



200710150089  
Skagit County Auditor

10/15/2007 Page 1 of 9 9:14AM

After Recording Return To:  
Whidbey Island Bank ; *ATTN BRYAN MC DONALD*  
450 SW Bayshore Drive  
Oak Harbor, WA 98277

Reference No.:  
Grantor:  
Grantee:  
Abbr. Legal: LOT 2, THE PAVILION CONDO  
Tax Parcel No.: 4923-000-002-0000 P126126

CHICAGO TITLE COMPANY IC43736

GROUND LESSOR ESTOPPEL CERTIFICATE AND CONSENT

SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT #304 (d/b/a United General Hospital) ("Lessor"), being the present owner and lessor of certain real property located in the County of Skagit, State of Washington (the "Leasehold Property"), as more fully described in the Ground Lease dated March 31, 2006, as amended by First Amendment to the Ground Lease dated as of September 13, 2006 (hereinafter referred to as the "Ground Lease") by and between Lessor and J & J SKAGIT, L.L.C. ("Lessee") understands and acknowledges that WHIDBEY ISLAND BANK ("Lender") is about to make certain loans to SKAGIT VALLEY MEDICAL CENTER, INC., P.S. ("Borrower"), to be secured by Borrower's interest in and to Unit 2, The Pavilion Condominium, established by that certain Declaration of Covenants, Easements, Restrictions and Reservations for the Pavilion Condominium recorded under Document No. 200704040079 in Skagit County, Washington (the "Declaration"), together with easements appurtenant thereto and the Lessee's interests in the Ground Lease to the extent the land and interests demised thereby are part of said Unit 2 or part of the common elements assigned to said Unit 2 by the aforementioned Declaration ("Pavilion Unit 2"). The loans will be secured by Deeds of Trust and other security instruments in favor of Lender on Pavilion Unit 2. Lessor further understands that it is a condition of the making of said loans that this certificate and consent be furnished to Lender, and Lessor acknowledges that the execution of this certificate is of material value and benefit to Lessor and will further Lessor's business and financial interests. In consideration of the mutual benefits to be derived there from, Lessor certifies as follows:

1. Except as stated in paragraph 2 below, the Ground Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, and that

there shall be no cancellation, surrender or modification of the Ground Lease, by mutual agreement of the parties thereto, without Lender's prior written consent. .

2. On or about September 27, 2006, a Memorandum (the "Ground Lease Memorandum") was executed by Lessor and Lessee with respect to the Ground Lease, which Memorandum was recorded with the Skagit County Auditor under File No. 200609270118. On or about September 27, 2006, the Access Easement (the "Easement") was executed by Lessor in favor of Lessee, which Easement was recorded with the Skagit County Auditor under File No. 200609270120. On or about April 25, 2007, the Lessor, the Lessee, Borrower, and Cultus Mountain Medical Investments, LLC executed a certain Agreement regarding Helipad. The Ground Lease, the above-mentioned First Amendment, the Ground Lease Memorandum, the Easement, and the Agreement regarding Helipad are collectively referred to herein as the "Lease Documents."

On or about October 11, 2007, Lessor, Borrower and Lender executed a certain Consent Regarding Financing (the "Financing Consent") whereby Lessor consented to permit Borrower's loan amount to be not more than 100% of the purchase price for Pavilion Unit 2 as defined therein. On or about Oct. 10<sup>th</sup>, 2007, the Quitclaim Deed and Partial Assignment of Lease and Easement (the "Deed and Assignment") was executed by Lessee to Borrower, which Deed and Assignment was recorded with the Skagit County Auditor under File No. 200710150086. On or about October 11, Borrower and Lessor executed the certain Right of First Offer Agreement which was recorded with the Skagit County Auditor under File No. 200710150087. The Deed and Assignment, Right of First Offer Agreement and Financing Consent are collectively referred to herein as "Pavilion Unit 2 Purchase Documents".

3. By execution thereof, the Lessor has already consented to and approved the Lease Documents; Lessor has consented to and approved the Declaration. To the extent required by Lender and/or as provided for in the documents themselves, Lessor consents to and approves the Pavilion Unit 2 Purchase Documents. There is no default presently known to exist under the Lease Documents in the payment of rent or in the observance or performance of any other covenant or condition to be observed or performed by the Lessee, and Lessor has no knowledge of any facts or information that, with the giving of notice, passage of time, or both, would constitute a default by the Lessee thereunder.

At the request of Lessee, on or about September 27, 2006 Lessor had executed a Ground Lessor Estoppel Certificate in favor of First Horizon Home Loan Corporation recognizing such party as a Leasehold Mortgagee. Further, at the request of Lessee and in connection with the purchase of other property subject to the Ground Lease and Declaration (Pavilion Unit 1) on or about May 23, 2007, Lessor executed a Ground Lessor Estoppel Certificate in favor of Lender recognizing Lender as a Leasehold Mortgagee. The duration of each lender's status as Leasehold Mortgagee and the rights and interests



incident to such status, are as provided for in the Ground Lease and the terms of the deeds of trust or other security instruments described in the respective Estoppel Certificates.

4. Except as herein stated, Lessor has no knowledge of any other assignment, sublease, transfer, hypothecation or pledge of the Lessee's interest in the Ground Lease.

5. The term of the Ground Lease expires on [99 years from commencement date], which term may be extended as set forth in paragraph 1.3 of the Ground Lease.

6. Lessor consents to Borrower's execution and recording of the Deeds of trust and personal property security agreements and other loan and security documents pledging the Borrower's interest in Pavilion Unit 2 to Lender, to secure the loans or other financial accommodations Lender is making or will make to Borrower.

7. All conditions to Lender being a "Leasehold Mortgagee" under Section 6.1.1 of the Ground Lease are satisfied. Upon the recording of the Deeds of Trust and other security instruments to Lender and without further notice to Lessor, Lessor shall recognize Lender as a "Leasehold Mortgagee" for all purposes under the Ground Lease. Lender's address for notice is:

Whidbey Island Bank  
Attention: Bryan McDonald  
26317 76<sup>th</sup> Avenue NW  
Stanwood, WA 98292

8. The Leasehold Mortgagee protection provisions in Section 6 of the Ground Lease, and all other provisions inuring to the benefit of a Leasehold Mortgagee or its successors and assigns are in full force and effect. Upon the recording of the Deeds of Trust, Lessor confirms its obligations with respect to such provisions as set forth in the Ground Lease.

9. Lessor has no knowledge or notice of the existence of hazardous wastes or hazardous products located on the Leasehold Property, and no state or federal agency has notified Lessor that any type of hazardous waste cleanup is required or necessary with respect to the Leasehold Property.

10. The Lessor has no pending plans or proposals to condemn the Leasehold Property or any part thereof, and the Lessor has not engaged in any legal actions, lawsuits or other proceedings that may result in the condemnation of the Leasehold Property.

11. The statements, promises and agreements made herein made shall be binding upon Lessor and its successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.



12. This certificate shall be governed by and construed in accordance with laws of the State of Washington. The parties hereto represent and warrant that their undersigned agents have full power and authority to execute this certificate.

13. This certificate may be executed in counterparts, including counterparts transmitted by facsimile machines, and the executed counterparts together shall constitute one instrument.

THE UNDERSIGNED EACH ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH AGREES TO ITS TERMS.

IN WITNESS WHEREOF, this certificate has been duly executed and delivered as of the 11<sup>th</sup> day of October, 2007.

*(The remainder of this page left intentionally blank. Signature pages to follow.)*



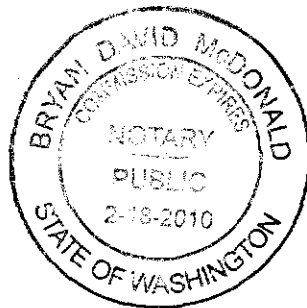
SKAGIT COUNTY PUBLIC HOSPITAL  
DISTRICT #304

By: [Signature]  
Its: Superintendent

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared GREG REED to me known to be the Superintendent of SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT #304, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

GIVEN under my hand and official seal this 13<sup>th</sup> day of OCTOBER, 2007.



Bryan David McDonald  
NOTARY PUBLIC in and for the State of  
Washington, residing at: CAMANO ISLAND  
My commission expires: 2-18-2010



200710150089  
Skagit County Auditor

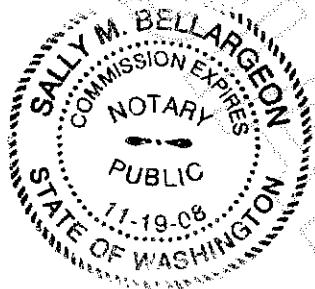
J & J SKAGIT, L.L.C.

By: [Signature]  
[Signature]

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared John L. Walker to me known to be the A managing member of J & J SKAGIT, L.L.C., the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

GIVEN under my hand and official seal this 12<sup>th</sup> day of October, 2007.



[Signature]  
NOTARY PUBLIC in and for the State of  
Washington, residing at: Skagit WA  
My commission expires: 11-19-08



200710150089

Skagit County Auditor



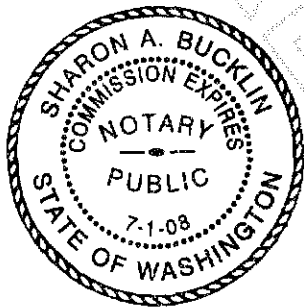
WHIDBEY ISLAND BANK

By: Bryan McDonald  
Its: SVP

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Bryan McDonald to me known to be the SVP of WHIDBEY ISLAND BANK, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

GIVEN under my hand and official seal this 5 day of Oct., 2007.



Sharon A. Bucklin  
NOTARY PUBLIC in and for the State of  
Washington, residing at: Island  
My commission expires: 7-1-08





**EXHIBIT "A"**

Unit 2, THE PAVILION CONDOMINIUM, according to the declaration thereof, recorded April 4, 2007, under Auditor's File No. 200704040079, records of Skagit County, Washington, and the Survey Map and Plans recorded April 4, 2007, under Auditor's File No. 200704040078, records of Skagit County, Washington; and being a portion of the West half of the Southeast quarter of the Northeast quarter of Section 27, Township 35 North, Range 4 East, W.M.

Situated in Skagit County, Washington

- END OF EXHIBIT "A" -



200710150089  
Skagit County Auditor