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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): May 16, 2017

**GROWGENERATION CORP**  
(Exact Name of Registrant as Specified in its Charter)

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**Colorado**  
(State or other Jurisdiction  
of Incorporation)

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**333-207889**  
(Commission File Number)

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**46-5008129**  
(I.R.S. Employer  
Identification No.)

**1000 West Mississippi Avenue**  
**Denver, Colorado 80233**  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(303)386-4796**

N/A  
(Former Address of Principal Executive Offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation under any of the following provisions *see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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## Section 1 – Registrant’s Business and Operations

### Item 1.01. Entry Into a Material Definitive Agreement

On March 6, 2017, GrowGeneration Corp. (the “Company”) entered into an agreement to purchase and sell assets (the “Purchase Agreement”) with Seattle’s Hydro Spot LLC (the “Seller”) and David G. Iacovelli to purchase from the Seller substantially all of the assets in connection with a retail hydroponic store known as “Seattle’s Hydro Spot” (the “Business”) located in Seattle, Washington. The closing of the asset purchase took place on May 16, 2017.

The assets subject to the sale under the Purchase Agreement included inventory, equipment, supplies, leasehold improvements, books and records, contact list, files and data, trade name, goodwill, intellectual property and other assets listed in an exhibit thereto. As consideration to the inventory and assets purchased under the Purchase Agreement, the Company agreed to pay a total of \$140,000. The Company also agreed to pay the Seller an amount calculated based on certain gross revenue thresholds of the Business during the 12-month period following the closing of the purchase.

In connection with the purchase of the assets, the Company also entered into a commercial lease, to be effective from May 17, 2017 to April 30, 2022, to rent the premises where the Business is located.

The foregoing descriptions of the terms of the Purchase Agreement and the lease do not purport to be complete and are qualified in their entirety by reference to the full text of the forms of them filed herewith as Exhibits 99.1 and 99.2, respectively.

## Section 2 – Financial Information

### Item 2.01. Completion of Acquisition or Disposition of Assets

Disclosures under Item 1.01 above are incorporated hereunder in their entirety.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Form of Agreement to Purchase and Sell Assets, dated March 6, 2017, by and among GrowGeneration Corp., Seattle’s Hydro Spot LLC and David G. Iacovelli</a>
99.2	<a href="#">Form of Commercial Lease, dated May 17, 2017, by and between GrowGeneration Corp. and BUILDING ACCOUNT L.L.C.</a>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 22, 2017

**GrowGeneration Corp.**

By: /s/ Darren Lampert

Name: Darren Lampert

Title: Chief Executive Officer

**FORM OF AGREEMENT TO PURCHASE AND SELL ASSETS**

THIS AGREEMENT TO PURCHASE AND SELL ASSETS (the "**Agreement**"), is entered into on this 6 day of March, 2017, by and among Seattle's Hydro Spot LLC, a Washington limited liability company ("**Seller**"), David G. Iacovelli only with regard to the agreement not to compete as referenced below ("**Seller Member**") and GrowGeneration Corp., a Colorado corporation ("**Buyer**").

1. **Included Assets.** Buyer hereby agrees to purchase and the Seller agrees to sell substantially all of the assets, tangible and intangible (the "**Assets**"), owned by Seller and used in or necessary for the conduct of its business including, but not limited to the list of assets described in Exhibit "A" which is attached hereto and incorporated herein) and all equipment and furniture, inventory, supplies, leasehold improvements, books and records, phone and fax numbers, website(s) and related data, information and domain name(s), historic and current member contracts, lists, files and data, all intellectual property, all goodwill, all proprietary information, the non-compete agreement with Seller and Seller's Member, the trade name "Seattle's Hydro Spot" and all other intangible assets of Seller's hydroponic growing business known as Seattle's Hydro Spot (the "**Business**") located at 917 NW 49<sup>th</sup> Street, Seattle, WA 98107 (the "**Premises**"), except as specifically excluded herein.
2. **Excluded Assets.** Seller's cash and cash equivalents, accounts receivable, the security deposit under the lease for the Premises in the amount of \$2,850 which shall be credited to Seller, and any other items as agreed upon between Buyer and Seller in writing and listed as an attachment to this Agreement which shall be attached hereto and incorporated herein, shall be excluded from the transaction and shall remain the sole property of Seller.
3. **Liabilities to be Assumed.** Buyer is not assuming any of Seller's liabilities and/or payables except as stated specifically herein. Buyer agrees to assume that certain commercial lease agreement dated April 13, 2016 for the Premises (the "**Lease**") by and between Seller as "Tenant" and Building Account, L.L.C. as "Landlord". Seller and any guarantors shall assign and Buyer shall assume all of the Tenant's rights and obligations under said Lease, including the security deposit, for which Seller shall be credited by Buyer at Closing.

The parties acknowledge that the assumption by Buyer of the Seller's duties under the above-described Lease is a material consideration for the Seller to enter into this Agreement, and that any failure by Buyer to fully carry out such duties and obligations shall be a breach of this Agreement. Buyer shall comply with all requirements of any Landlord party to the Lease for the purposes of assuming the rights and duties under said Lease.

4. **Purchase Price.** The purchase price for the inventory is approximately \$90,000.00, depending on the actual count thereof and the purchase price of the assets shall be \$50,000.00, all payable at Closing (through escrow) in cash or certified funds in United States dollars. Provided, however, that Buyer has made a deposit of \$5,000.00 at the time the parties executed a certain Non-Binding Term Sheet for Proposed Transaction on or around February 17, 2017 which deposit shall be credited towards the purchase price at Closing.
5. **Gross Revenue Payment.** As additional consideration for the sale of the Assets, Buyer shall pay Seller an amount based on the Business' gross revenue for the 12-month period following Closing with such amount payable no later than April 30, 2018. The payment shall be calculated based on the Business achieving certain gross revenue thresholds according to the following table:

<b>Gross Revenue equal to:</b>	<b>Payment</b>
\$800,001 - \$849,999	\$ 5,000
\$850,000 - \$899,999	\$ 10,000
\$900,000 - \$949,999	\$ 15,000
\$950,000 - \$999,999	\$ 20,000
\$1,000,000 - \$1,499,999	\$ 25,000
\$1,500,000+	\$ 30,000

Upon prior written notice to Buyer, Seller shall have the right to engage an independent, nationally-certified auditing firm selected by Seller, to have access during normal business hours and on reasonable notice, to the applicable books and records of Buyer, as may be reasonably necessary to verify the accuracy of the gross revenue reports relating to the above calculations. If such audit shows any underpayment of the required payments by Buyer, then, within thirty (30) days after Buyer's receipt of such report, Buyer shall remit to Seller the amount of any such underpayment and if such underpayment exceeds 10% of the required payment, the reasonably necessary fees and expenses of such auditing firm performing the audit. Any overpayment shall be repaid to Buyer by Seller.

6. **Inventory.** Inventory shall be counted, priced and extended by Buyer and Seller at least two days prior to Closing. Said inventory shall have been held for sale in the ordinary course of business of Seller and shall be merchantable and fit for the purpose for which it was procured or manufactured, and neither slow-moving, obsolete, damaged nor defective.

7. **Training, Transition & Consulting.** Buyer agrees and acknowledges that it is experienced in similar business to that of Seller and accepts minimal training, transitioning and consulting from Seller. Seller or Seller's representative is to remain with Buyer, without compensation, a sufficient length of time to convey the operational knowledge of the Business to enable the Buyer to become acquainted with the Business at mutually convenient times and dates, but in no case, shall Seller or its representative remain with the Buyer for more than 20 hours of on-site consulting during the 10 days immediately following the Date of Closing. Seller shall also provide up to 20 hours of consulting by phone or email through June 15, 2017.
8. **Agreement Not To Compete.** As part of the consideration herein paid, Seller and Seller's Member, do covenant to the Buyer stipulating that they will not engage, either directly or indirectly, in a hydroponic growing business within the State of Washington and will not contact and/or solicit existing, previous and/or prospective Business employees for a term of five (5) years from the Date of Closing.
9. **Seller Warranties.** Seller hereby represents and warrants to Buyer as follows:
- a. Formation. Seller is a limited liability company duly organized and validly existing under the laws of the State of Washington, and is duly qualified to do business in said State.
  - b. Member Authorization. The execution, delivery and performance of this Agreement by Seller have been duly and effectively authorized by Seller's Member.
  - c. Binding Obligations. The Member executing this Agreement on Seller's behalf is duly authorized to do so and to deliver the same on behalf of Seller, and this Agreement constitutes a valid and binding obligation of Seller in accordance with its terms.
  - d. Business Operations. Seller has not materially altered the conduct of its Business, and has not taken any action; made any sales, loans, or liquidations outside the ordinary course of business; altered any business or accounting practices; changed business hours; or entered into any unusual transactions that are likely to have any adverse affect on the value of the business from the time of the Non-Binding Term sheet dated February 27, 2017 through the Date of Closing.
  - e. Title. Seller is the true and lawful owner of all of the assets and inventory of the Business, including, without limitation, those listed on Exhibit "A", free and clear of all title defects, security interests, liens or encumbrances of any kind except as expressly set forth herein.

- f. Condition. At Closing, to the best of Seller's knowledge, the leased Premises, equipment and other tangible assets of Seller are in good operating condition and repair, subject to ordinary wear and tear, are adequate for the uses to which they are being put, and to the best of Seller's knowledge are not in need of maintenance or repairs except for ordinary, routine maintenance and repairs.
- g. Taxes. Seller has in a timely manner filed, or will file in a timely manner, all federal, state and local tax returns relating to the Assets or the Business, including, but not limited to, those taxes with respect to income, property, worker's compensation, employment, and unemployment, and has paid all taxes, penalties and interest on said returns or arising therefrom.
- h. Labor. To its best knowledge, Seller is in compliance with all applicable laws respecting employment and is not engaged in any unfair labor practice.
- i. Default. To the best of its knowledge, Seller is not in default under any contract for work or services to be performed. There has been no unresolved claim for negligence or breach of warranty or breach of contract arising out of services delivered or installed, or services rendered by the business.
- j. Litigation. To the best of Seller's knowledge, there is no pending or anticipated litigation, proceeding, investigation, controversy, judgment, order, writ, injunction or decree which would jeopardize the Business or Buyer's title to the assets being sold.
- k. Market Conditions. Seller represents to Buyer that it has no present knowledge of any forthcoming and significant changes within the hydroponic growing industry that would materially and adversely alter the Seller's market position.
- l. Terminability of Employees. The employment of all employees of Seller is terminable at will. Seller will terminate the employment of all employees as of the Closing Date, and pay them all monies and benefits to which they are entitled. Seller shall use best efforts to encourage the current employees to work with Buyer on terms to be determined by Buyer and said employee(s).
- m. Intellectual Property Rights. Seller owns or has the right pursuant to license, sublicense, agreement or permission to use all Intellectual Property Rights necessary for the operation of the Business as presently conducted and as presently proposed to be conducted. Seller has taken all reasonable action to protect each item of Intellectual Property that it owns or uses, though Seller has not registered any of Seller's trade or service marks. To the best of Seller's knowledge, Seller is not infringing upon, misappropriating, violating or otherwise acting adversely to the right of any other person under, or in respect to, any trade names, trademarks, patents, copyrights, or similar intangible rights, and Seller has not received any charge, complaint, claim or notice of such and infringement, misappropriation, violation or adverse act. To the best of knowledge of Seller, no third party has infringed upon misappropriated, violated or otherwise acted adversely to the Intellectual Property Rights. "**Intellectual Property Rights**" means all domain names, web sites, trade names, trademarks, trademark applications, copyrights, copyright applications and similar intangible rights used by Seller in connection with the Business or owned by Seller. The term includes, without limitation, the right to use the name "Seattle's Hydro Spot" and any derivative thereof and all of Seller's existing web sites, telephone and facsimile lines.

- n. Exemption from Marijuana Licensing and Other Restrictions. The Business neither grows nor sells marijuana seeds, seedlings, plants or other viable marijuana product, and is exempt from any licensing by the State of Washington or other governmental or quasi-governmental agencies for the sale of marijuana-related materials. The Business has no marijuana-based banking restrictions and the employees are not required to have special training for the sale of marijuana-related products.
10. **Buyer Warranties.** Buyer represents and warrants to Seller as follows:
- a. Formation. Buyer is a corporation duly organized and validly existing under the laws of the State of Colorado.
  - b. Shareholder/Director Approval. The execution, delivery, and performance of this Agreement by Buyer have been duly and effectively authorized by Buyer's shareholders and/or directors.
  - c. Binding Obligation. The officer executing this Agreement on Buyer's behalf is duly authorized to do so and to deliver the same on behalf of Buyer, and this Agreement constitutes a valid and binding obligation of Buyer in accordance with its terms.
  - d. Inspection of Equipment: "As Is" Condition. Buyer has had, or shall have had prior to the Date of Closing an opportunity to inspect all Assets that are being acquired, and hereby accepts all such assets "Where Is, As Is".
  - e. Full Power. Buyer has the full power and authority to carry out the transaction contemplated by this Agreement.
  - f. No Verbal Representations. Buyer has not relied on any verbal representations of Broker, or Seller and has independently verified all such verbal representations during the due diligence period.
11. **Survival of Representations and Warranties.** Seller's and Buyer's representations, warranties, indemnities, and guarantees shall, where applicable, be deemed to be made again at, and as of, the Closing Date, and shall survive the Closing of this transaction, the delivery of all required instruments hereunder, and any investigations made by Seller or Buyer.



12. **Liabilities.** Buyer assumes only the liabilities under the Lease. Seller warrants that at Closing it will give a good, clear and marketable title to the Business and the Assets being sold; and that it has disclosed all known liabilities of any kind to the Buyer and expressly agrees to hold Buyer free and harmless from any such liabilities.
13. **Attorney Fees.** Buyer and Seller agree that in the event of any litigation, between any of the parties, arising out of the transaction is instituted, the prevailing party or parties shall be entitled to recover from the other(s) their reasonable attorneys' fees and reasonable costs incurred (whether or not statutory in nature).
14. **Pro-Rations.** The sales and use tax on furniture and equipment shall be paid by the Buyer at Closing and all other taxes, including personal property taxes and real property taxes, if applicable, utility bills and similar expenses shall be prorated as of Closing.
15. **Severability.** Each paragraph, section and provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, section or provision herein is determined to be invalid and contrary to any existing or future law or regulation, such shall not impair the operation of or affect the remaining paragraphs, sections or provisions of this Agreement.
16. **Tax Allocation of Purchase Price:** Seller and Buyer agree to the below tax allocations of the Purchase Price:
- |                                    |    |         |
|------------------------------------|----|---------|
| Furniture, Fixtures and Equipment: | \$ | 20,000  |
| Non-Competition Agreement:         | \$ | 0       |
| Goodwill:                          | \$ | 30,000  |
| Inventory                          | \$ | 90,000  |
| Other                              | \$ | 140,000 |
17. **Risk of Loss.** As of the Closing Date, the Assets shall be delivered to Buyer in the same condition as of the date of this Agreement, except for ordinary use and wear thereof. On or before the Closing Date, the risk of loss of, or damage to, the Assets shall be borne in full by Seller. If as of the Closing Date, the Assets shall have suffered loss or damage due to fire, flood, earthquake, or any other casualty or vandalism, the Buyer shall have the right, at its option, to (a) complete the purchase anticipated by this Agreement, in which event the Buyer shall be entitled to all insurance proceeds collected by reason of such loss or damage, plus a reduction in the Purchase Price on a dollar-for-dollar basis to the extent such loss or damage exceeds the insurance proceeds thereof, or (b) if the Buyer does not so elect, the Buyer shall have the right to terminate this Agreement, which shall be in addition to any other right or remedy. In the later event, the Buyer and Seller shall be released from any further liability or obligation pursuant to this Agreement.

18. **Date of Closing.** The purchase and sale provided for in this Agreement (the "**Closing**") shall be consummated at the offices of IBA at 40 Lake Bellevue Drive, Suite 100, Bellevue, WA 98006 by Anderson Law & Escrow, PLLC, on or before May 31, 2017 or at such other time, date, or place as the parties shall mutually agree upon.
19. **Conduct of Business Prior to Closing.** Except as may be approved in writing by Buyer (which approval shall not unreasonably be conditioned, delayed or withheld), Seller agrees that throughout the period from the date hereof to the Closing Date, the Seller:
- a. shall conduct the business of the Business only in the ordinary course and none of the Assets shall be disposed of except in the ordinary course of business;
  - b. shall not mortgage, pledge or subject to lien or other encumbrance (except the lien of current taxes not delinquent) any of the Assets;
  - c. shall not increase the current compensation of, or enter into any special contract of employment with any employee or agent, except in the ordinary course of business;
  - d. shall to the extent reasonably possible continue to operate its Business in the manner in which it is presently conducted and shall use its best efforts to preserve its business organization, to keep available the services of its present employees and to preserve the Seller's business relations with its customers, principals and other having business relations with it;
  - e. shall not enter into any contracts or leases relating to its properties and Assets except in the ordinary course of business; and
  - f. shall file all tax returns or reports and pay all taxes as and when due.
20. **Conditions to Obligations Of Buyer.** The obligations of Buyer under this Agreement are subject to the conditions that on or before the Closing Date:
- a. All terms, covenants, and conditions of this Agreement to be complied with and performed by Seller at or before the Closing Date.
  - b. The representations and warranties made by Seller herein shall be correct as of the Closing Date, with the same force and effect as though such representations and warranties had been made on the Closing Date, except to the extent that such representations and warranties shall be incorrect as of the Closing Date because of events or changes (which shall not in the aggregate have materially adversely affected the Business, properties, operations, or financial condition of Seller) occurring or arising after the date hereof in the ordinary course of business of Seller or in the due performance in accordance with the terms of Seller's contracts.

- c. The Business, properties, and operations of Seller shall not have been adversely affected in any material way as the result of any fire, accident, or other casualty, or any labor disturbance, or act of God, or the public enemy. There shall have been no changes in the business, properties, operations, or financial condition of Seller that would have a materially adverse effect on the value of Seller's Business between the date of signing of the Letter of Intent and Closing.
  - d. Buyer's receiving through application, transfer or assignment from Seller any and all necessary permits, licenses and environmental approvals to conduct said Business to its complete satisfaction prior to Closing.
  - e. Seller and Buyer to agree on process and timing of employee and customer notification, with Buyer to enter into employment agreements with certain employees of Seller on terms acceptable to Buyer and said employees.
  - f. Buyer receiving an assignment of the Lease upon terms and conditions acceptable to Buyer prior to the Closing Date.
  - g. Buyer having completed any due diligence to Buyer's satisfaction prior to the Date of Closing, including verifying that the Business has generated at least \$735,000.00 in sales for the fiscal year ending December 31, 2016.
  - h. Buyer having completed an inspection of all equipment associated with the Business operation satisfactory to Buyer prior to the Date of Closing.
21. **Conditions to Obligations of Seller.** The obligations of Seller under this Agreement are subject to the condition that on or before the Closing Date:
- a. The representations and warranties made by Buyer herein shall be correct as of the Closing Date, with the same force and effect as though such representations and warranties had been made on the Closing Date.
  - b. Buyer shall have in all material respects performed all obligations and agreements and complied with all covenants and conditions contained in this Agreement to be performed and complied with by it.

22. **Termination.** This Agreement may be terminated at any time before the Closing Date:
- a. by Buyer in the event the conditions as described in Section 19 above have not been satisfied after reasonable undertaking by Buyer on or prior to the Date of Closing;
  - b. by Seller in the event the conditions to closing as described in Section 20 above have not been satisfied after reasonable undertaking by Seller on or prior to the Date of Closing;
  - c. by either the Buyer or the Seller if the closing has not occurred on or before May 31, 2017; and
  - d. by either the Buyer or the Seller if there has been a material breach on the part of the other party in any material representation, warranty or covenant set forth in this Agreement that is not cured within ten (10) business days after such other party has been notified of the intent to terminate this Agreement pursuant to this clause.
23. **Effect of Termination.** In the event of terminations of this Agreement as expressly permitted under Section 21 hereof, this Agreement shall forthwith become void and there shall be no liability on the part of the Seller, Seller's Member or the Buyer unless such termination occurs pursuant to Section 21(d) and resulted from the material misrepresentation or material breach by a party of the covenants of such party contained in this Agreement, then such party shall be fully liable for any and all damages sustained or incurred as a result of such breach. Upon termination of this Agreement for any reason, each party shall return promptly to the other party all documents, work papers, and other material of the other party furnished or made available to such party or its representative or agents and all copies thereof. Additionally, each party shall be obligated to pay one-half (1/2) of all escrow cancellation fees and costs.
24. **Asset Sale And Indemnifications.** This is a purchase and sale of assets only. Seller agrees to pay all obligations, indebtedness, liabilities, claims, taxes due and wages payable which arose or were incurred from the operation of the business before the Date of Closing.
- a. Seller agrees to indemnify and hold Buyer harmless with respect to any and all liabilities, obligations and claims arising from the operation of the Business before the Date of Closing of this transaction, including but not limited to taxes due, wages payable, and accounts payable, as well as any and all claims by any employees of Seller arising out of services rendered to the company at any time prior to the Date of Closing as defined herein. If Buyer is required to pay any claims to third parties that arise out of warranties or representations of Seller or in order to satisfy any obligation or claim arising from the above indemnification by Seller, Seller shall reimburse Buyer in cash for any such validated claim. Seller's failure or refusal to pay such claim amounts within 60 days after receipt of written notice from Buyer shall constitute a default under this Agreement.

- b. Buyer agrees to indemnify and hold Seller harmless with respect to any loss, liability, cost, expense, or claim arising out of Buyer's operation of subject Business after the Date of Closing of this transaction, including but not limited to taxes due, wages payable, and accounts payable, as well as any and all claims by any employees of Buyer arising out of services rendered to the company at any time after to the Date of Closing as defined herein. If Seller is required to pay any claims to third parties that arise out of warranties or representations of Buyer or in order to satisfy any obligation or claim arising from the above indemnification by Buyer, Buyer shall reimburse Seller in cash for any such validated claim. Buyer's failure or refusal to pay such claim amounts within 60 days after receipt of written notice from Seller shall constitute a default under this Agreement.
25. **Employees.** Seller will terminate the employment of its employees as of the Closing Date. Buyer may hire any of such employees with compensation and benefits in a format and amounts as determined by the Buyer at Buyer's sole discretion. Seller agrees to make no representations to employees on behalf of Buyer, at any time prior to or after Closing, without the written approval of the Buyer.
26. **Notices.** Any notice, request, or other document to be given under this Agreement after the date hereof by any party to any other, shall be in writing and shall be sent by hand delivery, or by mail, postage prepaid, return receipt requested. The effective date of mailed notice shall be deemed to be three (3) calendar days following mailing.

BUYER: GrowGeneration Corp  
503 N. Main Street, Suite 740  
Pueblo, CO 81003

SELLER: David Iacovelli  
4380 Mitchell Rd  
Eureka, CA 95503

With copy, which shall not constitute notice, to:  
Keil A. Larsen, Esq.  
Reed Pruett Walters PLLC  
11120 NE 2<sup>nd</sup> Street, Suite 200  
Bellevue, WA 98004  
klarsen@rpwlawfirm.com

27. **Waivers/Extensions.** The parties may, by written instrument, extend the time for the performance for any of the obligations or other act of any other party and (a) waive any inaccuracy of such other party in any representation or warranties contained herein or in any document delivered pursuant to this Agreement; or (b) waive compliance with any of the covenants of such other parties' performance of any of the obligation set out in this Agreement. Any waiver or extension hereunder shall not constitute a waiver or extension of any other provision of this Agreement.
28. **Successors/Assigns.** This Agreement shall be binding on the parties, their successors, assigns and subsidiaries.
29. **Remedies in Equity.** The parties agree that damages at law may be an inadequate remedy for breach or threatened breach of the terms of this Agreement and agree that the respective rights and obligations hereunder shall be enforceable, pending ultimate resolution of any dispute by arbitration or appeals therefrom, by specific enforcement, injunction, or other equitable remedy, as well as at law.
30. **Entire Agreement.** This Agreement together with its exhibits and attachments contains the entire agreement between the Seller and Buyer, and supersedes or cancels any prior agreements, understandings or inducements relating to the transaction provided for herein.
31. **Transfer Documents.** At Closing, Seller shall execute and deliver to Buyer a Bill of Sale in the form attached hereto and incorporated herein as Exhibit "B".
32. **Further Assurances.** The parties agree to take all steps, and to execute all documents, whether before, at or after Closing, reasonably necessary or advisable to carry out this Agreement and the transactions described herein. The parties recognize that there may be some overlooked or unclear technicalities that need to be cleared up after Closing, and they shall attempt to resolve those by mutual agreement.
33. **Dispute Resolution.**
- a. Settlement. Provided either party's right, expressed under this Agreement to bring an action to enjoin the activities of the other, shall not be affected by this dispute resolution procedure, in the event of a dispute between the parties, either may send to the other party a written notice identifying the matter in dispute and stating a proposed solution ("**Settlement Notice**"). For thirty (30) days after the sending of the Settlement Notice, the parties shall try to settle the dispute in good faith. During this thirty (30) day Settlement Period, each party shall send to the other an additional written notice with further proposal for resolving the dispute and responding in detail to the last proposal of the other party. The contents of the Settlement Notice and of all discussions and writings during the thirty (30) day Settlement Period shall be privileged as settlement discussions and may not be used in any legal proceeding or arbitration.

- b. Mediation. If any dispute cannot be resolved by direct negotiations as provided in Section 32(a) then the parties shall submit such dispute to mediation, which shall focus on the needs of all concerned parties and seek to solve problems cooperatively, with an emphasis on dialogue and accommodation. The goal of the mediation shall be to fairly resolve each dispute in a manner which preserves and enhances the parties' relationships. Any party desiring mediation may begin the process by giving the other party a written request to mediate which describes the issues involved and invites the other party to join in naming a mutually agreeable mediator and setting a timeframe for the mediation meeting. The parties and the mediator may adopt any procedural format that seems appropriate for the particular dispute. The contents of all discussions during the mediation shall be confidential and non-discoverable in subsequent arbitration or litigation, if any. If the parties can agree upon a mutually acceptable resolution to the disagreement, it shall be reduced to writing, signed by the parties, and the dispute shall be deemed resolved. The costs of mediation shall be divided equally among the parties to the dispute
- c. Arbitration. If the matter is not resolved through negotiation under Section 32(a) within the applicable thirty (30) day period, or through mediation as provided in 32(b), or if any party refuses to mediate or to name a mutually acceptable mediator or establish a timeframe for mediation within a period of time that is reasonable considering the urgency of the disputed matter, or fails to agree to procedures for the mediation, then any party who desires dispute resolution shall seek binding arbitration as hereinafter provided.

All disputes among the parties arising out of or related to this Agreement which have not been settled by negotiation and/or mediation shall be resolved by binding arbitration within the State of Washington. Within twenty (20) days of receiving written demand for arbitration, the parties involved in the dispute shall attempt to reach agreement upon the selection of a qualified impartial arbitrator from Judicial Dispute Resolution, LLC. If the parties cannot agree upon an arbitrator within twenty (20) days from the date written demand for arbitration is served, the party demanding arbitration may commence an action for the limited purpose of obtaining appointment of an arbitrator from Judicial Dispute Resolution, LLC by the Presiding Judge of the Superior Court of the State of Washington for King County. Any arbitration shall be conducted in accordance with the commercial rules of the American Arbitration Association then in effect, although the arbitration shall be conducted by Judicial Dispute Resolution, LLC. Any arbitration award may be enforced by judgment entered in the Superior Court of the State of Washington for King County

<<< SIGNATURE PAGE FOLLOWS >>>

[Signature Page to Agreement to Purchase and Sell Assets — Seattle's Hydro Spot]

SIGNED and DATED as of the date above first written.

**SELLER:**

SEATTLE'S HYDRO SPOT LLC

By:

\_\_\_\_\_  
David Iacovelli, Member

**SELLER'S MEMBER:**

\_\_\_\_\_  
David Iacovelli, Individually

Agreement to Purchase and Sell Assets

**BUYER:**

GROWGENERATION CORP.

By:

\_\_\_\_\_  
Darren Lampert, CEO



## Furniture Fixtures and Assets

1. 72 in. H x 48 in. W x 24 in. D 5-Shelf Steel Commercial Shelving Unit in Black 24 Units Total
  2. Heavy Duty Storage Rack with Wire Decking - Black 77"W x 24"D x 72"H 6 Units Total
  3. 32" Samsung Flat Screen TV
  4. Pallet Racking form Warehouse Solutions NW
  5. Leather Stool for front counter
  6. Motion Sensor for Front Door
  7. Glass Front Door to the store w/ the auto-stop mount
  8. Forklift
  9. 2 Complete Computer Workstations with Register (2 Hewlett-Packard Hard drives, 2 monitors, 2 bar code scanners, 2 EMV chip readers, 2 cash drawers, 2 receipt printers, label printer, 2 mouse)
  10. Quickbooks POS Software V12.0 (2016 Version EMV Chip Capability)
  11. Front Counter Glass Display Case
  12. PH Meter Display Case
  13. Refrigerator for beneficial bugs and storage
  14. Safe
  15. File Cabinets
  16. Office Desk
  17. Office Chair
  18. Folding tables and card tables 5 Units Total
  19. 4 ADT Security Cameras and DVR UNIT w/ Monitor
  20. Pallet Jack
  21. Hand Cart 2 Units Total
  22. Lawn Cart
  23. Bus Cart
  24. Coffee Tables 2 Units total
  25. Coffee Maker
  26. Mini fridge
  27. Folding Chairs 4 Units total
  28. All Sample Gear from Companies to pass out to customers, etc
  29. Demo Room Grow Tents (Grow lab 4x4, Gorilla 4x4, Secret Garden 5x5, Growlab 4x8)
  30. Demo Room Hydro Systems (4 Site Current Culture System, 12 Site Flo n Gro, 3x3 table, reservoir)
  31. 36,000 BTU Air conditioner
  32. Demo Room fans
  33. Demo Room Ballasts
  34. Testing Ballast for RMA's Solistek 1000W Digital Ballast w/ Socket and cord
  35. Demo Room Lighting Relay 4 Light Titan Relay
  36. KIND LED Light in Upstairs Room
  37. Demo Room Lighting Fixtures (Upstairs Fixtures)
  38. Peg Board
  39. Demo Room Light Mover
  40. Mural by Henry on Front Wall of Building
  41. Lifted flooring behind the registers
  42. Wooden Stool
  43. IV Mount
  44. Shelving Behind front counter for High Dollar items
-

45. vacuums and all cleaning supplies/ gear (Mops, brooms, etc.)
46. Heavy Duty desk in warehouse
47. House and Garden Sign
48. Seattle's Hydro Spot Signage on Front of Building
49. All Vendor Banners and Posters
50. Room Dividers used to block out warehouse or back stock areas
51. Tubing and Trellis Mounting and cutting station racking and holster
52. French Doors Used to go from Warehouse to showroom
53. 8' ladder
54. Step Stools 2 Units total
55. Counter which holds workstation 1 and workstation 2

Leasehold improvements:

1. Painted entire building from white to green and purple.
2. Hired Henry the muralist to paint the Outside wall.
3. Upgraded sinks in both bathrooms
4. Added french doors going from showroom into warehouse; as to before there was no doors, just a hole.
5. Knocked out back wall in showroom into warehouse to open up the store and give a bigger feel to the store.
6. Regularly hire professional carpet cleaner to clean carpet.
7. Upgraded roll up door chain for ease of use.
8. New Front Glass Door to enter into Showroom
9. New Auto-stop mount on front show room door

Intangible Assets/ Intellectual Property:

1. [www.seattleshydrospot.com](http://www.seattleshydrospot.com)
  2. Seattle's Hydro Spot EBAY Store
  3. Phone number 206-784-2161
  4. Fax number 206-784-2168
  5. Slack Work Chat Program
  6. Evernote Software
  7. Instagram Account
  8. Facebook Account
  9. Facebook Online Store
  10. Google Plus Account
  11. Wordpress account
  12. ECWID Ecommerce Shopping Cart Software
  13. Twitter Account
  14. All email addresses each employee has one.
-

**Exhibit B**  
**Form of Bill of Sale**

BILL OF SALE

KNOW ALL PERSONS BY THESE PRESENTS, Seattle's Hydro Spot LLC, a Washington limited liability company ("***Seller***"), for good and valuable consideration to it in hand paid by GrowGeneration Corp., a Colorado corporation ("***Buyer***"), the receipt whereof is hereby acknowledged, and in consideration of the payment by Buyer of all sales or use taxes associated with this sale, does by these presents, bargain, sell and deliver unto the said Buyer, its executors, administrators and assigns, all the tangible and intangible assets of the Seller and its business ("***Business***") including all equipment, inventory, accounts receivable accrued on or following the Closing Date (as defined below), customer lists, customer files, furniture, fixtures, email addresses, websites, books, records, or other information used by Seller and relating, directly or indirectly to the Business, marketing materials, telephone and fax numbers, social media accounts, all intellectual property (including trade names, trade secrets, and trademarks), and all other assets of the Business whether or not they appear on the Seller's balance sheet and any other assets used in the Business excluding the excluded assets and personal goodwill as further described in that certain Asset Purchase and Sale Agreement dated March \_\_\_, 2017, to have and to hold the same unto the Buyer, its executors, administrators and assigns forever.

IN WITNESS WHEREOF, I have set my hand this \_\_\_ day of May 2017.

SEATTLE'S HYDRO SPOT LLC

By:

\_\_\_\_\_  
David G. Iacovelli, Member

**COMMERCIAL LEASE**

THIS LEASE, made in duplicate this \_\_\_\_\_ day of May 2017, by and between  
**BUILDING ACCOUNT L.L.C.**, a Washington Limited Liability Company, Lessor, and  
**GROW GENERATION CORPORATION**, a Colorado Corporation, Lessee

WITNESSETH:

1. The Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, those certain premises situate in the city of Seattle  
King County, Washington, described as follows:

See Exhibit "A" attached hereto and by this reference  
made a part of this Commercial Lease Agreement,

hereinafter called "premises".

All terms and conditions on reverse side hereof or attached hereto are specifically a part hereof by reference.

**BUSINESS PURPOSE**

2. The premises are to be used for the purpose of conducting therein, wholesale warehousing, assembly and installation,  
including accessory retail sales of Hydroponics

and for no other business or purpose, without the written consent of Lessor.

**TERM**

3. The term of this lease shall be for two (2) years and eleven (11) and fifteen (15) days --17th-- day of  
May 2017, and end on the --30th-- day of April 2020, inclusive.

**RENT**

4. Lessee covenants and agrees to pay the Lessor as rental for said premises a minimum monthly rental of as set forth in paragraph 45.  
of this Lease

in lawful money of the United States in advance on the first day of each calendar month of the lease term, to Lessor or to such other party or at such other place as the Lessor may hereafter designate. In the event percentage rent is payable hereunder by the Lessee, it shall be paid in the manner and at the time as set forth in the rider attached hereto and by reference made a part of this lease.

**CONSIDERATION**

5. As partial consideration for the execution of this lease, the Lessee has this day paid the Lessor the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), the receipt of which is hereby acknowledged. If  
the Lessee shall have fully complied with all of the covenants, agreements, terms and conditions of this lease, but not otherwise, said sum so paid shall be credited on the payment of the \_\_\_\_\_  
\_\_\_\_\_ month's minimum rental of the term of this lease.

**REPAIRS**

6. The premises have been inspected and are accepted by Lessee in their present condition, and Lessee will at all times keep the premises neat, clean and in a sanitary condition, and will replace any glass of all windows and doors as may become cracked or broken, and except for reasonable wear and tear and damage by fire or other unavoidable casualty, will at all times preserve said premises in as good repair as they now are or may hereafter be put in. All repairs shall be at Lessee's sole cost and expense, except Lessor maintenance set

**UTILITIES**

7. The Lessee hereby covenants and agrees to pay all charges for heat, light, water and sewer, and for all other public utilities which shall be used in or charged against the leased premises during the full term of this lease.

In the event the leased premises are a part of a building or larger premises to which such charges are charged as a whole, with the consent of the Lessor, then Lessee agrees to pay, upon demand, a proper and fair share of said charges. Lessee shall pay forty eight percent (48%) of the water, sewer and metro charges to the Premises.

**ACCIDENTS**

8. All personal property on said leased premises shall be at the risk of Lessee. Lessor or Lessor's agents shall not be liable for any damage, either to person or property, sustained by Lessee or others, caused by any defects now in said premises or hereafter occurring therein, or due to the building in which the leased premises are situate, or any part or appurtenance thereof, becoming out of repair, or caused by fire or by bursting or leaking of water, gas, sewer or steam pipes, or from any act or neglect of employees, co-tenants or other occupants of said building, or any other

and metro charges to the Premises.

### CARE OF PREMISES

except Lessor maintenance set forth in paragraph 47.

**USE**

## LIENS AND INSOLVENCY

## ASSIGNMENT

## ACCESS

## POSSESSION

## FIRE AND OTHER CASUALTY

In the event the building in which the premises hereby leased are located shall be destroyed or damaged by fire, earthquake or other casualty (even though the premises hereby leased shall not be damaged thereby) to such an extent that in the opinion of Lessor it shall not be practicable to rebuild or repair, then it shall be optional with the Lessor to terminate this lease by written notice served on Lessee within 90 days after such destruction or damage.

**NOTICES** See paragraph 33

[illegible]

### GOVERNMENTAL FEES

17. All fees due the city, county or state on account of any inspection made on said premises by any officer thereof shall be paid by Lessee.

WALLINGFORD PRINTING CO., SEATTLE FORM B-40

18. All signs or symbols placed in the windows or doors or elsewhere about the premises, or upon any exterior part of the building, by the Lessee shall be subject to the approval of the Lessor or Lessor's agents. In the event Lessee shall place signs or symbols on the exterior of said building, or in the windows or doors or elsewhere where they are visible from the street, that are not satisfactory to the Lessor or Lessor's agents, the Lessor or Lessor's agents may immediately demand the removal of such signs or symbols, and the refusal of the Lessee to comply with such demand within a period of 24 hours shall constitute a breach of this lease, and entitle the Lessor to immediately recover possession of said premises in the manner provided by law. Any signs so placed on the premises shall be so placed upon the understanding and agreement that Lessee will remove the same at the termination of the tenancy herein created and repair any damage or injury to the premises caused thereby, and if not so removed by Lessee then Lessor may have same removed at Lessor's expense.

19. Lessee shall not make any alterations, additions or improvements in said premises, without the consent of Lessor in writing first had and obtained, and all alterations, additions and improvements which shall be made, shall be at the sole cost and expense of Lessee, and shall become the property of the Lessor, and shall remain in and be surrendered with the premises as a part thereof at the termination of this lease, without disturbance, molestation or injury. If the Lessee shall perform work with the consent of the Lessor, as aforesaid, Lessee agrees to comply with all laws, ordinances, rules and regulations of the pertinent and authorized public authorities. The Lessee further agrees to save the Lessor free and harmless from damage, loss or expense arising out of the said work.

20. If any rents above reserved, or any part thereof, shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default in any of the covenants and agreements herein contained, then the Lessor may cancel this lease upon giving the notice required by law, and re-enter said premises, but notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the terms of this lease, and Lessee covenants and agrees to make good to the Lessor any deficiency arising from a re-entry and re-letting of the premises at a lesser rental than herein agreed to. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Lessor.

**COSTS AND ATTORNEY'S FEES** See Paragraph 34.

**COSTS AND ATTORNEY'S FEES** See paragraph 34.

[illegible]

**NON-WAIVER OF BREACH** 27. The failure of the Lessor to insist upon strict performance of any of the covenants and agreements of this lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such, or any other covenants or agreements, but the lease shall be and remain in full force and effect.

23. In the event of any entry in, or taking possession of, the leased premises as aforesaid, the Lessor shall have the right, but not the obligation, to remove from the leased premises all personal property located therein, and may store the same in any place selected by Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof, the balance, if any, to be paid to Lessee.

24. Subject to the provisions hereof pertaining to assignment and subletting, the covenants and agreements of this lease shall be binding upon the heirs, legal representatives, successors and assigns of any or all of the parties hereto.

25. If the Lessee shall, with the written consent of Lessor, hold over after the expiration of the term of this lease, such tenancy shall be for an indefinite period of time on a month to month tenancy, which tenancy may be terminated as provided by the Laws of the State of Washington. During such tenancy Lessee agrees to pay to the Lessor the same rate of rental as set forth herein, unless a different rate is agreed upon, and to be bound by all of the terms, covenants, and conditions as herein specified, so far as applicable.

of the terms, co  
**COMMISSION**

26.

**RIDERS**  
27. The riders, if any, attached hereto, are made a part of this lease by reference. Attached hereto and by this reference made a part hereof is Rider containing paragraphs 28 through 48 on pages 3 through 10 inclusive.

IN WITNESS WHEREOF the parties hereto have executed this lease the day and year first above written.

BUILDING ACCOUNT L.L.C.

GROW GENERATION CORPORATION

By:

By:

LESSOR

LESSEE

Its:

Its:

STATE OF WASHINGTON }  
COUNTY OF KING } ss.  
On this \_\_\_\_\_ day of \_\_\_\_\_

CORPORATE ACKNOWLEDGMENT

A. D. 19\_\_\_\_\_, before me personally appeared

\_\_\_\_\_ to me known to be the \_\_\_\_\_  
and \_\_\_\_\_ to me known to be the \_\_\_\_\_  
of \_\_\_\_\_ the corporation 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 they were authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

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

Notary Public in and for the State of Washington, residing at \_\_\_\_\_

STATE OF WASHINGTON }  
COUNTY OF KING } ss.

INDIVIDUAL ACKNOWLEDGMENT

This is to certify that on this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19\_\_\_\_\_, before me the

undersigned, a Notary Public in and for the State of Washington, duly commissioned and qualified, personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the individual \_\_\_\_\_ described in and who executed the within  
and foregoing instrument, and acknowledged to me that \_\_\_\_\_ signed and sealed the same as \_\_\_\_\_ free and voluntary act and  
deed, for the uses and purposes therein mentioned.

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

Notary Public in and for the State of Washington, residing at \_\_\_\_\_

RIDER TO LEASE DATED MAY \_\_\_\_, 2017 BY AND BETWEEN  
BUILDING ACCOUNT L.L.C., LESSOR  
AND GROW GENERATION CORPORATION, LESSEE

REAL ESTATE TAXES

28. Lessee hereby covenants and agrees to pay to Lessor, as additional rent hereunder, forty eight percent (48%) of the general real estate taxes and surface water management fees charged against the land and building of which the leased premises are a part during the term of this lease and any extension thereof. Furthermore, Lessee agrees to pay all of any new additional charges which may be assessed by governmental entities and billed to Lessor through the King County Real Estate Tax statement during the term of this lease and any extension thereof. Said payment shall be made to the Lessor within thirty (30) days of receiving a statement showing the amount of real estate taxes, surface water management fees and other charges, if any, currently due and owing. In the event that Lessee leases the premises for only a portion of a year, the real estate taxes which Lessee shall pay will be pro-rated on the basis of the number of days during that year Lessee was subject to this lease agreement.

FIRE AND EXTENDED COVERAGE INSURANCE

29. The Lessor agrees to insure the building as provided for in this Paragraph 29. Lessee hereby covenants and agrees to pay Lessor, as additional rent hereunder, forty eight percent (48%) of the insurance premiums necessary for Lessor to maintain fire and extended coverage insurance in an amount which Lessor shall, in its sole discretion, deem adequate to protect against damage to the entire building in which the leased premises are situated, including loss of rents and rental values of such building during the term of this lease and any extension thereof. It is further agreed that said fire and extended coverage insurance shall include, but not be limited to, loss of rent insurance which shall protect Lessor against the perils of fire and other perils so as to guarantee a six (6) month loss of rent coverage from date of any insured peril. Lessee agrees to pay this cost to Lessor in full within thirty (30) days of receiving written notice of the amount of insurance premium(s) due. If necessary, the cost of such insurance shall be prorated for the first and last years of the lease term.

LIABILITY INSURANCE

30. The Lessee, during the term of this lease and any extension thereof, shall maintain in full force and effect a policy or policies of public liability and property damage insurance with respect to the above-described real property and all improvements thereon and pertaining to business operated by the Lessee, in which the limits of public liability shall not be less than \$1,000,000 combined single limits. The policy shall name the Lessor or any persons, firms or corporations designated by the Lessor and the Lessee as assureds, and shall contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor thirty (30) days prior written notice. The insurance shall be in an insurance company or companies and in a form approved by Lessor and a copy of such policy or certificate of insurance shall be delivered to the Lessor. In addition, Lessee shall reimburse Lessor for Lessor's premium for the commercial general liability policy on described premises not to exceed the premium amount for limits of \$1,000,000.



#### SECURITY DEPOSIT

31. As provided in Termination of Lease Agreement dated May 1, 2017 for Commercial Lease dated August 23, 2011 and First Lease Extension Agreement dated July 15, 2013 and Second Lease Extension Agreement dated April 13, 2016 by and between Building Account L.L.C. and Seattle's Hydro Spot L.L.C., and provided for in the Agreement to Purchase and Sell Assets Agreement by and between Seattle's Hydro Spot L.L.C. and Grow Generation Corporation, dated March 6, 2017, the security deposit in the amount of TWO THOUSAND EIGHT HUNDRED AND FIFTY AND NO/100 DOLLARS (\$2,850.00) shall be assigned to Lessee and Lessor agrees that said security deposit has this day been paid to Lessor. Upon execution of this Lease, Lessee agrees to pay Lessor an additional security deposit in the sum of SEVEN HUNDRED SEVENTY FIVE AND NO/100 DOLLARS (\$775.00) for a total security deposit of THREE THOUSAND SIX HUNDRED TWENTY FIVE AND NO/100 DOLLARS (\$3,625.00) as security for Lessee's faithful performance of Lessee's obligations hereunder. If the Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefore deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount stated above and Lessee's failure to do so shall be a breach of this lease. Lessor shall not be required to keep said deposit separate from Lessor's general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit or so much thereof as had not theretofore been applied by Lessor, shall be returned, without payment of interest for its use, to Lessee within fifteen (15) days after expiration of the lease term, or after Lessee has vacated the premises, whichever is later.

#### WAIVER OF SUBROGATION

32. Lessor and Lessee hereby release and waive for the duration of this lease and any extension or renewal thereof, their respective entire rights of recovery against each other, and/or their respective agents and invitees responsible for any losses to their respective property; Lessor and Lessee shall request that their respective insurer provide a waiver of subrogation and provided that such waiver and release shall apply only in the event such agreement does not prejudice the insurance afforded by such policies.

#### NOTICES

33. All notices given by the parties shall be in writing. Any notice required to be served in accordance with the terms of this Lease shall be sent by registered or certified mail, the notice from Lessee to be sent to Lessor at P.O. Box 31529, Seattle, WA 98103 and notice from Lessor to be sent to Lessee at 503 N. Main Street, Suite 740, Pueblo, CO 81003.

#### COSTS AND ATTORNEY FEES

34. In the event of any action at law or in equity between Lessor and Lessee to enforce any of the terms and provisions of the Lease and the rights hereunder, the unsuccessful party to such litigation agrees to and shall pay to the successful party all costs and expenses, including reasonable attorney fees, incurred therein by such successful party; and if such successful party shall recover judgment in such action or proceeding, such costs and expenses and attorney fees shall be included in and as a part of such judgment.

#### PERSONAL PROPERTY TAXES, LICENSE AND GOVERNMENTAL CHARGES

35. Lessee shall be liable for and shall pay throughout the term of this Lease, and any extension thereof, all license and excise fees and occupation taxes covering the business conducted on the leased premises, and all taxes on property of Lessee on the premises.

If any governmental authority under any present or future law effective at any time during the term of this lease, and any extension thereof, shall in any manner levy a tax on rentals under this Lease, or a tax in any form against Lessor because of or measured by income derived from the leasing or rental of the premises such tax shall be paid by Lessee, either directly or through Lessor, and in the event of Lessee's failure to pay the same, Lessor shall have the same remedies as upon the failure to pay rent; provided, however, that Lessee shall not be liable to pay any net income taxes imposed upon Lessor.

#### SUBORDINATION

36. The Lessor reserves the right to mortgage, hypothecate, issue deeds of trust or other encumbrances affecting the demised property or premises; however, this Lease shall be subordinate to any such encumbrance. As long as the Lessee is not in default with any of the terms and conditions of this Lease, then this Lease shall continue to be in full force and effect notwithstanding any breach of any terms or conditions of any mortgages, deeds of trust or other encumbrances with any third parties. Lessee agrees to execute a commercially reasonable subordination, non-disturbance and attornment agreement to evidence such subordination.

#### CONDEMNATION

37. In the event of the taking of the leased premises herein, or any material part of thereof, by condemnation or otherwise by any governmental, state or local authority, this lease shall be deemed canceled as of the time of taking possession by said authority and, if Lessee is not in default under any provisions of this lease on said date, the Lessor shall refund to Lessee any rent paid in advance for any period beyond the date of cancellation, including but not limited to any portion of the security deposit set forth in paragraph 31. which is not due Lessor for precancellation rents or otherwise. Lessee shall have no claim to nor shall Lessee be entitled to any portion of any award for damages to the land or buildings, or improvements and property covered by this lease. The provisions of this paragraph do not include any taking for a right of way for utilities and for minor street adjustments, Lessee and Lessor having agreed that neither of such events will materially interfere with the conduct of Lessee's business.

#### HAZARDOUS WASTE AND MATERIALS

38. Lessee shall not dispose of or otherwise allow the release of any hazardous waste or materials in, on or under the premises, or any adjacent property, or in any improvements placed on the premises.

As used herein, the term "hazardous waste or materials" includes any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state or local statute, regulation, rule or ordinance now or hereafter in effect. Lessee shall promptly comply with all statutes, regulations and ordinances, 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 waste or materials in, on or under the premises or any adjacent property, or incorporated in any improvements, at Lessee expense.

After notice to Lessee and a reasonable opportunity for Lessee to effect such compliance, Lessor 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 deems advisable to protect its interest in the premises; provided, however, that that Lessor shall not be obligated to give Lessee notice and an opportunity to effect such compliance if (1) such delay might result in material adverse harm to Lessor or the premises, (2) Lessee has already had actual knowledge of the situation and a reasonable opportunity to effect such compliance, or (3) an emergency exists. Whether or not Lessee has actual knowledge or the release of hazardous waste or materials on the premises or any adjacent property as the result of Lessee's use of premises, Lessee shall reimburse Lessor for the full amount of all costs and expenses incurred by Lessor in connection with such compliance activities, and such obligation shall continue even after the termination of this Lease and any extensions thereof. Lessee shall notify Lessor immediately of any release of any hazardous waste or materials on the premises.

Lessee agrees to indemnify and hold harmless lessor against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, cleanup costs, remedial actions, costs and expenses (including, without limitations, attorneys' fees and disbursements) which may be imposed on, incurred or paid by, or asserted against Lessor or the premises by reason of, or in connection with (1) any misrepresentation, breach of warranty or other default by Lessee under this Lease, or (2) the acts or omissions of Lessee, or any sublessee or other person for whom Lessee would otherwise be liable, resulting in the release of any hazardous waste or materials on or about the Premises.

Lessor agrees to indemnify and hold harmless Lessee against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, cleanup costs, remedial actions, costs and expenses (including, without limitations, attorneys' fees and disbursements) which may be imposed on, incurred or paid by, or asserted against Lessee or the premises by reason of, or in connection with (1) hazardous waste of materials that are present on the Premises as of the Commencement Date, or (2) the acts or omissions of Lessor, or Lessor's employees, agents or contractors, resulting in the release of any hazardous waste or materials on or about the Premises.

#### ESTOPPELCERTIFICATE

39. Lessee shall, at any time upon not less than ten (10) days' prior written notice from Lessor, execute, acknowledge and deliver to Lessor, as statement in writing certifying that this lease is unmodified and in full force and effect (or if modified, stating to nature of such modification and certifying that this lease, as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any; and acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of the Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be relied upon by prospective purchaser or encumbrancer of all or any portion of the real property of which the premises are a part.

#### ENTIRE AGREEMENT

40. This lease is the entire agreement of Lessor and Lessee and there are no promises, agreements, conditions, understandings, inducements, warranties, or representations, oral or written, expressed or implied, other than is expressly set forth in this lease. This lease shall not be modified in any manner except by instrument in writing and executed by the parties.

#### APPLICABLE LAW, FORUM AND CONSENT TO JURISDICTION

41. Except as herein specifically provided, this lease agreement shall be governed by and construed according to the laws of the State of Washington. In the event that any litigation may be filed between the parties respecting any matter of fact or law, the Lessee and Lessor agree that venue shall rest in the Superior Court of King County, Washington and by agreeing to this lease, the parties do hereby consent to personal and subject matter jurisdiction by the Superior Court of King County, Washington.

#### USE OF PREMISES

42. Lessee has made its own determination of zoning and land use requirements and are satisfied that the leased premises may be used for the purposes intended by Lessee and such use will be consistent with the present zoning and land use classification of the premises described herein. Should Lessee's use of the building require any special permits and/or change of use permit by the City of Seattle or any other governmental agency, it shall be the responsibility of the Lessee to obtain such permit(s).

#### LATE CHARGE

43. Any rental payments received seven (7) or more days after the beginning date of each rental period will be subject to a service charge of \$165.00.

#### ADDITIONAL ITEMS REGARDING LESSEE'S CARE OF PREMISES

44. Lessee agrees to do the following items which include, but are not limited to:

A. GRAFFITI REMOVAL: Lessee agrees to paint out any graffiti that is painted on the premises described herein. This work shall comply and be completed within City of Seattle's regulations regarding graffiti removal.

B. LANDSCAPING MAINTENANCE: Lessee agrees to be responsible for the maintenance and care of all landscaping on premises.

#### RENTAL SCHEDULE

45. Lessee shall pay base monthly rent in accordance with the following rent schedule:

**May 1, 2017 through April 30, 2018:**

THREE THOUSAND THREE HUNDRED AND NO/100 DOLLARS (\$3,300.00) PER MONTH;

**May 1, 2018 through April 30, 2019:**

THREE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$3,500.00) PER MONTH;

**May 1, 2019 through April 30, 2020:**

THREE THOUSAND SIX HUNDRED TWENTY FIVE AND NO/100 DOLLARS (\$3,625.00) PER MONTH.

**OPTION TO EXTEND LEASE**

46. Lessor hereby grants to Lessee the right to extend the lease term for an additional period of three (3) years upon the following terms and conditions:

a) Lessee shall give written notice to Lessor of Lessee's exercise of said option to extend in the manner and form provided in Paragraph 33. of the Lease, no later than November 1, 2019.

b) Said option to extend herein granted shall be of no force or effect, and any attempt by the Lessee to exercise it shall be a nullity if the Lessee is in default in the payment of rent or in the performance of any other obligation imposed upon the Lessee by this lease, at or after the time of giving notice of the exercise of such option.

c) The extended lease term shall be for the period commencing May 1, 2020 and ending April 30, 2023.

d) All the terms, covenants and provisions of this commercial Lease shall apply to the extended lease term, except Lessee shall pay base monthly rent for the extended lease term in accordance with the following rent schedule:

**May 1, 2020 through April 30, 2021:**

THREE THOUSAND SEVEN HUNDRED FORTY AND NO/100 DOLLARS (\$3,740.00) PER MONTH;

**May 1, 2021 through April 30, 2022:**

THREE THOUSAND EIGHT HUNDRED SIXTY AND NO/100 DOLLARS (\$3,860.00) PER MONTH;

**May 1, 2022 through April 30, 2023:**

FOUR THOUSAND AND NO/100 DOLLARS (\$4,000.00) PER MONTH.

**LESSOR MAINTENANCE AND REPAIR RESPONSIBILITIES**

47. Lessor shall maintain in good condition and repair the exterior walls, roof and foundation to subject building of which the leased premises are a part at Lessor's expense, provided that; if Lessee or its employees, agents, contractors or invitees is responsible for causing the damage, it shall be the responsibility of the Lessee to repair the damage.

**AGENCY DISCLOSURE**

48. Lessor and Lessee herein acknowledge that Barry M. Hawley and Brett Hawley, Hawley Realty Inc. has provided them with a pamphlet on the Law of Real Estate Agency as required by the law. In this transaction Barry M. Hawley and Brett Hawley, Hawley Realty Inc. represents the Lessor. Lessee had no representation in this real estate transaction. Each party signing this document confirms that prior oral and/or written disclosure of agency was given to them in this transaction.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

This is to certify that on this \_\_\_\_ day of May, 2017, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and qualified, personally appeared \_\_\_\_\_ to me known to be the \_\_\_\_\_ of GROW GENERATION CORPORATION, the corporation 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 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.

---

Print name of Notary Public  
Notary Public in and for the State of  
Washington, residing at \_\_\_\_\_.  
My commission expires \_\_\_\_\_.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

This is to certify that on this \_\_\_\_ day of May, 2017, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and qualified, personally appeared \_\_\_\_\_, managing member of BUILDING ACCOUNT L.L.C., to me known to be the individual described in and who executed the within and foregoing instrument on behalf of BUILDING ACCOUNT L.L.C. and acknowledged to me that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned and that he have the authority to do so.

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

---

Print name of Notary Public  
Notary Public in and for the State of  
Washington, residing at \_\_\_\_\_.  
My commission expires: \_\_\_\_\_.

EXHIBIT "A"

The westerly portion of that warehouse building measuring approximately 44 feet by 72 feet in depth (approximately 3,168 square feet) situated upon the following legally described real estate:

Lots 7 and 8, Block 164, Gilman Park, records of King County Washington, together with parking to the north of the westerly 44 feet of above described building.

Commonly known as 917 NW 49<sup>th</sup> Street, Seattle, WA 98107.