



200102140046

Skagit County Auditor

2/14/2001 Page 1 of 19 11:49:06AM

AFTER RECORDING RETURN TO:

Washington Mutual Bank doing business as Western Bank

720 S. Burlington Boulevard
Burlington, WA 98233

Attention: Bryan McDonald

ASSIGNMENT OF LEASES AND RENTS

ISLAND TITLE CO.

517192v

(Skagit County)

[Loan No. 0102008]

Grantor (Assignor): SKAGIT VALLEY REAL ESTATE PARTNERSHIP, a

Washington general partnership

WASHINGTON MUTUAL BANK, a Washington corporation

doing business as Western Bank

Legal Description:

Ptn. SW SE, Sec. 20, T34N, R4EWM; Lots 1-2, Bk. 1, Lot 1,
Bk. 6, all of BROADWAY ADD. TO MT. VERNON; Lot 7-12,
Bk. 6, Lots 4, 3, 7, 8, 9-12, Bk. 7, Lots 1-2, 10-12, Bk. 8, Lots 11
and 12, Bk. 9, all of MILLETT'S ADDITION TO MT.

VERNON

Additional Legal(s) on Exhibit A

340420-0-086-0009; 3709-001-002-0004; 3741-008-012-0007;
340420-0-088-0015; 340420-0-087-0016; 3741-008-002-0009;
3741-007-008-0005; 3741-007-003-0000; 3741-006-010-0003;
3741-006-012-0001; 3741-007-004-0009; 3741-007-012-0009;
3741-009-012-0005; 3709-006-001-0004; 3709-001-001-0005

Assessor's Tax Parcel ID Numbers:

THIS ASSIGNMENT OF LEASES AND RENTS ("Assignment") is made this 30th day of January, 2001 by SKAGIT VALLEY REAL ESTATE PARTNERSHIP, a Washington general partnership, the address of which is 1400 East Kincaid Street, Mount Vernon, Washington 98274 ("Assignor") in favor of WASHINGTON MUTUAL BANK, a Washington corporation doing business as Western Bank, whose address is 1201 Third Avenue, Seattle, Washington 98101 ("Assignee").

FOR VALUE RECEIVED, Assignor does hereby assign, transfer, and set over unto Assignee the Identified Leases, if any, as shown in Exhibit A attached hereto and by this reference incorporated herein, and all existing and future leases (including subleases thereof), and any and all extensions, renewals, modifications, and replacements thereof, upon all or any part of the premises described more particularly in Exhibit B attached hereto and by this

reference incorporated herein (the "Premises"). All such leases, subleases, and tenancies are hereinafter referred to as the "Leases."

TOGETHER WITH any and all guarantees of tenants' performance under the Leases.

TOGETHER WITH the immediate and continuing right to collect and receive all of the rents, income, receipts, revenues, issues, and profits (hereinafter, the "Rents") now due or which may become due or to which Assignor may now or shall hereafter (including those Rents coming due during any redemption period) become entitled or may demand or claim, arising or issuing from or out of the Leases or from or out of the Premises or any part thereof, including but not limited to minimum rents, additional rents, percentage rents, deficiency rents and liquidated damages following default, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenantability caused by destruction or damage to the Premises, together with any and all rights and claims of any kind which Assignor may have against any tenant under the Leases or any subtenants or occupants of the Premises, EXCEPTING THEREFROM, any sums which by the express provisions of any of the Leases are payable directly to any governmental authority or to any other person, firm, or corporation other than the landlord under the Lease.

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns, until termination of this Assignment as hereinafter provided.

SUBJECT, however, to a license hereby granted by Assignee to Assignor, to collect and receive all of the Rents; provided, however, such license is limited as hereinafter provided.

FOR THE PURPOSE OF SECURING the payment of the indebtedness in the aggregate amount of EIGHT MILLION SIX HUNDRED THOUSAND DOLLARS (\$8,600,000), evidenced by three (3) promissory notes of even date herewith made by Assignor payable to Assignee, or order, as follows: (i) the first of such notes ("Note 1") is in the principal amount of \$2,800,000, (ii) the second of such notes ("Note 2") is in the principal amount of \$4,200,000, and (iii) the third of such notes ("Note 3," and collectively with Note 1 and Note 2, the "Note") is in the principal amount of \$1,600,000, and any extensions, renewals, modifications, or replacements thereof, whether the same be in greater or lesser amounts, and any supplemental note or notes increasing such indebtedness, as well as the payment, observance, performance, and discharge of all other obligations, covenants, conditions, and warranties contained in the deed of trust, security agreement, assignment of leases and rents and fixture filing (the "Deed of Trust") which is contemporaneously executed herewith, and in any extensions, modifications, supplements, and consolidations thereof, covering the Premises and securing the Note and supplemental notes, if any.

ASSIGNOR AND ASSIGNEE FURTHER COVENANT AND AGREE AS FOLLOWS:



1. Assignor's Warranties Re: Leases and Rents. Assignor represents and warrants that:

- (a) Assignor has good title to the Leases and Rents hereby assigned and good right to assign the same, and that no other person or entity has any right, title or interest therein;
- (b) Assignor has fully and punctually performed all the terms, covenants, conditions, and warranties of the Leases on Assignor's part to be kept, observed, and performed;

- (c) the Identified Leases, if any, and all other existing Leases are valid and unmodified except as indicated on Exhibit A and in full force and effect;
- (d) Assignor has not previously sold, assigned, transferred, mortgaged, or pledged the Rents from the Premises, whether now due or hereafter to become due;

- (e) except as permitted by Section 3(a) below, any of the Rents due and issuing from the Premises or from any part thereof for any period subsequent to the date hereof have not been collected and that payment of any of same has not otherwise been anticipated, waived, released, discounted, set off, or otherwise discharged or compromised;

- (f) except as permitted by Section 3(a) below, Assignor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents; and

- (g) the tenants under the Identified Leases, if any, and all other existing Leases are not in default of any of the terms thereof, nor is any event existing that would through passage of time, the giving of notice, or the expiration of a period of grace constitute such a default.

2. Assignor's Covenants of Performance. Assignor covenants and agrees:

- (a) to observe, perform, and discharge, duly and punctually, all obligations, terms, covenants, conditions, and warranties of the Note and Deed of Trust, of the Identified Leases, and of all existing and future Leases affecting the Premises, on the part of Assignor to be kept, observed, and performed, and to give prompt notice to Assignee of (1) any failure on the part of Assignor to observe, perform, and discharge, same and (2) any notice, demand, or other document received by Assignor from any tenant or subtenant under the Leases specifying any default claimed to have been made by the Assignor under the Leases;

- (b) to notify and direct in writing each and every present or future tenant or occupant of the Premises or of any part thereof that any security deposit or other deposits heretofore delivered to Assignor have been retained by Assignor or assigned and delivered to Assignee as the case may be;



(c) to enforce or secure (in the name of Assignee upon notice from Assignee) the performance of each and every obligation, term, covenant, condition, and agreement in the Leases by any tenant to be performed, and to notify Assignee of the occurrence of any default under the Leases;

(d) to appear in and defend any action or proceeding arising under, occurring out of, or in any manner connected with the Leases or the obligations, duties, or liabilities of Assignor and any tenant thereunder, and upon request by Assignee, to do so in the name and on behalf of Assignee, but in all cases at the sole expense of Assignor;

(e) to pay all costs and expenses of Assignee, including attorneys' fees in a reasonable sum, in any action or proceeding in which Assignee may appear in connection herewith; and

(f) to neither create nor permit any lien, charge, or encumbrance upon its interest as lessor of the Leases except the lien of the Deed of Trust or as provided in the Deed of Trust.

3. **Prior Approval for Actions Affecting Leases.** Assignor further covenants and agrees that it will not, without the prior written consent of Assignee (which consent may be withheld in Assignee's sole discretion):

(a) receive or collect any rents from any present or future tenant of the Premises or any part thereof for a period of more than one (1) month in advance of the date on which such payment is due, or collect a security deposit in excess of two (2) months' rent (whether in cash or by promissory note), nor pledge, transfer, mortgage, or otherwise encumber or assign future payments of Rents;

(b) waive, excuse, condone, discount, set off, compromise, or in any manner release or discharge any tenant under any Leases of the Premises, of and from any obligations, covenants, conditions, and agreements by the tenant to be kept, observed and performed, including the obligation to pay the Rents thereunder in the manner and at the place and time specified therein;

(c) cancel, terminate, or consent to any surrender of any of the Leases, nor permit any of the aforementioned, nor commence an action of ejectment or any proceedings for dispossession of the tenant under any of the Leases, nor exercise any right of recapture provided in any Leases, nor modify, or in any way alter the terms thereof;

(d) lease any part of the Premises, nor renew or extend the term of any Leases of the Premises unless an option therefor was originally so reserved by tenants in the Leases for a fixed and definite rental; or



(e) relocate or expand the floor space of any said tenant within the Premises, not consent to any modification of the express purposes for which the Premises have been leased, nor consent to any subletting of the Premises or any part thereof, or to any assignment of the Leases by any tenant thereunder or to any assignment or further subletting of any sublease.

4. Rejection of Leases. In the event any lessee under the Leases should be the subject of any proceeding under the United States Bankruptcy Code or any other federal, state, or local insolvency statute, Assignor covenants and agrees that in the event any of the Leases is so rejected or any claim by the Assignor is disputed, no settlement shall be made without the prior written consent of the Assignee and, further, that any check in payment of damages for rejection of any such Lease will be made payable both to the Assignor and Assignee. Assignor hereby assigns any such payment to Assignee and further covenants and agrees that upon request of Assignor it will duly endorse to the order of Assignee any such check, the proceeds of which will be applied to any portion of the indebtedness secured by this Assignment as Assignee may elect.

5. License To Collect Rents. So long as there shall exist no default by Assignor in the payment of any indebtedness secured hereby or in the observance and performance of any other obligation, term, covenant, or condition or warranty herein or in the Note and Deed of Trust or contained in the Leases, Assignor shall have the right under a license granted hereby (but limited as provided in Section 6 below), to collect, but not prior to accrual, all of the Rents arising from or out of said Leases, or any renewals, extensions, and replacements thereof, or from or out of the Premises or any part thereof; and Assignor shall receive such Rents and shall hold them, as well as the right and license to receive them, as a trust fund to be applied, and Assignor hereby covenants to so apply them, as required by Assignee, firstly, to the payment of taxes and assessments upon said Premises before penalty or interest is due thereon; secondly, to the cost of insurance, maintenance, and repairs required by the terms of the Deed of Trust; thirdly, to the satisfaction of all obligations specifically set forth in the Leases; and fourthly, to the payment of interest and principal becoming due on the Note and Deed of Trust, before using any part of the same for any other purposes.

6. Performance and Termination of License. Upon the conveyance by Assignor and its successors and assigns of the fee title of the Premises, all right, title, interest, and powers granted under the license aforesaid shall automatically pass to and may be exercised by each such subsequent owner; and upon or at any time after default in the payment of any indebtedness secured hereby or in the observance or performance of any obligation, term, covenant, or warranty herein, in the Note and Deed of Trust or in the Leases, Assignee, at its option and without notice, shall have the complete right, power, and authority hereunder to exercise and enforce any or all of the following rights and remedies at any time:

(a) to terminate the license granted to Assignor to collect the Rents without taking possession of the Premises, and to demand, collect, receive, sue for, attach, and levy against the Rents in Assignee's own name; to give proper receipts, releases, and acquittances



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therefor, and after deducting all necessary and proper costs and expenses of operation and collection as determined by Assignee, including reasonable attorneys' fees, to apply the net proceeds thereof, together with any funds of Assignor deposited with Assignee, upon any indebtedness secured hereby and in such order as Assignee may determine;

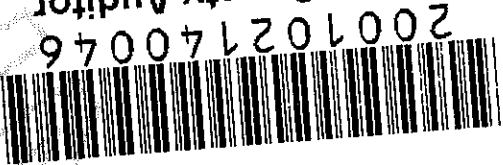
(b) to declare all sums secured hereby immediately due and payable and, at its option, exercise all or any of the rights and remedies contained herein or in the Note and Deed of Trust;

(c) without regard to the adequacy of the security or the solvency of Assignor, with or without any action or proceeding through any person or by agent, or by the Trustee under the Deed of Trust, or by a receiver to be appointed by a court (which receiver may serve without bond or with such bond as Assignee may determine in its sole discretion), and without regard to Assignor's possession, to enter upon, take possession of, manage, and operate the Premises or any part thereof, make, modify, enforce, cancel, or accept surrender of any Leases now or hereafter in effect on said Premises or any part thereof; remove and evict any tenant; increase or decrease Rents; decorate, clean and repair, and otherwise do any act or incur any costs or expenses as Assignee shall deem proper to protect the security hereof, as fully and to the same extent as Assignor could do if in possession; and in such event, to apply the Rents so collected in such order as Assignee shall deem proper to the operation and management of the Premises, including the payment of reasonable management, brokerage and attorneys fees, payment of the indebtedness under the Note and Deed of Trust, and payment to a reserve fund for replacements, which fund shall not bear interest; and

(d) require Assignor to transfer all security deposits to Assignee, together with all records evidencing such deposits.

Provided, however, that the acceptance by Assignee of this Assignment, with all of the rights, powers, privileges, and authority so created, shall not, prior to entry upon and taking possession of said Premises by Assignee, be deemed or construed to constitute Assignee a "mortgagee in possession," nor thereafter or at any time or in any event obligate Assignee to appear in or defend any action or proceeding relating to the Leases or to the Premises, or to take any action hereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty, or liability under the Leases, or to assume any obligation or responsibility for any security deposits or other deposits delivered to Assignor by any lessees thereunder and not assigned and delivered to Assignee; nor shall Assignee be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Premises; and

Provided further, that the collection of the Rents and application as aforesaid and/or the entry upon and taking possession of the Premises shall not cure or waive any default, or waive, modify, or affect any notice of default required under the Note and Deed of Trust; or invalidate any act done pursuant to such notice. Although the original default be cured and the exercise of any such right or remedy be discontinued, the same or any other right or remedy hereunder shall



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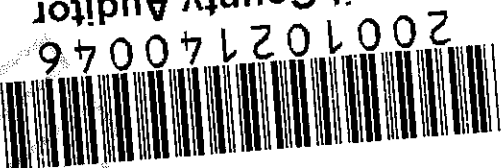
not be exhausted and may be reasserted at any time and from time to time following any subsequent default. The rights and powers conferred on Assignee hereunder are cumulative of and not in lieu of any other rights and powers otherwise granted Assignee.

7. **Default Hereunder Deemed Default Under Note and Deed of Trust.** In the event any representation or warranty herein of Assignor shall be found to be untrue or misleading in any material respect or Assignor shall default in the observance or performance of any obligation, term, covenant, condition, or warranty herein, then in each such instance, the same shall constitute and be deemed to be a default under the Note and Deed of Trust, thereby entitling Assignee to declare all sums secured thereby and hereby immediately due and payable and to exercise any and all of the rights and remedies provided thereunder and herein, as well as by law.

8. **Appointment of Attorney-in-Fact.** Assignor hereby constitutes and appoints Assignee its true and lawful attorney-in-fact, coupled with an interest of Assignor, and in the name, place, and stead of Assignor, to subordinate at any time and from time to time, any Leases affecting the Premises or any part thereof, to the lien of the Deed of Trust, or any other deed of trust encumbering the Premises, or to any ground lease of the Premises; and to request or require such subordination where such option or authority was reserved to Assignor under any such Leases, or in any case where Assignor otherwise would have the right, power, or privilege so to do. This appointment is to be irrevocable and continuing and these rights, powers, and privileges shall be exclusive in Assignee, its successors and assigns as long as any part of the indebtedness secured hereby shall remain unpaid. Assignor hereby warrants that it has not, at any time prior to the date hereof, exercised any right to subordinate any such lease to the Deed of Trust or to any other deed of trust, or ground lease, and further covenants not to exercise any such right.

9. **Indemnification.** Assignor hereby agrees to indemnify and hold Assignee harmless from any and all liability, loss, damage, or expense which Assignee may incur under or by reason or in defense of any and all claims and demands whatsoever which may be asserted against Assignee arising out of the Leases, including, but not limited to, any claims by any tenants of credit for rental for any period under any Leases more than one (1) month in advance of the due date thereof, or for any security deposit, paid to and received by Assignor, but not delivered to Assignee. Should Assignee incur any such liability, loss, damage, or expense, the amount thereof (including reasonable attorneys' fees) with interest thereon at the Default Rate of interest specified in the Note, shall be payable by Assignor immediately and without demand, and shall be secured as a lien hereby and by the Deed of Trust.

10. **Records.** Until the indebtedness secured hereby shall have been paid in full, Assignor shall deliver to Assignee executed copies of any and all renewals of existing leases and all future leases upon all or any part of the Premises, and will transfer and assign such Leases upon the same terms and conditions as herein contained, provided, however, that the foregoing shall not be construed as detracting from the validity of this instrument as a valid assignment of any and all existing and future Leases. Assignor hereby covenants and agrees to make, execute, and deliver unto Assignee upon demand and at any time any and all



assignments and other records and instruments, including, but not limited to, rent rolls and books of account sufficient for the purpose that Assignee may deem to be advisable for carrying out the purposes and intent of this Assignment.

11. **No Waiver.** The failure of Assignee to avail itself of any of the terms, covenants and conditions of this Assignment for any period of time or at any time shall not be construed or deemed to be a waiver of any such right, and nothing herein contained nor anything done or omitted to be done by Assignee pursuant hereto shall be deemed to constitute a waiver by Assignee of any of its rights and remedies under the Note and Deed of Trust or the laws of the state in which the Premises are situated. The rights of Assignee to collect the indebtedness secured hereby, to enforce any other security therefor, or to enforce any other right or remedy hereunder, may be exercised by Assignee either prior to, simultaneously with, or subsequent to, any other action taken hereunder and shall not be deemed an election of remedies.

12. **Primary Security.** This Assignment of Leases and Rents is primary in nature to the obligation evidenced and secured by the Note, Deed of Trust and any other document given to secure and collateralize the indebtedness referred to therein. Assignor further agrees that Assignee may enforce this Assignment without first resorting to or exhausting any other security or collateral; however, nothing herein contained shall prevent Assignee from suing on the Note, foreclosing or exercising the trustee's power of sale under the Deed of Trust, or exercising any other right under any other document collateralizing the Note.

13. **Merger.** It is understood and agreed that (a) the fact the Leases or the leasehold estates created thereby may be held, directly or indirectly, by or for the account of any person or entity that shall have an interest in the fee estate of the Premises or (b) any other event shall not merge any Leases or the leasehold estates created thereby with the fee estate in the Premises as long as any of the indebtedness secured hereby shall remain unpaid, unless Assignee shall consent in writing to such merger.

14. **Termination of Assignment.** Upon payment in full of all of the indebtedness secured by the Note and Deed of Trust and payment of all sums payable hereunder, this Assignment shall be void and of no effect, and Assignee shall execute and record a written instrument terminating this Assignment, but no judgment or decree entered as to said indebtedness shall operate to abrogate or lessen the effect of this Assignment until such officer of Assignee showing any part of said indebtedness to remain unpaid shall be and constitute conclusive evidence of the validity, effectiveness, and continuing force of this Assignment. Any person, firm or corporation may and is hereby authorized to rely on such affidavit, certificate, letter, or statement. A demand by Assignee of any tenant for payment of rents by reason of any default claimed by Assignee shall be sufficient direction to said tenant to make future payments of rents to Assignee without the necessity for further consent by or notice to Assignor.

15. **Notice.** All notices, demands, or documents of any kind which Assignee may be required or may desire to serve upon Assignor hereunder shall be sufficiently served by delivering same to Assignor personally; by leaving a copy of same addressed to Assignor at the address appearing hereinabove; or by depositing a copy of same in the United States mails, postage prepaid, certified or registered, addressed to Assignor at said address.

16. **Assignment Binds Successors.** The terms, covenants, conditions, and warranties contained herein and the powers granted hereby shall run with the land and shall inure to the benefit of and bind all parties hereto and their respective heirs, successors, and assigns; all tenants and their subtenants and assigns; and all subsequent owners of the Premises and subsequent holders of the Note and Deed of Trust.

17. **Additional Rights and Remedies.** In addition to but not in lieu of any other rights hereunder, Assignee shall have the right to institute suit and obtain a protective or mandatory injunction (without the necessity of posting bond) to prevent a breach or default of, or to enforce the observation by Assignor of, the agreements, covenants, terms, and conditions contained herein, and shall have the right to damages occasioned by any such breach or default by Assignor.

18. **Location of Performance.** Assignor expressly agrees that this Assignment is performable in Skagit County, Washington, waives the right to sue or be sued elsewhere in any action in connection with this Assignment, and agrees and consents to the jurisdiction of any court of competent jurisdiction located in Skagit County, Washington.

19. **Severability.** If any provision of this Agreement or the application thereof to any entity, person, or circumstance shall be invalid or unenforceable to any extent, the remainder of this Assignment and the application of such provision to other entities, persons, or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

20. **No Third-Party Beneficiaries.** It is expressly agreed by Assignor that this Assignment shall not be construed or deemed made for the benefit of any third party or parties.

21. **Entire Agreement.** This document (and any relevant provisions of the Deed of Trust except to the extent they are in conflict herewith, in which event the provisions of this Assignment shall control) contains the final expression of the entire agreement concerning the assignment of rents and leases between the parties hereto. No variations, modifications, or changes herein or hereof shall be binding upon any party hereto unless set forth in a document duly executed by or on behalf of such party.



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, Skagit County Auditor

22. **Construction.** Whenever used herein whenever the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. All obligations of each Assignor hereunder shall be joint and several.

23. **Governing Law.** The parties agree that the law of the State of Washington shall govern the performance and enforcement of this Assignment.

24. **Attorneys' Fees and Legal Expenses.** In the event of any default under this Assignment, or in the event that any dispute arises relating to the interpretation, enforcement, or performance of any obligation secured by this Assignment, Assignee shall be entitled to collect from Assignor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators, and court reporters. Without limiting the generality of the foregoing, Assignor shall pay all such costs and expenses incurred in connection with (a) arbitration or other alternative dispute resolution proceedings, trial court actions, and appeals; (b) bankruptcy or other insolvency proceedings of Assignor, any guarantor or other party liable for any of the obligations secured by this Assignment or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any of the Property; (d) postjudgment collection proceedings; (e) all claims, counterclaims, cross-claims, and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Assignment; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing.

25. **Time of Essence.** Time is of the essence under this Assignment and in the performance of every term, covenant, and obligation contained herein.

[END OF TEXT]

SKAGIT COUNTY WASHINGTON
Real Estate Division
FEB 14 2001
Amount Paid \$
Skagit Co. Treasurer
By Deputy



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Skagit County Auditor

DATED as of the day and year first above written.

ASSIGNOR:

SKAGIT VALLEY REAL ESTATE
PARTNERSHIP, a Washington general
partnership

By

John S. Halsey, M.D., managing partner
and member of management committee

By

Mark L. Johnson, M.D., member of
management committee

By

John W. Erbstoesser, M.D., member of
management committee

(Signature Page For Assignment of Leases and Rents)

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200102140046
, Skagit County Auditor

STATE OF WASHINGTON
COUNTY OF SKAGIT

SS.

I certify that I know or have satisfactory evidence that JOHN S. HALSEY, M.D., is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the managing general partner and member of the management committee of SKAGIT VALLEY REAL ESTATE PARTNERSHIP, a general partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument.

Dated this 13th day of FEBRUARY, 2001.

Marcie K Paleck

MARCIE K. PALECK
(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at *Mount Vernon*

My appointment expires *Oct. 15 2004*





Notary public in and for the state of Washington,
residing at Mount Vernon

(Legibly Print or Stamp Name of Notary)

MARCIE K. PALECK

(Signature of Notary)

Marcie K. Paleck

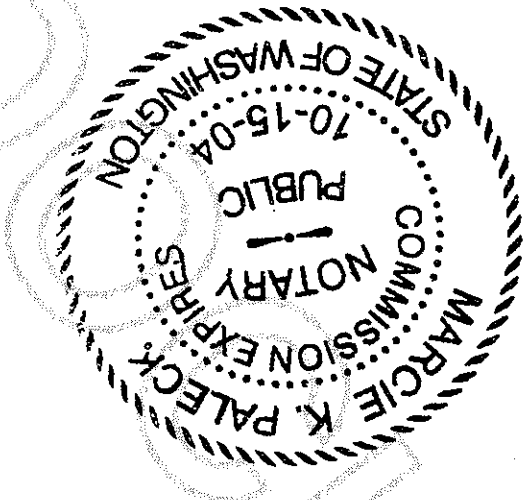
Dated this 13 day of FEBRUARY, 2001.

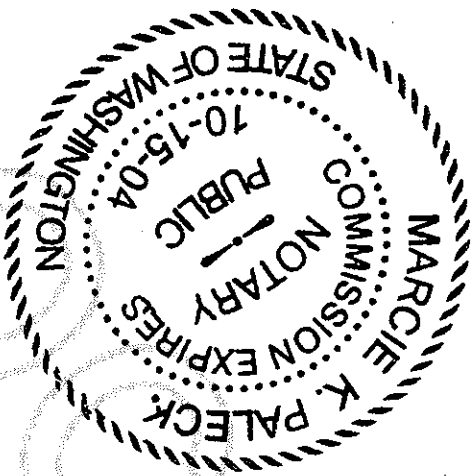
I certify that I know or have satisfactory evidence that MARK L. JOHNSON, M.D., is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a member of the management committee of SKAGIT VALLEY REAL ESTATE PARTNERSHIP, a general partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument.

STATE OF WASHINGTON

COUNTY OF SKAGIT

SS.





I certify that I know or have satisfactory evidence that JOHN W. ERBSTOESZER, M.D., is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a member of the management committee of SKAGIT VALLEY REAL ESTATE PARTNERSHIP, a general partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument.

STATE OF WASHINGTON
COUNTY OF SKAGIT
ss.

Dated this 13 day of February, 2001.

Marcie K. Paleck
(Signature of Notary)

MARCIE K. PALECK

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at *Mount Vernon*

My appointment expires

Oct. 15 2004

EXHIBIT A

List of Identified Leases that are the subject of
this Assignment of Leases and Rents

1. Lease dated undated, 1997 and acknowledged July 30, 1998 between Skagit Valley Real Estate Partnership, as lessor, and Skagit Valley Medical Center, Inc. P.S., as lessee, covering the portion of the Premises located at 1400 East Kincaid Street, Mount Vernon, Washington 98273, more commonly known as the Skagit Valley Medical Center.
2. Lease dated February 1, 1991 between Skagit Valley Real Estate Partnership, as lessor, and Skagit Valley Medical Center Pharmacy, Inc., as lessee, covering the portion of the Premises located at 1410 East Kincaid Street, Mount Vernon, Washington 98273.
3. Lease dated August 3, 1994 between Skagit Valley Real Estate Partnership, as lessor, and B.J. Larson, as lessee, covering the portion of the Premises located at 803 South 15th Street, Mount Vernon, Washington 98273.
4. Lease dated undated and acknowledged July 30, 1998 between Skagit Valley Real Estate Partnership, as lessor, and Skagit Valley Medical Center, Inc. P.S., as lessee, covering the portion of the Premises located at 1315 East Broadway Street, Mount Vernon, Washington 98273.
5. Lease dated undated and acknowledged July 30, 1998 between Skagit Valley Real Estate Partnership, as lessor, and Skagit Valley Medical Center, Inc. P.S., as lessee, covering the portion of the Premises located at 810 South 13th Street, Mount Vernon, Washington 98273.
6. Lease dated February 17, 1992 between Skagit Valley Real Estate Partnership, as lessor, and Pacific Northwest Cardiology, Inc., P.S., as lessee, covering the portion of the Premises located at 810 South 13th Street, Mount Vernon, Washington 98273.
7. Lease dated undated and acknowledged July 30, 1998 between Skagit Valley Real Estate Partnership, as lessor, and Skagit Valley Medical Center, as lessee, covering the portion of the Premises located at 1316 East Kincaid Street, Mount Vernon, Washington 98273.
8. Lease dated undated and acknowledged July 30, 1998 between Skagit Valley Real Estate Partnership, as lessor, and Skagit Valley Medical Center, as lessee, covering the portion of the Premises located at 1316 East Kincaid Street, Mount Vernon, Washington 98273.



9. Lease dated undated between Skagit Valley Real Estate Partnership, as lessor, and Jay Smith (d/b/a Evergreen Physical Therapy), as lessee, covering the portion of the Premises located at 1424 East Broadway Street, Mount Vernon, Washington 98273.

10. Lease dated undated and acknowledged July 30, 1998 between Skagit Valley Real Estate Partnership, as lessor, and Skagit Valley Medical Center, as lessee, covering the portion of the Premises located at 809 South 15th Street, Mount Vernon, Washington 98273.

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EXHIBIT B

A certain tract of land situated in Skagit County, Washington, which is more fully described as follows and the improvements now or hereafter located thereon:

PARCEL A:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Commencing at a point 30.83 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter; Thence North 89°47'30" East parallel with the North line of said Southwest Quarter of the Southeast Quarter, a distance of 225.0 feet; Thence South 01°08'15" East along the Westerly line of Block 1, Broadway Addition to Mount Vernon, according to the plat thereof recorded in Volume 6 of Plats, page 7, records of Skagit County, Washington, a distance of 260.0 feet to the North line of Broadway Street produced; Thence South 89°47'30" West a distance of 225.0 feet; Thence North 01°08'15" West along the West line of said Southwest Quarter of the Southeast Quarter, a distance of 260.0 feet to the point of beginning.

PARCEL B:

Lot 1, Block 1, BROADWAY ADDITION TO MOUNT VERNON, according to the plat thereof recorded in Volume 6 of Plats, page 7, records of Skagit County, Washington;

EXCEPT the South 41.0 feet thereof;

AND EXCEPT all that portion thereof lying North of a line that is 30.83 feet South of and parallel with the North line of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL C:

Lot 2, Block 1, BROADWAY ADDITION TO MOUNT VERNON, according to the plat thereof recorded in Volume 6 of Plats, page 7, records of Skagit County, Washington.

PARCEL D:

Lots 10, 11 and 12, Block 8, MAP OF MILLET'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

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PARCEL E:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South and 75 feet East of the Northwest corner;

Thence East a distance of 75 feet;

Thence South a distance of 135 feet;

Thence West a distance of 75 feet;

Thence North a distance of 135 feet to the point of beginning.

PARCEL F:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South of the Northwest corner of said Southwest Quarter of the

Southeast Quarter;

Thence East a distance of 75 feet;

Thence South a distance of 135 feet;

Thence West a distance of 75 feet;

Thence North a distance of 135 feet to the point of beginning.

PARCEL G:

Lots 1 and 2, Block 8, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

PARCEL H:

Lots 7 and 8, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

PARCEL I:

Lot 3, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

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PARCEL J:
Lots 7 through 12, Block 6, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

PARCEL K:
Lot 4, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

PARCEL L:
Lots 9 through 12, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

PARCEL M:
Lots 11 and 12, Block 9, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

PARCEL N:
Lot 1, Block 6, BROADWAY ADDITION TO MOUNT VERNON, according to the plat thereof recorded in Volume 6 of Plats, page 7, records of Skagit County, Washington.

PARCEL O:
The South 41 feet of Lot 1, Block 1, BROADWAY ADDITION TO MOUNT VERNON, according to the plat thereof recorded in Volume 6 of Plats, page 7, records of Skagit County, Washington.

Parcels A through O situated in Skagit County, Washington.