

Recording requested by and when recorded mail to:

Bradford E. Furlong
Furlong Butler
825 Cleveland Avenue
Mount Vernon, WA 98273



201303040242

Skagit County Auditor

3/4/2013 Page 1 of 5 3:57PM

LAND TITLE OF SKAGIT COUNTY

135634-001

(Space above this line is for Recorder's use)

Memorandum of Condominium Unit Purchase and Sale Agreement

The information contained in this boxed section is for recording purposes only pursuant to RCW 65.04, and is not to be relied upon for any other purpose, and shall not affect the intent of or any warranty contained in the document itself.

Document Title: Memorandum of Condominium Unit Purchase and Sale Agreement
Grantor/Seller: SVMC, PLLC
Grantee/ Purchaser: SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO.1
Reference Number(s) of Documents Assigned or Released: N/A
Abbreviated Legal Description: Unit 2, The Pavilion Condominium
Complete or Additional Legal Description on Exhibit A of Document.
Assessor's Parcel Number(s): 4923-000-112-0000/P129810

SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1, a Washington municipal corporation ("Purchaser") and SVMC, PLLC, a Washington professional limited liability company ("Seller") have entered into a Condominium Unit Purchase and Sale Agreement dated March 1, 2013 ("Purchase Agreement") in which Purchaser has agreed to buy and Seller has agreed to sell the condominium unit and related improvements located at 1990 Hospital Drive, Sedro-Woolley, Washington, Assessor's parcel number 129810 (the "Property"), located on the real property legally described as follows (the "Real Property"):

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 1/2 of the Southeast 1/4 of the Northeast 1/4 of Section 27, Township 35 North, Range 4 East, W.M.

Situate in the City of Sedro-Woolley, County of Skagit, State of Washington.

The following is a brief description of certain terms of the Purchase Agreement:

1. Right to Purchase. The Purchaser has the right to purchase the Property, and the Seller has the obligation to sell the Property, pursuant to the terms and conditions set forth in the Purchase Agreement.

2. Lease. The Purchaser occupies, and will continue to occupy, the Property subject to the terms and conditions of the Condominium Unit Lease Agreement recorded July 14, 2010 under Auditor's recording number 201007270074, records of Skagit County, Washington ("Lease"). The rental payments made by Purchaser under the Lease are, throughout the term of the Lease, to be applied to the purchase price of the Property, as a credit benefiting the Purchaser. This right is a personal right running to the benefit of the Purchaser.

3. Notice to Close. The matter of Purchaser's right to own and conduct health care operations on the Property is pending before the Washington Supreme Court Case, Case Number 86796-8. If and when the Purchaser obtains the right to own and operate health care operations on the Property ("Legal Authority to Operate"), it shall immediately notify Seller of Purchaser's intention to close the purchase and sale of the Property ("Notice to Close"), and the purchase and sale of the Property shall occur on or before the later of thirty (30) days after the date of the Notice to Close and the Purchaser's waiver or satisfaction of the contingency set forth in Section 7.3 of the Purchase Agreement. Should the Purchaser not obtain such Legal Authority to Operate, the Purchase Agreement shall terminate and Seller may market the Property to a third party and shall be entitled to all proceeds from a sale to a third party without offset, provided, however that Purchaser's occupancy of the Property under the Lease shall not be disturbed prior to the deadlines set by the Supreme Court, or other tribunal, for termination for Purchaser's occupancy and operations with respect to the Property.

4. District 304 Right of First Opportunity. Seller and Skagit County Public Hospital District No. 304 ("District 304") have entered into an Agreement for Right of First Opportunity recorded October 15, 2007 under Skagit County Auditor's recording number 200710150087 ("Right of First Opportunity"). In the Purchase Agreement Seller agrees it shall not provide District 304 with a Notice of Proposed Sale, as that term is defined in the Right of First Opportunity, before January 1, 2014. Provided Purchaser is not in default under the terms and conditions of the Lease, Seller further agrees in the Purchase Agreement to not close any sale to District 304 before June 15, 2014. If District 304 purchases the Property under the Right of First Opportunity at a price that exceeds the purchase price as computed in Sections 2.1 and 2.2 of the Purchase Agreement, Purchaser shall be paid directly from escrow, out of Seller's proceeds of such sale to District 304, the sum equal to fifty percent (50%) of the difference between the purchase price as would then be applicable to the Purchaser, pursuant to Sections 2.1 and 2.2 of the Purchase Agreement, and the total amount paid by District 304 for the Property.



5. Purchaser Sale of Property for Profit. Should Purchaser purchase the Property from Seller under the Purchase Agreement, and, within one year of the closing of the sale, close a sale of the Property to a third party (the "Post-Closing Sale") at a price that exceeds the Purchase Price as computed in Section 2.1 (without the adjustment described in section 2.2) of the Purchase Agreement, Seller shall be paid directly from escrow, out of Purchaser's proceeds of such Post-Closing Sale, the sum equal to fifty percent (50%) of the difference between the Purchase Price pursuant to Section 2.1 of the Purchase Agreement (without the adjustment described in section 2.2), and the purchase price in the Post-Closing Sale.

6. Miscellaneous.

6.1 Parties and Property Bound. The Purchase Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Unless this Memorandum is terminated by agreement of the parties or as specifically provided in the Purchase Agreement, the obligations of the Seller and the rights of the Purchaser shall run with the land and bind any subsequent owner.

6.2 Purpose of this Memorandum. The purpose of this Memorandum is to provide notice of Purchaser's rights under the Purchase Agreement. This Memorandum is not intended, in any way, to replace or modify the terms of the Purchase Agreement or of the Lease, and no rights or obligations shall separately arise under this Memorandum. The parties agree that all terms and conditions of the Purchase Agreement and of the Lease shall apply.

SVMC, PLLC, a Washington
professional limited liability company

By: Morris Johnson
Name: Morris Johnson
Its: Chair

Date: _____

SKAGIT COUNTY PUBLIC HOSPITAL
DISTRICT NO. 1, a Washington municipal
corporation

By: Gregg A. Davidson
Gregg A. Davidson, FACHE
Chief Executive Officer

Date: 3/01/2013



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 28th day of February 2013, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Morris Johnson MD known to be the Chairman of SVMC, PLLC, a Washington professional limited liability company, 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 they are authorized to execute the said instrument.

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



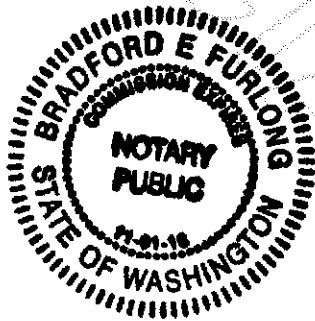
Kathryn L Sutton
Notary Public
KATHRYN L Sutton
Printed Name
In and for the state of Washington
Residing at Sedro Woolley
My commission expires 5-9-14



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 1st day of March 2013, 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 Chief Executive Officer of SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1, a Washington municipal corporation and political subdivision of the State of Washington 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 say and year first above written.



Bradford E. Furlong
Notary Public
Bradford E. Furlong
Printed Name
In and for the state of Washington
Residing at Mount Vernon
My commission expires 11-01-16



201303040242
Skagit County Auditor