



201007270072

Skagit County Auditor

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17 3:31PM

After Recording Return To:

SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1
1415 EAST KINCAID STREET
MOUNT VERNON, WA 98273

136711-0

LAND TITLE OF SKAGIT COUNTY

ASSIGNMENT OF LEASE AND CONSENT THERETO

(MLJ)

EFFECTIVE THE 1ST DAY OF JULY 2010

Assignor: Skagit Valley Medical Center, Inc. P.S.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

Assignee: Skagit County Public Hospital District No 1

JUL 27 2010

Reference number(s) of document(s) assigned or released: 200808150212

Amount Paid \$
By Skagit Co. Treasurer
Deputy

Partial Legal Description: Ptn of SW ¼ of the SE ¼ of Section 20, Township 34N, R4E, W.M.

Assessor's Parcel/Tax ID Number(s): P26778, P125894, P53563, P26782, P26780, P53559, P53557, P53553, P53551, P53554, P53558

A. RECITALS

WHEREAS, SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, a Washington limited liability partnership ("Landlord"), and SKAGIT VALLEY MEDICAL CENTER INC. P.S., a Washington professional service corporation ("Tenant" under the Lease and as "Assignor" herein), entered into a Lease dated April 06 and April 09, 2007 (as amended from time to time, the "Lease") as evidenced by a Memorandum of Lease dated August 4, 2008 and recorded on August 15, 2008, under Skagit County Auditor's file number 200808150212 (as amended from time to time, the "Lease") concerning the real property legally described in Appendix A attached hereto (the "Premises"); and

WHEREAS, Assignor has transferred certain assets located on the Premises to Assignee and wishes, effective on July 01, 2010 (the "Assignment Date"), to assign Tenant's entire right, title, and interest in, to and under the Lease to SKAGIT COUNTY PUBLIC HOSPITAL

DISTRICT NO. 1, a Washington public hospital district ("Assignee"), of which transfer and assignment the Landlord approves, and

WHEREAS, the Lease in paragraph 9, "Assignment, Transfer of (sic) Sublease," states:

"Tenant shall not, without first giving notice to Landlord and obtaining Landlord's written consent: (a) assign, sublease, or transfer this Lease or any interest under this Lease; or (b) permit the use of the Leased Premises by anyone other than Tenant except as provided herein...

...All requests for assignment transfer and/or subject must be accompanied by One Thousand Dollars (\$1,000.00) in payment of Landlord's expenses in considering the proposed assignment ...;" and

WHEREAS, Assignor has provided sufficient written notice of its intent to transfer the Tenant's interest under the Lease to Assignee; and

WHEREAS, the Landlord has determined that the Assignee is an appropriate assignee of the Tenant's interest without the need or expense of an examination of Assignee's finances; and

WHEREAS, JPMORGAN CHASE BANK, NA ("Lender") is the successor beneficiary of two (2) deeds of trust recorded against the Premises under Skagit County Auditor's file number 200705070132 securing Loan Number 625989051 and Skagit County Auditor's file number 200803250051 securing Loan Number 793918418 held by Lender as Maker; and

WHEREAS, Lender is willing to approve the assignment of the Assignor's Tenant's interest under the Lease to Assignee based on Assignee's acceptance of the representations, terms, and conditions herein stated and based on Landlord's and Assignor's representations set forth in the form attached as Appendix B attached hereto;

NOW, THEREFORE, BASED ON THE FOREGOING, THE PARTIES NOW ACT AND AGREE AS FOLLOWS:

B. ASSIGNMENT & ASSUMPTION

FOR VALUE RECEIVED: (1) Assignor hereby grants, conveys, warrants, assigns, transfers, and delivers unto Assignee Tenant's entire right, title, and interest in, to, and under the Lease; and (2) Assignee hereby agrees to accept the foregoing assignment of and assume the Lease, subject to its preview and approval of an Estoppel Certificate to be delivered to Assignee and Lender, substantially in the form attached as Appendix B hereto, on the Assignment Date. Assignor covenants and warrants to Assignee: (a) that as of the Assignment Date, Assignor is lawfully seized of an indefeasible leasehold estate in and to the Premises herein described in accordance with the terms of the Lease and has good right and full power to convey the same; (b)

ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

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that as of the Assignment Date the same were free from all encumbrances except as set forth on the attached Appendix C; and (c) that Assignor warrants to the Assignee, its successors and assigns, the quiet and peaceable possession of such Premises as of the Assignment Date only.

C. CONSENT & AGREEMENTS

Landlord hereby consents to the foregoing Assignment and Assumption, as stated below, of the Lease and waives the payment of any fee related to said consent, including any fee required pursuant to Section 9 of the Lease, in consideration of and subject to the following agreements and conditions:

1. Assignee hereby unconditionally: (a) assumes all of Assignor's obligations contained in the Lease that are incurred on or after the Assignment Date; (b) accepts, agrees, and covenants to comply with and guarantee performance and fulfillment of all the terms and conditions contained in the Lease. Assignee hereby agrees to defend, indemnify and hold Assignor harmless from and against any and all claims, suits, obligations, liabilities and damages, including reasonable attorney fees, accruing or arising in any way and at any time under the Lease on or after the Assignment Date. Assignor hereby agrees to defend, indemnify and hold Assignee harmless from and against any and all claims, suits, obligations, liabilities and damages, including reasonable attorney fees, accruing or arising in any way and at any time under the Lease prior to the Assignment Date.

2. Assignor hereby agrees to comply with all its financial obligations as Tenant incurred to the Landlord prior to the Assignment Date or as thereafter may be determined to have been incurred prior to the Assignment Date.

3. Except for Assignor's obligations prior to the Assignment Date, Landlord hereby releases Assignor from any and all obligations and liabilities in connection with, or under, the Lease, including any primary liability under the Lease. The parties agree that this section shall control over any conflicting section in the Lease.

4. Commencing on the Assignment Date, the Assignee hereby agrees that all notices and payments hereunder may be delivered or mailed as set forth herein. If delivered by messenger, courier (including overnight air courier), or facsimile transmittal, the same shall be deemed delivered when received at the street addresses or facsimile numbers listed below. Landlord shall have no obligation to deliver any notice to Assignor. All notices and payments mailed, whether sent by regular post or by certified or registered mail, shall be deemed to have been given on the second business day following the date of mailing if properly mailed to the mailing addresses provided below and shall be conclusive evidence of the date of mailing. The parties may designate new or additional addresses for mail or delivery by providing notice to the other party as provided in this section.

ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

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To Landlord:

SVREP
1400 East Kincaid Street
Mount Vernon, WA 98273
360 ____ - ____ facsimile

To Assignee:

CEO/Superintendent
PHD No. 1
1415 East Kincaid Street
Mount Vernon WA 98273
360 428-2416 facsimile

5. The assignment of the Landlord's interest to Assignee facilitates the integration of Assignor's and Assignee's healthcare services whereby Assignee will employ Assignor's providers pursuant to that "Integration Agreement" dated April 30, 2010 between Assignor and Assignee. In the event that the actions called for on the Effective Date of the Integration Agreement do not take place, and the effective date is not extended by the parties, and Assignee does not employ Assignor's providers, this assignment shall be null and void. If the Effective Date is extended by the parties, the Assignment Date shall be extended to the same date.

6. If, after the effective date Assignor's providers commence employment with Assignee but the integration transaction is not completed either by merger or purchase of assets, as set forth in paragraph 8.18 of the Integration Agreement and Assignor recommences operations by offering medical care with the employment of healthcare providers in the Premises, then, Assignee agrees to sublease to Assignor reasonably adequate space in the Premises to resume operations, reserving unto itself reasonably adequate space in the Premises for its operations. At the time that Assignor's reasonably adequate need for space exceeds fifty percent (50%) of the Premises, Assignee shall re-assign the Lease to Assignor and Assignor shall then sublease space in the Premises to Assignee in a reasonably adequate amount to accommodate Assignee's operations on the Premises.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY. SIGNATURES FOLLOW.]

ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER INC DC S
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

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IN WITNESS WHEREOF, SVREP and Tenant have executed this Certificate as of the

27 day of May 2010.

The signature of Assignor hereinafter made constitutes evidence of Assignor's acceptance of the representations, terms, and conditions herein stated as set forth in Articles A, B, and C above.

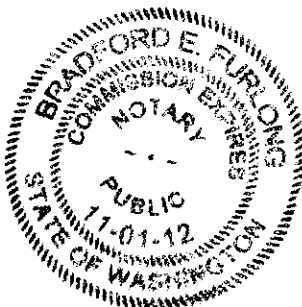
SKAGIT VALLEY MEDICAL CENTER, INC. P.S.

By: John Bond
Name: John Bond
Its: President
Date: 5/27/10

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 27th day of May 2010 before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared John Bond to me known to be the president of SKAGIT VALLEY MEDICAL CENTER, INC. P.S., a Washington professional service corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



Bradford E. Furlong
Notary Public in and for the state of
Washington, residing at Mt. Vernon
My commission expires: 11-1-12

Printed Name: Bradford E. Furlong

ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

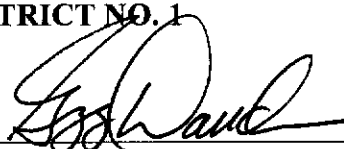
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The signature of the Assignee hereinafter made constitutes evidence of Assignee's acceptance of the representations, terms, and conditions herein stated and agreement to comply with the matters referenced in paragraphs A, B, and C above and Assignee's guarantee of the performance and fulfillment of the obligations in the Lease.

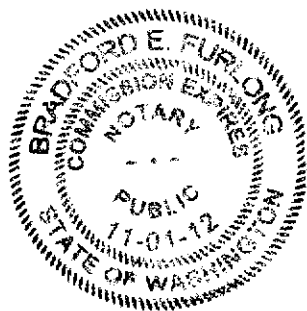
**SKAGIT COUNTY PUBLIC HOSPITAL
DISTRICT NO. 1**

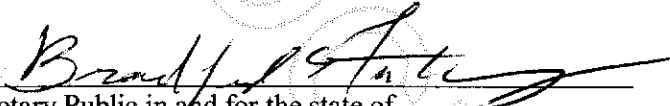
By: 
Gregg A. Davidson
Its: CEO/Superintendent
Date: 5/27/10

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 27th day of May 2010 before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Gregg A. Davidson to me known to be the CEO/Superintendent of SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1, a Washington public hospital district, the municipal corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the say and year first above written.




Notary Public in and for the state of
Washington, residing at MT. Vernon
My commission expires: 11-1-12
Printed Name: Bradford E. Furlong

**ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1**

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CONSENT TO ASSIGNMENT

1. The Landlord hereby consents to the Assignment and Assumption of the above-referenced Lease on the terms and conditions hereinbefore set forth.

SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP

By: _____

John Halsey, M.D.

Its: _____

Managing Partner

Date: _____

6/15/10

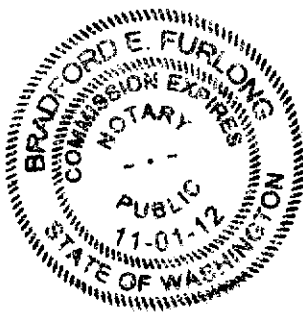
STATE OF WASHINGTON)

) ss. _____

COUNTY OF SKAGIT)

On this 15th day of June 2010 before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared John Halsey, M.D., to me known to be the managing partner of SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, a Washington limited liability partnership, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



Notary Public in and for the state of

Washington, residing at MT Vernon

My commission expires: 11/01/12

Printed Name: Bradford E. Furlong

ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

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UNZIPPED

CONSENT TO ASSIGNMENT (Lender)

2. THE LENDER HEREBY CONSENTS TO THE FOREGOING ASSIGNMENT AND ASSUMPTION OF THE LEASE SUBJECT TO ITS PREVIEW AND APPROVAL OF AN ESTOPPEL CERTIFICATE TO BE DELIVERED TO ASSIGNEE AND LENDER, SUBSTANTIALLY IN THE FORM ATTACHED AS APPENDIX B ATTACHED HERETO, ON THE ASSIGNMENT DATE AND ON THE TERMS AND CONDITIONS HEREIN STATED.

JPMORGAN CHASE BANK NA

By: [Signature]

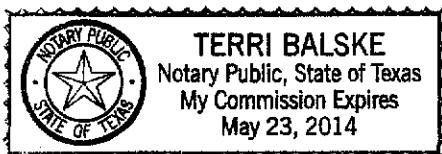
Its: VP & L. Portfolio Manager - ETC

Date: June 22, 2010

STATE OF TEXAS)
) ss.
COUNTY OF Dallas)

On this 22 day of June 2010 before me, the undersigned, a Notary Public in and for the state of TEXAS, duly commissioned and sworn, personally appeared Douglas Grossett, to me known to be the VP & L. Portfolio Manager of JPMORGAN CHASE BANK NA, a _____, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



Terri Balske

Notary Public in and for the state of

TEXAS

, residing at 3929 W John Carpenter Hwy

My commission expires: 5-23-2014

Printed Name: Terri Balske

ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

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APPENDIX A
To
LEASE BETWEEN
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP
And
SKAGIT VALLEY MEDICAL CENTER, INC. P.S.

Legal Descriptions of Property

The land is located in the County of Skagit, State of Washington, and is described as follows:

PARCEL A:

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

Beginning at a point 30.83 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter; Thence North 89° 48' 35" East, parallel to the North line of said Southwest Quarter of the Southeast Quarter 203.81 feet, more or less, to the northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007; Thence South 0° 22' 16" East, along the line of the East face of the existing building and the same projected a distance of 134.45 feet, more or less, to the Southeast corner of said building; Thence South 89° 37' 44" West, along the Southerly face of the existing building, a distance of 22.83 feet; Thence South 0° 13' 17" East 125.39 feet more or less, to the Northerly margin of Broadway Street; Thence South 89° 46' 43" West, along said margin, 177.30 feet to the West line of said Southwest Quarter of the Southeast Quarter of Section 20; Thence North 10 06' 35" West, along said line, 260.05 feet to the point of Beginning.

The basis of bearing for the above legal description is North 1° 06' 35" West between the found South Quarter corner and the found and accepted 1/16th corner on Kincaid Street.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

PARCEL C:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East, WM, 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° 48' 35" East, parallel to the North line of said Southwest Quarter of the Southeast Quarter 203.81 feet, more or less, to the northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007; Thence South 0° 22' 16" East, along the line of the East face of the existing building and the same projected a distance of 114.84 feet to THE TRUE POINT OF BEGINNING; Thence continue South 0° 22' 16" East 19.61 feet, more or less, to the Southeast corner of said building; Thence South 89° 37' 44" West, along the Southerly face of the existing building, a distance of 22.83 feet; Thence South 0° 13' 17" East 125.39 feet more or less, to the Northerly margin of Broadway Street; Thence North 89° 46' 43" East, along said margin, 125.58 feet to the West margin of South 15th Street; Thence North 1° 09' 02" West, along said line, 145.05 feet to a point which lies North 89° 47' 39" East from the true point of beginning; Thence South 89° 47' 39" West 100.45 feet to THE TRUE POINT OF BEGINNING.

The basis of bearing for the above legal description is North 1° 06' 35" West between the found South Quarter corner and the found and accepted 1/16th corner on Kincaid Street.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

PARCEL D:

Lots 10 to 12, 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.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

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:

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ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
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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.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

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.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

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.

Situate in the City of Mount Vernon, County of Skagit, State of 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.

Situate in the City of Mount Vernon, County of Skagit, State of 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.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

PARCEL J

Lots 11 and 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

Situate in the City of Mount Vernon, County of Skagit, State of 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.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

**ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1**

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PARCEL L:

Lots 11 and 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.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

**ASSIGNMENT OF LEASE WITH CONSENT THERETO
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ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1**

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APPENDIX B

ESTOPPEL CERTIFICATE

THIS ESTOPPEL CERTIFICATE (THE "CERTIFICATE") IS EXECUTED AND DELIVERED BY SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP ("SVREP"), AND SKAGIT VALLEY MEDICAL CENTER INC. P.S., A WASHINGTON PROFESSIONAL SERVICE CORPORATION ("TENANT"), AS TENANT, UNDER THAT CERTAIN LEASE DATED APRIL 06 AND APRIL 09, 2007 HAVING A COMMENCEMENT DATE OF AUGUST 1, 2009 (AS AMENDED, THE "LEASE") CONCERNING THAT CERTAIN MEDICAL OFFICE BUILDING AND IMPROVEMENTS LEGALLY DESCRIBED IN APPENDIX A, LOCATED AT, COUNTY OF SKAGIT, STATE OF WASHINGTON (THE "PREMISES") AS DESCRIBED IN A MEMORANDUM OF LEASE DATED AUGUST 4, 2008, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200808150212.

SVREP and JPMORGAN CHASE BANK, NA ("Lender"), the successor beneficiary of two (2) deeds of trust recorded against the Premises under Skagit County Auditor's file number 200705070132 securing Loan Number 625989051 and Skagit County Auditor's file number 200803250051 securing Loan Number 793918418 held by Lender as Maker; each understands and acknowledges that Tenant wishes to assign the Tenant's entire, right, title and interest in, to and under the Lease to SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1, a Washington public hospital district ("Assignee"), of which assignment SVREP has approved. Assignee is unwilling to proceed with, and Lender is unwilling to approve, the assignment without this Certificate.

SVREP and Tenant each hereby certifies to Assignee and Lender, their successors and assigns, as follows:

- (1) Appendix B is a full, true and complete copy of the Lease including all amendments thereto. The Lease is unmodified except as set forth in Exhibit B and is in full force and effect.
- (2) Rent due under the Lease has been paid through June 30, 2010.
- (3) Assignee is lawfully entitled to possession of the Premises described in the Lease pursuant to the Assignment of Lease and Consent thereto dated _____, and Tenant has not otherwise assigned, transferred, mortgaged, or hypothecated the Lease or any interest therein, nor subleased all or any portion of the Premises.

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ASSIGNEE: SKAGIT COUNTY PHD NO. 1**

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(4) To the best of SVREP's and Tenant's knowledge, (i) neither Tenant nor SVREP is in default under the Lease, and neither knows of any condition which, with the giving of notice or the passage of time, or both, would become a default by SVREP or Tenant under the Lease or give rise to a right of termination of the Lease; (ii) neither SVREP nor Tenant has any defense, right of offset or counterclaim, right to free rent, credits, rental concessions or abatements of rent, or other charges with respect to any provision of the Lease; (iii) all obligations of SVREP and Tenant with respect to construction of the Premises have been fully performed and all construction and move-in allowances owing by SVREP to Tenant, if any, have been fully paid; (iv) SVREP is in full compliance with all notes, deeds of trust and/or assignments and/or security agreements or debt obligations related to financing of the Premises and has received no notice of default, notice of foreclosure or legal process related thereto; (v) SVREP and Tenant are in compliance with land use regulations and building codes applicable to the Premises and has received no notice of violation of any such codes from any governmental agency; (vi) the Premises have not been subject to the misuse, spillage, improper storage or dumping of any toxic or hazardous material regulated by any governmental authority ("Hazardous Substances") nor does SVREP or Tenant know or have reason to know of any basis for a claim by any third party, including employees of Tenant, for property damage or personal injury, due to the presence of Hazardous Substances on or coming from the Premises; (vii) there is no tenant deposit or other security provided or required to be provided under the Lease other than _____, which has been provided by Tenant; , (viii) SVREP and Tenant are in compliance with land use regulations and building codes applicable to the Premises and have received no notice of violation of any such codes from any governmental agency, (ix) Tenant has no purchase options under the Lease or any rights of first refusal with respect to the Premises or any part thereof, and (x) neither SVREP nor Tenant are debtors in any case under bankruptcy or any other insolvency.

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ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

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SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP

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By: _____
Name: _____
Its: _____
Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the state of
Washington, residing at _____
My commission expires: _____

Printed Name: _____



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APPENDIX C
ENCUMBRANCES

Exceptions under Title Order No. 136710-O, Land Title Company of Skagit County, contained in:

SCHEDULE B

1. Excise tax.
2. General taxes.
3. Municipal assessments and impact fees, if any, levied by City of Mount Vernon.
4. CONTRACT OF SALE AND THE TERMS AND CONDITIONS OF MOUNT VERNON; Auditor's No. 852344.
8. A SECURITY INTEREST IN GOODS UNDER THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE, RCW 62A, DISCLOSED BY FINANCING STATEMENT FILED IN THE OFFICE OF THE COUNTY AUDITOR; Auditor's No. 200610050079; Amended, Auditor's No. 200904010074.
9. MEMORANDUM OF LEASE, INCLUDING TERMS & CONDITIONS THEREOF; Auditor's No. 200703290077; SUBORDINATION AGREEMENTS, AND TERMS AND CONDITIONS THEREOF; Auditor's Nos. 200705070134 & 200705070132.
10. DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES & RENTS, AND FIXTURE FILING, AND THE TERMS AND CONDITIONS THEREOF; Auditor's No. 200705070132; Amended, Auditors No. 200803250054.
11. DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES & RENTS, AND FIXTURE FILING, AND THE TERMS AND CONDITIONS THEREOF; Auditor's No. 200803250051.
12. CROSS COLLATERALIZATION AGREEMENT, AND TERMS AND CONDITIONS THEREOF; Auditor's No. 200803250053.
13. MEMORANDUM OF LEASE, INCLUDING TERMS & CONDITIONS THEREOF; Auditor's No. 200808150212; SUBORDINATION AGREEMENT AND THE TERMS AND CONDITIONS THEREOF; Auditor's No. 200803250052 & 200803250051.

(Continued on Page 16b)

ASSIGNMENT OF LEASE WITH CONSENT THERETO
SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, LANDLORD
ASSIGNOR/TENANT: SKAGIT VALLEY MEDICAL CENTER, INC P.S.
ASSIGNEE: SKAGIT COUNTY PHD NO. 1

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14. MEMORANDUM OF SUBLEASE, INCLUDING TERMS & CONDITIONS THEREOF;
Auditor's No. 201002190065.

15. Easements, restrictions and other matters shown on Schedule "B-1."

SCHEDULE B-1.

- A. MATTERS DISCLOSED BY RECORD OF SURVEY; Auditor's No. 8911060039.
- B. MATTERS DISCLOSED BY RECORD OF SURVEY; Auditor's No. 9108160085.
- C. Terms and conditions of City of Mount Vernon Ordinance No. 2434, Auditor's No. 9104010034.
- D. Terms and conditions of City of Mount Vernon Ordinance No. 3067, Auditor's No. 200109120026.
- E. Terms, conditions and restrictions of that instrument entitled Utility, Access and Parking Easement and Maintenance Covenants; Auditor's No. 200705070131.
- F. EASEMENT AND THE TERMS AND CONDITIONS THEREOF; Auditor's No. 200708270135.
- G. EASEMENT AND THE TERMS AND CONDITIONS THEREOF; Auditor's No. 200803030156.
- H. WATER SERVICE CONTRACT, AND THE TERMS AND CONDITIONS THEREOF;
Auditor's No. 200810130094.

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