express provision of this Lease, Tenant shall indemnify, protect, defend and hold harmless Landlord and its Lenders from and against all claims, loss of rents and damages, costs, liens, judgments, penalties, loss of permits, attorney's and consultants' fees and costs, expenses and liabilities arising out of, involving, or in connection with, the occupancy of the Premises or Property by Tenant, the conduct of Tenant's business, any act, omission or neglect of Tenant, its agents, contractors, employees or invitees, and out of any default or breach by Tenant in the performance in a timely manner of any obligation on Tenant's part to be performed under this Lease. In the event of concurrent negligence of Landlord and Tenant resulting in injury or damage to persons or property and which relates to the construction, alterations, repair, addition to, subtraction from, improvement to or maintenance of the Premises, the indemnifying party's obligation to indemnify the other party as set forth in this Section shall be limited to the extent of the indemnifying party's negligence, and that of its agents, employees, subtenants, invitees, licensees or contractors.

10. DEFAULTS AND REMEDIES. The occurrence of either of the following events shall constitute a default and breach of this Lease by Tenant: (1) the failure by Tenant to make any payment required to be made by Tenant hereunder, as and when due where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant, or (2) the failure by Tenant to observe or perform any of the provisions of this Lease (other than the payment of money) to be observed or performed by Tenant where such failure shall continue for a period of ten (10) days after written notice thereof from Landlord to Tenant. Upon the occurrence of a Default by Tenant, Landlord, without notice to Tenant (except where expressly provided for in this Lease or by applicable law) may exercise any remedies available at law and, without limiting the

foregoing, may immediately elect to terminate this Lease by giving notice of such election to Tenant.

11. SUBORDINATION. This Lease and Tenant's rights under this Lease are subject and subordinate to any mortgage, deed of trust or other lien encumbrance, together with any renewals, extensions or modifications, consolidations and replacements of them, which now or at any subsequent time affect the Premises.

12. MISCELLANEOUS PROVISIONS.

12.a. Time of Essence. Time is of the essence in this Lease and with respect to each and all of its provisions in which performance is a factor.

12.b. Choice of Law. This Lease shall be governed by the laws of the state of Washington.

12.c. Attorneys Fees. If Tenant or Landlord brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to its reasonable attorneys fees and costs to be paid by the losing party.

12.d. Landlord's Access. Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers or Lenders, and making such alterations repairs, improvements or additions to the Premises or to the building of which they are a part as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises signs advertising the availability for sale or lease of the Property or Premises or a portion thereof.

12.e. Landlord's Liability. Any claim by Tenant against Landlord shall be limited to Landlord's interest in the Property, and Tenant expressly waives any and all rights to proceed against any other assets of Landlord or any owner of Landlord.

12.f. Notices. Wherever under this Lease provision is made for any demand, notice or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other party, it shall be in writing and served either personally or sent by United States mail, postage prepaid, addressed to the address stated at the beginning of this Lease or such subsequent address as may have been specified for such purpose in a written notice given to the other party.

Landlord: Marie T. Wilson Trust

Tenant: Fab-5

By: _____

By: _____

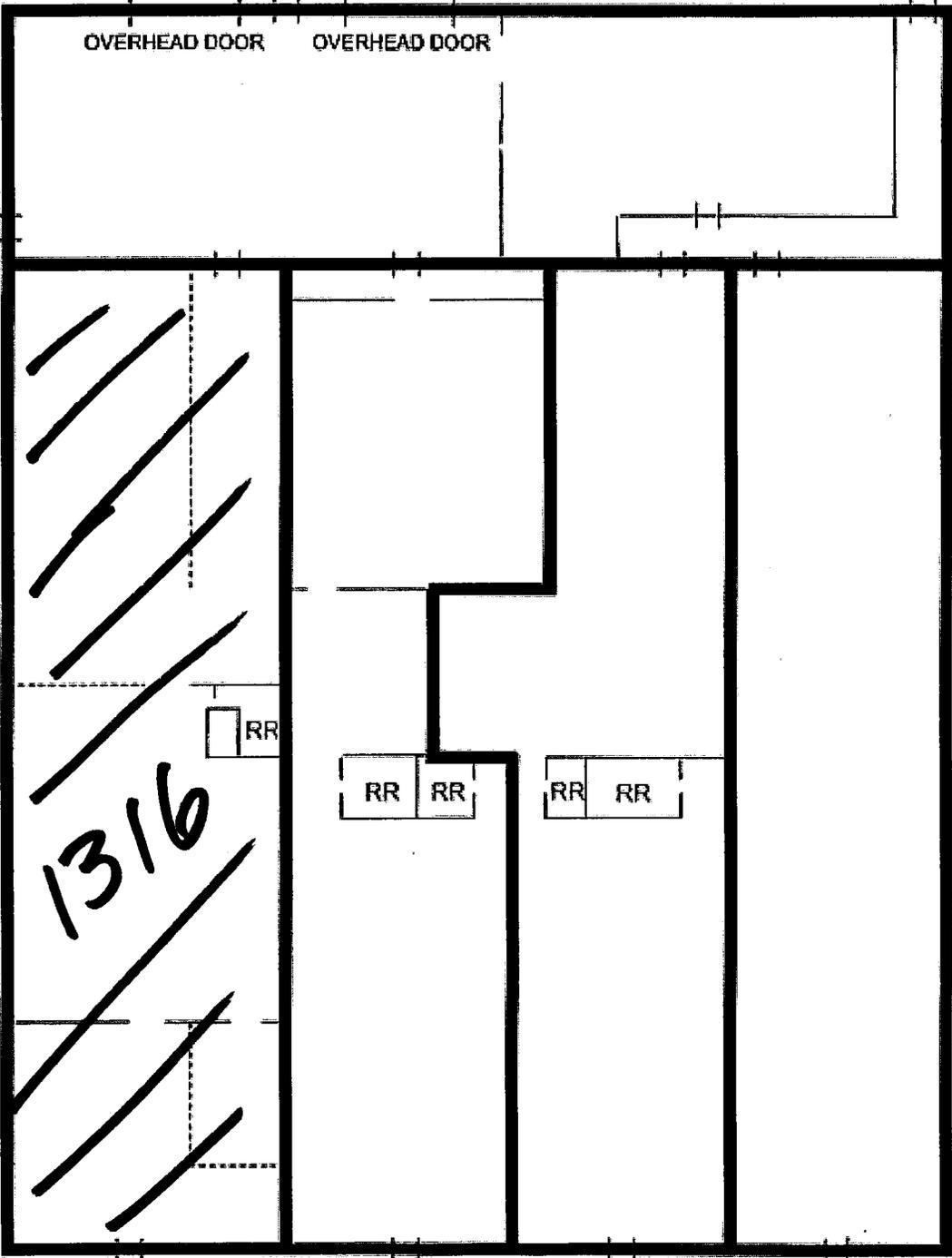
Its: _____

Its: _____

Dated: _____

Dated: _____

EXHIBIT A
Floor Plan of Premises



Rules and Regulations

- The premises shall be used for allowed use and for no other purpose without prior approval by landlord in writing.
- Smoking and alcohol consumption are not allowed on the premises.
- Premises may not be used for sleeping or storing personal items that are not needed for business.
- Tenant shall maintain exterior by keeping the premises clean and free of debris, leaves, and weeds. Downspout will be maintained to prevent backup of water.
- Window cleaning will be the responsibility of tenant.
- Tenant shall remove graffiti and postings on building and premises promptly.
- Tenant shall keep all common areas inside and outside of the building in good condition and free of debris and waste. No storage of any items, including trash cans in areas designated for emergency exit.
- Tenant shall be responsible for any broken glass clean-up and replacement.
- Tenant will receive one set of keys. If tenant loses a key, tenant will be responsible for the cost of re-keying the door.