

Prepared by, and after recording
return to:

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Chicago, Illinois 60603



Skagit County Auditor \$102.00
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**SUBORDINATION, ATTORNMENT, ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT**

LAND TITLE OF SKAGIT COUNTY

147447-S

Grantor:	1) <u>AFI BURLINGTON LESSEE LLC</u>
<input type="checkbox"/> Additional on page	_____
Grantees: Beneficiary:	<u>BB&T REAL ESTATE FUNDING LLC</u>
Legal Description (abbreviated):	<u>Lot 3, Burlington SP No. 3-00 & PTN TR 79 Burlington Acreage Property</u>
<input checked="" type="checkbox"/> Additional on :	<u>Exhibit A</u>
Assessor's Tax Parcel ID #:	<u>3867-000-079-0101 P62822 AND 3867-000-079-0600 P116952</u>
Reference Nos. of Documents Released or Assigned:	<u>-N/A 20130911 0034</u> <u>and unrecorded Lease</u>

**SUBORDINATION, ATTORNMENT, ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT**

THIS SUBORDINATION, ATTORNMENT, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT (this "Assignment") is made and entered into as of September 10, 2013 by and among **AFI Burlington Owner LLC**, a Delaware limited liability company (the "Borrower"), **BB&T Real Estate Funding LLC**, a North Carolina limited liability company (the "Lender"), and **AFI Burlington Lessee LLC**, a Delaware limited liability company (the "Tenant").

Recitals

A. Borrower is the owner of a Seniors Housing Facility known as Skagit Valley Senior Village located at 400 Gilkey Road, Burlington, Washington (the "Property"). A legal description of the Property is attached hereto as Exhibit A.

B. Tenant is the lessee of the Property pursuant to that certain Amended and Restated Lease dated August 17, 2012 between Borrower and Tenant (the "Operating Lease") and is the holder of all of the required Licenses required to operate the Property as a Seniors Housing Facility (as defined in the Security Instrument).

C. Lender is about to make a loan to Borrower in the amount of up to Fourteen Million and No/100 Dollars (\$14,000,000.00) (the "Loan"). The Loan will be evidenced by a certain Promissory Note in the original principal amount of \$14,000,000 executed by Borrower in favor of Lender (the "Note") and will be secured by a Deed of Trust, Assignment of Rents and Security Agreement (the "Security Instrument") of even date herewith executed by the Borrower in favor of Lender which encumbers the Property.

Recorded on 9/11/2013, under Auditor's File No. 201309110034.

D. Lender requires and Tenant is willing to subordinate its right, title and interest to and under the Operating Lease to the Security Instrument and to assign to the extent assignable all Leases, Rents, Equipment, Inventory, Contracts and Accounts to Lender as additional security for the Loan.

E. Tenant is an affiliate of Borrower and will derive substantial benefit from Lender's making the Loan. Lender has relied upon Tenant's entrance into this Assignment in its making of the Loan.

F. Tenant is willing to attorn to Lender upon a default by Borrower under the Loan Documents, to perform its obligations under the Operating Lease and this Assignment for Lender, or its successors and assigns in interest, and to permit Lender to terminate the Operating Lease without liability.



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Skagit County Auditor

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NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Borrower, Lender and Tenant agree as follows:

1. **DEFINITIONS.** Capitalized terms used in this Assignment and not otherwise defined shall have the meanings assigned to them in the Security Instrument. All terms used herein which are defined in the Uniform Commercial Code, as in effect from time to time in the jurisdiction in which the Property is located, shall have the same meanings when used herein. The following terms, when used in this Assignment, shall have the following meanings:

(a) **"Accounts"** means all money, funds, investment property, accounts, general intangibles, deposit accounts, chattel paper, documents, instruments, judgments, claims, settlements of claims, causes of action, refunds, rebates, reimbursements, reserves, deposits, subsidies, proceeds, products, rents and profits, now or hereafter arising, received or receivable, from or on account of Tenant's management and operation of the Property.

(b) **"Contracts"** means any contract or other agreement for the provision of goods or services at or otherwise in connection with the operation, use, construction, renovation or management of the Property, including cash deposited to secure performance by parties of their obligations.

(c) **"Equipment"** means all right, title and interest of Tenant in and to all machinery, equipment, computer equipment (hardware and software), tools, furniture, furnishings, kitchen or restaurant supplies and facilities, office equipment, dining room supplies and facilities, medical supplies and facilities, appliances, supplies, books, records, fixtures, leasehold improvements, all tangible and intangible property, and goods now owned and hereafter acquired, used in connection with the operation of the Property, together with all present and future parts, additions, accessories, replacements, attachments, accessions, replacement parts and substitutions therefore, and the proceeds thereof (cash and non-cash including insurance proceeds).

(d) **"Escrow Fund"** shall have the meaning as defined in Section 5 of the Security Instrument.

(e) **"Event of Default"** means the occurrence of any event listed in Section 20 of the Security Instrument or an "Event of Default" as defined in the Loan Agreement or any other Loan Document or a default by Borrower or Tenant of any representation, warranty or covenant under this Assignment or the Operating Lease.



(f) **"Improvements"** means the buildings, structures, improvements and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements and additions, which may now or hereafter constitute the Property.

(g) **"Indebtedness"** means the principal of, interest on, and all other amounts due at any time under, the Note, the Security Instrument or any other Loan Documents (as hereinafter defined), including prepayment premiums, late charges, default interest.

(h) **"Inventory"** means all right, title and interest of Tenant in and to inventory of every type and description, now owned and hereafter acquired, including, without limitation, raw materials, work in process, finished goods, goods returned or repossessed or stopped in transit, goods used for demonstration, promotion, marketing or similar purposes, property in, on or with which any of the foregoing may be stored or maintained, all materials and supplies usable or used or consumed at the Property, and all documents and documents of title relating to any of the foregoing, together with all present and future parts, additions, accessories, attachments, accessions, replacements, replacement parts and substitutions therefor or thereto in any form whatsoever.

(i) **"Land"** means the land described in Exhibit A.

(j) **"Leases"** means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Property or any portion of the Property (including proprietary leases or occupancy agreements if Tenant is a cooperative housing corporation), and all modifications, extensions or renewals thereof. The term **"Leases"** shall also include any residency, occupancy, admission, and care agreements pertaining to residents of the Property and shall also specifically include, without limitation, the Operating Lease.

(k) **"Loan"** shall have the meaning as defined in Recital C above.

(l) **"Loan Documents"** means the Note, the Security Instrument, this Assignment, all guaranties and any other documents now or in the future executed by Borrower, Tenant, Guarantor (as defined in the Loan Agreement) or any other person or entity in connection with the Loan, as such documents may be amended from time to time.

(m) **"Property"** shall have the meaning as defined in Recital A above.



(n) **"Property Related Documents"** means all plans and specifications, drawings, design documents, and other documents pertaining to construction, renovation and/or operations of the Property, including any and all addenda, supplements, amendments and modifications thereto, whether now or hereafter existing.

(o) **"Rents"** means all rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, including subsidy payments received from any sources, parking fees, laundry and vending machine income and fees and charges for food, healthcare and other services provided at the Property, whether now due, past due, or to become due, resident and tenant security deposits, entrance fees, application fees, processing fees, community fees and any other amounts or fees deposited by any resident or tenant (whether forfeited or not) together with and including all proceeds from any private insurance for residents to cover rental charges and charges for services at or in connection with the Property, and the right to Third Party Payments.

(p) **"Taxes"** shall have the meaning as defined in the Security Instrument.

(q) **"Third Party Payments"** means any payments from any third parties due to Borrower or Tenant relating to the rents due from residents at the Property or arising from services provided to residents at the Property.

2. **UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.**

(a) This Assignment is also a security agreement under the Uniform Commercial Code for any of the Contracts, Accounts, Equipment, Inventory, Leases and Rents which, under applicable law, may be subject to a security interest under the Uniform Commercial Code, whether acquired now or in the future and all products and cash and non-cash proceeds thereof (collectively, **"UCC Collateral"**), and Tenant hereby assigns and grants to Lender a security interest in the UCC Collateral to secure the payment and performance of all Obligations. Tenant hereby authorizes Lender to file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest and Tenant agrees, if Lender so requests, to execute and deliver to Lender such financing statements, continuation statements and amendments. Borrower shall pay all filing costs and all costs and expenses of any record searches for financing statements that Lender may require. Without the prior written consent of Lender, Tenant shall not create or permit to exist any other lien or security interest in any of the UCC Collateral.



(b) If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Assignment or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender's other remedies.

(c) During the continuance of an Event of Default, Lender or its designee may (in Lender's sole discretion) terminate Tenant's authority to collect Accounts and notify the residents and account debtors that the Accounts have been assigned to Lender or of Lender's security interest therein and, either in its own name or that of Tenant or both, demand, collect (including, without limitation, through any lockbox arrangement prescribed by Lender), receive, receipt for, sue for or give acquittance for any or all amounts due or to become due in respect of the Accounts, and may also, in its discretion, file any claim, institute any proceeding or take any other action that Lender may deem necessary or appropriate to protect and realize upon the security interest of Lender in the Accounts. All of Lender's out-of-pocket collection expenses shall be charged to the Borrower's account and added to the Indebtedness. If during the continuance of an Event of Default Lender is collecting the Accounts as above provided, Lender shall have the right to receive, endorse, assign and deliver in Lender's name or Tenant's name any and all checks, drafts and other instruments for the payment of money relating to the Accounts, and Tenant hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. If during the continuance of an Event of Default Lender is collecting the Accounts directly as above provided, Tenant hereby constitutes Lender or Lender's designee as Tenant's attorney-in-fact with power with respect to the Accounts to: (1) endorse Tenant's name upon all notes, acceptances, checks, drafts, money orders or other evidences of payment that may come into Lender's possession; (2) notify the Post Office to change the address for delivery of mail addressed to Tenant for the Property to such address as Lender may designate; and (3) receive, open, and dispose of all such mail addressed to Tenant.

(d) During the continuance of an Event of Default, Lender may, without demand and without advertisement or notice, at any time or times, sell and deliver any or all Equipment or Inventory held by or for it at public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as Lender, in its sole discretion, deems advisable. Subject to the provisions of applicable law, Lender may postpone or cause the postponement of the sale of all or any portion of the Equipment or Inventory by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale has been postponed or Lender may further postpone such sale by announcement made at such time and place. Without in any way limiting the foregoing, Lender shall, during the continuance of Event of Default, have the right, in addition to all other rights provided herein or by law, to enter without legal process upon the Property (provided that such entry be done lawfully) for the purpose of taking

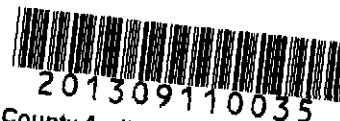


possession of the Equipment or Inventory, and the right to maintain such possession on the Property or to remove the Equipment or Inventory or any part thereof to such other places as Lender may desire. Whether or not Lender exercises its right to take possession of the Equipment or Inventory, Tenant shall, upon Lender's demand, promptly assemble the Equipment or Inventory and make it available to Lender at the Property.

**3. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER;
LENDER IN POSSESSION.**

(a) As consideration for the material financial benefit to be derived by Tenant from Lender's approval of the Operating Lease and providing the Loan, to the extent permitted by applicable law, Tenant absolutely and unconditionally assigns and transfers to Lender all Rents to secure payment and performance of all Obligations. To the extent permitted by applicable law, it is the intention of Tenant to establish a present, absolute and irrevocable transfer and assignment to Lender of all Rents and, during the continuance of an Event of Default, to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Tenant. Promptly upon request by Lender, Tenant agrees to execute and deliver such further assignments as Lender may from time to time require. To the extent permitted by applicable law, Tenant and Lender intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the State of Washington, then it is the intention of Tenant that in this circumstance this Assignment create and perfect a lien on Rents in favor of Lender, which lien shall be effective as of the date of this Assignment.

(b) During the continuance of an Event of Default, Tenant authorizes Lender to collect, sue for and compromise Rents and directs each resident and tenant of the Property to pay all Rents to, or as directed by, Lender. However, except during the continuance of an Event of Default, Lender hereby grants to Tenant a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender and subject to the terms of the Operating Lease, to apply all Rents to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, including the Escrow Fund, and to pay the current costs and expenses of managing, operating and maintaining the Property, including utilities, Taxes and insurance premiums (to the extent not paid from the Escrow Fund), resident and tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, and subject to the terms of the Operating Lease, the Rents remaining after application pursuant to the preceding sentence may be retained by Tenant free and clear of, and released from, Lender's rights with respect to Rents under this Assignment. During the continuance of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Property directly, or by a receiver, Tenant's license to



collect Rents shall automatically terminate and Lender shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid (but which license shall be automatically reinstated upon the cure of such Event of Default to Lender's satisfaction). Tenant shall pay to Lender upon demand all Rents to which Lender is entitled. At any time on or after the date of Lender's demand for Rents, during the continuance of an Event of Default, Lender may give, and Tenant hereby irrevocably authorizes Lender to give, notice to all residents and tenants of the Property instructing them to pay all Rents to Lender. No resident or tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and no resident or tenant shall be obligated to pay to Tenant any amounts which are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each resident and tenant personally, by mail or by delivering such demand to each rental unit. Tenant shall not interfere with and shall cooperate with Lender's collection of such Rents. During the continuance of an Event of Default, Lender is further authorized to give notice to all Third Party Payment payors (other than governmental entities) at Lender's option, instructing them to pay all Third Party Payments which would be otherwise paid to Tenant to Lender, to the extent permitted by law.

(c) Tenant represents and warrants to Lender that Tenant has not executed any prior assignment of Rents that Tenant has not performed, and Tenant covenants and agrees that it will not perform any acts and has not executed, and shall not execute, any instrument which would prevent Lender from exercising its rights under this Section 3, and that at the time of execution of this Assignment there has been no anticipation or prepayment of any Rents for more than two months prior to the due dates of such Rents. Tenant shall not collect or accept payment of any Rents more than two months prior to the due dates of such Rents.

(d) If an Event of Default has occurred and is continuing, Lender may, regardless of the adequacy of Lender's security or the solvency of Tenant and even in the absence of waste, to the extent permitted by applicable law, enter upon and take and maintain full control of the Property in order to perform all acts that Lender in its discretion determines to be necessary or desirable for the operation and maintenance of the Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Property and the execution or termination of Contracts and Leases providing for the management, operation or maintenance of the Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Property or the security of this Assignment, or for such other purposes as Lender in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Lender's security, without regard to Tenant's solvency and without the necessity of giving prior notice (oral or written) to Tenant, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Property to take any or all of the actions set forth in the preceding sentence. If Lender elects to seek the appointment of a receiver for the Property at any time after an Event of Default



has occurred and is continuing, Tenant, by its execution of this Assignment, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte if permitted by applicable law. Lender or the receiver, as the case may be, shall be entitled to receive a reasonable fee for managing the Property. Immediately upon appointment of a receiver or immediately upon Lender's entering upon and taking possession and control of the Property, Tenant shall, to the extent permitted by applicable law, surrender possession of the Property to Lender or the receiver, as the case may be, and shall deliver to Lender or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Property and all security deposits and prepaid Rents. In the event Lender takes possession and control of the Property, Lender may exclude Tenant and its representatives from the Property. Tenant acknowledges and agrees that the exercise by Lender of any of the rights conferred under this Section 3 shall not be construed to make Lender a mortgagee-in-possession of the Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

(e) If Lender enters the Property, Lender shall be liable to account only to Borrower and Tenant and only for those Rents actually received. Lender shall not be liable to Tenant, Borrower, anyone claiming under or through Tenant or Borrower, or anyone having an interest in the Property, by reason of any act or omission of Lender under this Section 3, and Tenant and Borrower hereby release and discharge Lender from any such liability to the fullest extent permitted by law.

(f) If the Rents are not sufficient to meet the costs of taking control of and managing the Property and collecting the Rents, any funds expended by Lender for such purposes shall become an additional part of the Indebtedness, as provided in Section 26 of the Security Instrument.

(g) Any entering upon and taking of control of the Property by Lender or the receiver, as the case may be, and any application of Rents as provided in this Assignment shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Assignment or in the Security Instrument.

4. ASSIGNMENT OF LEASES; LEASES AFFECTING THE MORTGAGED PROPERTY.

(a) As consideration for the material financial benefit to be derived by Tenant from Lender's approval of the Operating Lease and providing the Loan, to the extent permitted by applicable law, Tenant absolutely and unconditionally assigns and transfers to Lender all of Tenant's right, title and interest in, to and under the Leases, including Tenant's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease, to secure payment and performance of all Obligations. To the extent permitted by applicable law, it is the intention of Tenant to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Tenant's right, title and interest in, to and under



the Leases. To the extent permitted by applicable law, Tenant and Lender intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the State of Washington, then it is the intention of Tenant that in this circumstance this Assignment create and perfect a lien on the Leases in favor of Lender, which lien shall be effective as of the date of this Assignment.

(b) Until Lender gives notice to Tenant of Lender's exercise of its rights under this Section 4, Tenant shall have all rights, power and authority granted to Tenant under any Lease (except as otherwise limited by this Section or any other provision of this Assignment), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease, with the exception of the Operating Lease. During the continuance of an Event of Default and at the option of Lender, the permission given to Tenant pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall terminate (but shall be automatically reinstated upon the cure of such Event of Default to Lender's satisfaction). Tenant shall comply with and observe Tenant's obligations under all Leases, including Tenant's obligations pertaining to the maintenance and disposition of resident or tenant security deposits.

(c) Tenant acknowledges and agrees that the exercise by Lender, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Lender a mortgagee-in-possession of the Property so long as Lender has not itself entered into actual possession of the Land and the Improvements. The acceptance by Lender of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Lender to take any action under this Assignment or to expend any money or to incur any expenses. Lender shall not 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 Property. Prior to Lender's actual entry into and taking possession of the Property, Lender shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Property; or (iii) be responsible for the operation, control, care, management or repair of the Property or any portion of the Property. The execution of this Assignment by Tenant shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Property is and shall be that of Tenant, prior to such actual entry and taking of possession.

(d) Upon delivery of notice by Lender to Tenant of Lender's exercise of Lender's rights under this Section 4 at any time during the continuance of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Property directly, by a receiver, or by any other manner or proceeding



permitted by the laws of the State of Washington, Lender immediately shall have, to the extent permitted by applicable law, all rights, powers and authority granted to Tenant under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Tenant shall, promptly upon Lender's request, deliver to Lender an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Lender, and shall not include options to purchase.

(f) Tenant shall not lease any portion of the Property for non-residential use except with the prior written consent and approval of Lender with the exception of the Operating Lease which has previously been approved by Lender. Tenant shall not modify the terms of, extend or terminate, any Lease for non-residential use (including any Lease in existence on the date of this Assignment) without the prior written consent of Lender. Tenant shall, without request by Lender, deliver an executed copy of each non-residential Lease to Lender promptly after such Lease is signed. All non-residential Leases after the date hereof and renewals or extensions of existing Leases, shall specifically provide that (1) such Leases are subordinate to the lien of this Assignment (unless waived in writing by Lender); (2) the resident or tenant shall attorn to Lender and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Property by any purchaser at a foreclosure sale or by Lender in any manner; (3) the resident or tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a foreclosure sale may from time to time request; (4) the Lease shall not be terminated by foreclosure or any other transfer of the Property; (5) after a foreclosure sale of the Property, Lender or any other purchaser at such foreclosure sale may, at Lender's or such purchaser's option, accept or terminate such Lease; and (6) the resident or tenant shall, upon receipt after the occurrence of an Event of Default of a written request from Lender, pay all Rents payable under the Lease to Lender.

(g) Tenant shall not receive or accept more than 5% of the Rents under any Leases (whether residential or non-residential) for more than one (1) month in advance.

5. ASSIGNMENT OF CONTRACTS AND PROPERTY RELATED DOCUMENTS; CONTRACTS AND PROPERTY RELATED DOCUMENTS AFFECTING THE MORTGAGED PROPERTY.

(a) Tenant has entered into the Contracts identified on Exhibit B for the provision of goods or services, at or otherwise in connection with the operation, use or management of the Property. Tenant may in the future enter into Contracts for the provision of additional goods or services at or otherwise in connection with the operation, use or management of the Property.



(b) As consideration for the material financial benefit to be derived by Tenant from Lender's approval of the Operating Lease and providing the Loan, to the extent permitted by applicable law, Tenant absolutely and unconditionally assigns and transfers to Lender all of Tenant's right, title and interest in, to and under the Contracts and Property Related Documents, including Tenant's right, power and authority to modify the terms of, extend or terminate any such Contract or Property Related Documents to secure payment and performance of all Obligations. To the extent permitted by applicable law, it is the intention of Tenant to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Tenant's right, title and interest in, to and under the Contracts and Property Related Documents. To the extent permitted by applicable law, Tenant and Lender intend this assignment of the Contracts and Property Related Documents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. However, if this present, absolute and unconditional assignment of the Contracts and Property Related Documents is not enforceable by its terms under the laws of the State of Washington, then it is the intention of Tenant that in this circumstance this Assignment create and perfect a lien on the Contracts and Property Related Documents in favor of Lender, which lien shall be effective as of the date of this Assignment. The acceptance by Lender of this assignment of the Contracts and Property Related Documents shall not at any time or in any event obligate Lender to take any action under this Assignment or to expend any money or to incur any expenses.

(c) Until Lender gives notice to Tenant of Lender's exercise of its rights under this Section 5, Tenant shall have all rights, power and authority granted to Tenant under any Contract or Property Related Document (except as otherwise limited by this Section or any other provision of this Assignment), including the right, power and authority to modify the terms of any Contract or extend or terminate any Contract (with the exception of the Operating Lease) or to modify any Property Related Document. During the continuance of an Event of Default and at the option of Lender, the permission given to Tenant pursuant to the preceding sentence to exercise all rights, power and authority under Contracts or to exercise all rights related to the Property Related Documents shall terminate.

(d) Upon Lender's delivery of notice to Tenant of an Event of Default and during the continuance of such Event of Default, Lender shall immediately have all rights, powers and authority granted to Tenant under any Contract, including the right, power and authority to modify the terms of, extend or terminate any such Contract.

(e) As of the date hereof, Tenant hereby represents and warrants and agrees with Lender that: (1) no previous assignment of Tenant's interest in the Contracts has been made; (2) to Tenant's actual knowledge, the Contracts are in full force and effect in accordance with their respective terms and there are no defaults thereunder; (3) Tenant shall fully perform all of its material obligations under the Contracts, and Tenant agrees not to materially amend, modify, assign, sell, pledge, transfer, mortgage or otherwise encumber its



interests in any of the Contracts so long as this Assignment is in effect, or consent to any transfer, assignment or other disposition thereof without the written approval of Lender, which shall not be unreasonably withheld, conditioned or delayed; provided, however, that Tenant may amend or modify any of the Contracts without Lender approval as long as such amendment or modification is on commercially reasonable arms-length terms; and (4) each Contract entered into by Tenant subsequent to the date hereof, the average annual consideration of which, directly or indirectly, is at least \$25,000, shall be on commercially reasonable arms-length terms and provide: (i) that it shall be terminable without fee or penalty for cause; and (ii) that it shall be terminable, at Lender's option, upon the occurrence of an Event of Default, upon not more than thirty (30) days' notice and in all events without fee or penalty.

6. BORROWER AND OPERATOR REPRESENTATIONS, WARRANTIES AND AGREEMENTS. As of the date hereof, Borrower and Tenant represent and warrant to Lender that (i) immediately after the Loan is made, Borrower and/or Tenant will have sufficient working capital, including cash flow from the Property or other assets, to adequately own and/or maintain the Property and pay all outstanding debts associated with the Property as they become due, (ii) the Operating Lease is unmodified and is in full force and effect, (iii) the Operating Lease is a valid and binding agreement enforceable against the parties in accordance with its terms, and (iv) neither party is in default in performing any of its obligations under the Operating Lease. Borrower and Tenant hereby agree that any default by Borrower or Tenant under this Assignment or the Operating Lease which continues beyond any applicable cure period shall at Lender's option, constitute an Event of Default under the Security Instrument.

7. BORROWER COVENANTS. Borrower hereby covenants with Lender that during the term of this Assignment: (a) except as otherwise permitted under the terms of the Loan Agreement, Borrower shall not transfer the responsibility for the operation and management of the Property from Tenant to any other person or entity other than pursuant to the Management Agreement (as defined in the Loan Agreement) without the prior written consent of Lender; (b) Borrower shall not terminate or amend any of the terms or provisions of the Operating Lease nor shall Borrower assign its rights under the Operating Lease without the prior written consent of Lender; (c) within 5 days of Borrower's receipt, Borrower shall give Lender written notice of any notice or information that Borrower receives which indicates that either Borrower or Tenant is in default under the terms of the Operating Lease, Tenant is terminating the Operating Lease or that Tenant is otherwise discontinuing its operation and management of the Property; and (d) Borrower agrees that after Borrower receives notice (or otherwise has actual knowledge) of an Event of Default under the Security Instrument, it will not make any payment of fees under or pursuant to the Operating Lease without Lender's prior written consent.



8. **EVENT OF DEFAULT.** Upon receipt by Tenant of written notice from Lender that an Event of Default has occurred and is continuing, Lender shall have the right to exercise all rights as owner of the Property under the Operating Lease and Tenant shall pay to Lender directly all Rent and other sums due under the Operating Lease. Lender shall be entitled to mandate the use of a lockbox bank account or other depository account, to be maintained under the control and supervision of Lender, for all income of the Property, including but not limited to Rents, service charges, insurance payments and Third Party Payments. In order to induce Lender to lend funds hereunder, Borrower and Tenant hereby agree that upon the occurrence and during the continuance of an Event of Default and at the option of Lender, Tenant shall continue to provide all necessary services required under any applicable licensing or regulatory requirements and shall fully cooperate with Lender and any receiver as may be appointed by a court, in performing these services until such time as Lender has arranged for a replacement operator, and in arranging an orderly transition to a replacement operator, manager or provider of the necessary services. During the continuance of an Event of Default, Borrower and Tenant agree to cooperate with Lender in arranging an orderly transfer to a replacement operator of all Licenses and governmental approvals necessary or reasonably required to operate the Property as a Seniors Housing Facility, and to execute promptly all applications, assignments, consents and documents requested by Lender to facilitate such transition.

9. **SUBORDINATION; OPERATING LEASE TERMINATION.** Tenant acknowledges, confirms, agrees and covenants that the Operating Lease and the rights of Tenant under the Operating Lease, all of Tenant's right, title and interest in and to the property covered by the Operating Lease, and any lease thereafter executed by Tenant covering any part of the Property, are and shall be subject, subordinate and inferior to (i) the Security Instrument and the rights of Lender under the Security Instrument, and (ii) all right, title and interest of Lender in the Property. After the occurrence and during the continuance of an Event of Default, Lender shall have the right any time thereafter to terminate the Operating Lease, without cause and without liability, by giving written notice to Tenant of its election to do so. Lender's notice shall specify the date of termination, which shall not be less than 30 days after the date of such notice, except such lesser notice as Lender deems to be appropriate in the event of an emergency.

10. **ATTORNTMENT.** Tenant covenants and agrees that if the Security Instrument is foreclosed, as to the Property, whether by power of sale or by court action, or upon a transfer of the Property by conveyance in lieu of foreclosure (the purchaser at foreclosure or the transferee in lieu of foreclosure, including Lender or any affiliate thereof, if it is the purchaser or transferee, is referred to as the "New Owner") and Lender does not elect to terminate the Operating Lease, Tenant shall attorn to the New Owner as Tenant's new Landlord. Tenant further covenants and agrees that in such case the Operating Lease shall continue as a direct lease between Tenant and New Owner upon all of the terms, covenants,



conditions and agreements set forth in the Operating Lease and this Agreement, other than provisions that are not reasonably susceptible of performance by New Owner.

Notwithstanding the foregoing, in no event shall the New Owner be:

(a) responsible for the performance of any covenant or obligation of any prior Landlord (including the Landlord named herein) under the Operating Lease that is either personal to the prior Landlord or otherwise not susceptible to performance by the New Owner;

(b) liable for any act, omission, default, misrepresentation, or breach of warranty, of any prior Landlord (including the Landlord named herein) or obligations accruing prior to New Owner's actual ownership of the Property;

(c) subject to any offset, recoupment, estoppel, defense, claim or counterclaim that Tenant might be entitled to assert against any prior Landlord (including the Landlord named herein);

(d) bound by any payment of rent, additional rent or other payments Tenant may have made to any prior Landlord (including the Landlord named herein) for more than one (1) month in advance;

(e) bound by any amendment, or modification of the Operating Lease hereafter made without the consent of Lender;

(f) bound by any consent or acquiescence by any previous landlord (including Landlord) under the Operating Lease to any assignment or sublease hereafter granted without the written consent of Lender; or

(g) liable for the return or application of any security deposit or other deposit that Tenant may have given to any prior Landlord (including the Landlord named herein) that has not been transferred to New Owner.

The provisions of this Assignment regarding attornment by Tenant shall be self-operative and effective without the necessity of execution of any new lease or other document on the part of any party to this Agreement or the respective heirs, legal representatives, successors or assigns of any such party. Tenant agrees, however, to execute and deliver at any time and from time to time, upon the request of Landlord, Lender or any New Owner or prospective New Owner, any instrument or certificate which, in the reasonable judgment of Landlord, Lender or any New Owner or prospective New Owner, may be necessary or appropriate in or following any such foreclosure proceeding or otherwise (including acceptance of a deed in lieu) to evidence such attornment, including, if requested, one or more new leases of the Property on the terms established as aforesaid and otherwise on the same material terms and conditions as the Operating Lease for the then unexpired term of the Lease as well as a



Subordination, Attornment, Assignment of Leases and Rents and Security Agreement with any lender on the Property consistent with the terms hereof.

11. **TURNOVER OF BOOKS AND RECORDS.** On the effective date of termination of the Operating Lease, Tenant shall, subject to applicable law, turn over to Lender or its designee all books and records relating to the Property and the residents and tenants (copies of which may be retained by Tenant, at Tenant's expense), together with such authorizations and letters of direction addressed to residents, tenants, suppliers, employees, banks and other parties as Lender may reasonably require. Tenant shall cooperate with Lender in the transfer of operating and management responsibilities to Lender, any receiver, or their designees. A final accounting of unpaid fees (if any) due to Tenant under the Operating Lease shall be made within 60 days after the effective date of termination, but Lender shall not have any liability or obligation to Tenant for unpaid fees or other amounts payable under the Operating Lease which accrue before Lender acquires title to the Property, or before Lender becomes a mortgagee in possession.

12. **NOTICE.** Tenant's address for Notice is c/o Focus Healthcare Partners LLC, 10 South Riverside Drive, Suite 1465, Chicago, Illinois 60606, Attention: Curt Schaller and Paul Froning. Borrower's address for notice is c/o Focus Healthcare Partners LLC, 10 South Riverside Drive, Suite 1465, Chicago, Illinois 60606, Attention: Curt Schaller and Paul Froning. Lender's address for notice is c/o Grandbridge Real Estate Capital LLC, 3000 Riverchase Galleria, Suite 1020, Birmingham, Alabama 35244, Attention: Head of Servicing Department.

All notices to be given by Lender to Tenant shall be given in the same manner as notices to Borrower pursuant to the notice provisions contained in the Security Instrument.

13. **NO ASSUMPTION OF OBLIGATIONS.** The Borrower and Tenant, by executing this Assignment, agree that Lender does not assume any obligations or duties of the Borrower and Tenant concerning the Operating Lease until and unless Lender shall exercise its rights hereunder.

14. **POWER OF ATTORNEY.** Effective during the continuance of an Event of Default, Borrower and Tenant hereby irrevocably constitute and appoint Lender as Borrower's and Tenant's attorney-in-fact to demand, receive and enforce their rights with respect to the provisions set forth in this Assignment, to give appropriate receipts, releases and satisfactions for and on Borrower's and Tenant's behalf and to do any and all acts in Borrower's or Tenant's names or in the name of Lender with the same force and effect as Borrower or Tenant could do if this Assignment had not been made. The foregoing appointment shall be deemed to be coupled with an interest and irrevocable.



15. ADDITIONAL OPERATOR REPRESENTATIONS, WARRANTIES AND COVENANTS. Tenant represents, warrants and covenants to the following:

(a) Tenant will use its best efforts to cooperate with Lender, including attendance at any meetings requested by Lender (after reasonable prior notice), furnishing financial statements of Tenant and operating statements for the Property, and allowing Lender to undertake inspections of the Property. In addition, Tenant acknowledges that it has received from Borrower and reviewed a fully executed copy of the Security Instrument and the Loan Agreement and covenants therein and agrees to comply with all provisions and covenants therein applicable to the use and operation of the Property (the "**Operating Covenants**"), including without limitation, arranging for the escrow of Taxes and insurance with Lender and, if necessary, providing insurance coverage in accordance with Lender's requirements. In the event Tenant fails to so use and operate the Property, Lender shall have the right to enforce the Operating Covenants directly against Tenant upon Borrower's failure to do so, in accordance with the provisions of the Security Instrument and this Assignment. Tenant's failure to comply with these obligations shall constitute a default under the Operating Lease, a default under this Assignment, and an Event of Default under the Loan Documents. Tenant agrees to comply with all of its obligations under the Operating Lease pertaining to its payment and performance of any repairs and capital improvements at the Property;

(b) the Operating Lease is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Security Instrument and the other Loan Documents, and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances heretofore made or which may hereafter be made pursuant to the Security Instrument (including all sums advanced for the purposes of (x) protecting or further securing the lien of the Security Instrument, curing defaults by Borrower under the Loan Documents or for any other purposes expressly permitted by the Security Instrument, or (y) constructing, renovating, repairing, furnishing, fixturing or equipping the Property);

(c) any fees or other amounts payable to Tenant by Borrower pursuant to the Operating Lease are and shall be subordinated in right of payment to the prior payment in full of the Indebtedness;

(d) if, by reason of its exercise of any other right or remedy under the Operating Lease, Tenant acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Security Instrument;

(e) until Tenant or Borrower receives notice (or otherwise acquires actual knowledge) of an Event of Default, Tenant shall be entitled to retain for its own account all



payments made under or pursuant to the Operating Lease, subject to the terms of this Assignment;

(f) after Tenant or Borrower receives notice (or otherwise acquires actual knowledge) of an Event of Default and during the continuance of such Event of Default, Tenant will not accept or retain any payment of fees under or pursuant to the Operating Lease without Lender's prior written consent;

(g) if, after Tenant or Borrower receives notice (or otherwise acquires actual knowledge) of an Event of Default and during the continuance of such Event of Default, Tenant receives any payment of fees under the Operating Lease other than from Lender, or if Tenant receives any other payment or distribution of any kind from Borrower or from any other person or entity other than from Lender in connection with the Operating Lease which Tenant is not permitted by this Assignment to retain for its own account, such payment or other distribution will be received and held in trust for Lender and unless Lender otherwise notifies Tenant, will be promptly remitted, in cash or readily available funds, to Lender, properly endorsed to Lender, to be applied to the principal of, interest on and other amounts due under the Loan Documents in such order and in such manner as Lender shall determine in its sole and absolute discretion. Tenant hereby irrevocably designates, makes, constitutes and appoints Lender (and all persons or entities designated by Lender) as Tenant's true and lawful attorney in fact with power to endorse the name of Tenant upon any checks representing payments referred to in this subsection;

(h) during the term of this Assignment, Tenant will not commence, or join with any other creditor in commencing any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings with respect to Borrower, without Lender's prior written consent, and Tenant has not filed and is not subject to any filing for bankruptcy or reorganization under any applicable bankruptcy or insolvency laws;

(i) Tenant will deliver to Lender at the address indicated above and at the same time as such notice is given to Borrower, any notice of default under the Operating Lease;

(j) Tenant has not assigned or sublet and is now the sole owner of the interest or leasehold estate created by the Operating Lease (except for Resident Agreements (as defined in the Loan Agreement)) , and shall not hereafter transfer, assign, convey, encumber, amend or terminate the Operating Lease or the Management Agreement;

(k) Intentionally omitted;

(l) Tenant will not pay any rent, fees or other sums due or to become due under the Operating Lease more than 30 days in advance of the date on which the same are due or to become due under the Operating Lease;



(m) Tenant will certify promptly in writing to Lender in connection with any proposed assignment of the Security Instrument, whether or not any default on the part of Borrower then exists under the Operating Lease, and will execute such estoppel certificates and subordination agreements as Lender shall reasonably require;

(n) Tenant shall not, without the prior written consent of Lender, sell, convey, alien, mortgage, encumber, pledge or otherwise transfer or grant a security interest in the Property or any part thereof or permit the Property or any part thereof to be sold, conveyed, aliened, mortgaged, encumbered, pledged or otherwise transferred.

16. **TENANT CERTIFICATIONS.** Tenant certifies as follows:

(a) Tenant has unconditionally accepted delivery of the Property pursuant to the terms of the Operating Lease and pursuant to the Management Agreement between Tenant and Manager (as defined in the Loan Agreement), Manager is operating the Property as a Seniors Housing Facility;

(b) The Operating Lease does not provide for free rent, partial rent, rent concessions of any kind, for the advance payment of rent, rent abatement or offsetting of rent and no rent under the Operating Lease has been paid for more than 30 days in advance;

(c) Tenant has fully inspected the Property and found the same to be as required by the Operating Lease in good order and repair, and all conditions and duties of an inducement nature under the Operating Lease to be performed by the Borrower have been satisfied, including but not limited to payment to Tenant of any Borrower contributions for improvements, completion by Borrower of the construction of any improvements to be constructed by the Borrower, and payment to Tenant of any consulting fees;

(d) the primary term of the Operating Lease commenced on August 21, 2012, and continues for a term of 10 years, subject to 2 five-year extension options. Tenant has no rights or options of purchase or first refusal under the Operating Lease or with respect to the Property or any part thereof;

(e) as of the date of this Assignment, to the best of Tenant's knowledge, neither the Borrower nor Tenant is in default under any of the terms, conditions, provisions or agreements of the Operating Lease and Tenant has no offsets, claims or defenses against the Borrower with respect to the Operating Lease;

(f) Tenant has not paid a security or other deposit to Borrower, pursuant to the terms of the Operating Lease;

(g) Tenant does not, has not and will not use (in violation of applicable laws) the Property for the storage, treatment, manufacturing, generation, disposal or release into the environment of any petroleum product or substance which is classified as a



hazardous substance, pollutant or contaminant under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or other applicable federal, state and local laws and regulations except for the safe and lawful use and storage of quantities of pre-packaged supplies, cleaning materials and petroleum and other products customarily used in the operation and maintenance of comparable Seniors Housing Facilities;

(h) Tenant shall not look to Lender, any mortgagee in possession, or successor in title to the Property for accountability for any security deposit or other deposit held by Borrower;

(i) Tenant will hold the Licenses identified on Exhibit C with regard to the Property, and such Licenses are the only Licenses required to lawfully operate the Property as a Seniors Housing Facility. Each of the items listed on Exhibit C have been lawfully issued to Tenant and are in full force and effect. There is no legal action pending or to the best of Tenant's knowledge threatened in writing which would adversely affect the Licenses or the operations at the Property. Tenant is not currently operating under a consent order or decree, or any other agreement or decree mandated by the courts or a governmental entity that restricts or otherwise affects the operation of the Property;

(j) Intentionally Deleted.

(k) the Property is operated as a Seniors Housing Facility pursuant to its Certificate of Occupancy and pursuant to its Licenses. The Certificate of Occupancy and Licenses are current and there are no violations of record. The operations at the Property comply with the terms and conditions of the Certificate of Occupancy and the Licenses. The Certificate of Occupancy has no termination date. The Licenses must be renewed every year and are valid until August 31, 2014;

(l) renewal of the Licenses should be applied for no later than thirty (30) days prior to the expiration of the Licenses;

(m) foreclosure of the Property by Lender or any other transfer of the Property as a result of the continuance of an Event of Default by Borrower under the Security Instrument will not result in a revocation, suspension or limitation of the Licenses;

(n) to the best of Tenant's knowledge, there currently exist no grounds for the revocation, suspension or limitation of the Certificate of Occupancy or any of the Licenses for the Property; and

(o) Tenant acknowledges that the Borrower has agreed to pay interest on any deficiency following a foreclosure in an amount equal to the Default Rate under the Note from the date of the trustee's sale until any deficiency is paid in full by execution upon any other secured collateral, including any collateral assigned under this Agreement, and to pay



all costs, expenses, expert witness and attorney fees incurred by Lender in obtaining and collecting any such deficiency from other secured collateral and that the collateral assignments provided for herein also secure those obligations.

17. **INTENTIONALLY OMITTED.**

18. **CONSIDERATION.** The Borrower and Tenant acknowledge that Tenant is owned by parties who directly or indirectly have an ownership interest in the Borrower, are under common management and control and that the Borrower and Tenant will benefit from the Loan. Accordingly, the Borrower and Tenant both acknowledge receipt of good and valuable consideration for Tenant's and Borrower's entry into this Assignment.

19. **COLLECTIONS.** Tenant agrees that all monies collected on behalf of the Borrower shall be deposited in one or more bank accounts in the name of Tenant and Tenant hereby pledges a security interest in the bank accounts to Lender, so that such bank accounts are security for the Loan and shall be subject to the terms of the Security Instrument and other Loan Documents.

20. **MODIFICATIONS TO LOAN DOCUMENTS.** Any amendments heretofore or hereafter made to any of the Loan Documents, other than this Assignment, shall not require the consent of Tenant.

21. **LENDER REQUESTS.** Within 10 days of written request of Lender, Tenant will, subject to applicable law, promptly furnish to Lender copies of all Leases, Contracts, Licenses, books, records, monthly reports, statements of account, budgets, third party payment documentation including but not limited to reimbursement agreements, surveys, statements of deficiencies and plans of correction, and cost reports related to any payments or the right to receive payments from federal, state or local programs, boards, bureaus or agencies, and other items which Tenant is required to maintain or otherwise maintains under the Operating Lease or which Tenant maintains for its own purposes with respect to the Property. Upon an Event of Default under the Security Instrument, Tenant will furnish promptly to Lender evidence of deposits and withdrawals from any account held or controlled by Tenant relating to the Property.

22. **OPERATOR ASSIGNMENT.** As additional collateral security for the Loan and the observance and performance by Borrower of the terms, covenants and conditions of the Loan Documents, Tenant to the extent permissible under applicable law and regulations, hereby transfers, sets over and assigns to Lender all of Tenant's right, title and interest in and to all Licenses and any other agreements or permits of any nature whatsoever now or hereafter obtained or entered into by Tenant with respect to the occupancy, use, operation, maintenance and administration of the Property as a Seniors Housing Facility.



23. **COUNTERPARTS.** This Assignment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall constitute one and the same instrument.

24. **GOVERNING LAW.**

(a) The validity and interpretation of this Assignment shall be governed by and in accordance with the internal laws of the State of Washington, without regard to conflicts of law principles

(b) Tenant agrees that any controversy arising under or in relation to this Assignment shall be litigated exclusively in the State of Washington, and Tenant and Borrower irrevocably consent to service, jurisdiction, and venue of such course for any such litigation and waive any other venue to which Tenant or Borrower might be entitled by virtue of domicile, habitual residence or otherwise.

25. **SUCCESSORS AND ASSIGNS.** This Assignment shall be binding upon Borrower, Tenant and Lender and their respective successors, transferees and assigns, and shall inure to the benefit of and may be enforced by Lender and its successors, transferees and assigns. Borrower and Tenant shall not assign any of their respective rights and obligations under this Assignment without the prior written consent of Lender.

26. **ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS.** This Assignment contains the complete and entire understanding of the parties as to its subject matter. No amendment to this Assignment will be valid unless it is made in writing and executed by the parties to this Assignment. No specific waiver or forbearance for any breach of any of the terms of this Assignment shall be considered as a general waiver of that or any other term of this Assignment.

27. **RELATIONSHIP OF PARTIES.** Nothing contained in this Assignment shall constitute Lender as a joint venturer, partner or agent of Borrower or Tenant, or render Lender liable for any debts, obligations, acts, omissions or representations of Borrower or Tenant except as provided herein.

28. **ENFORCEABILITY.** The determination of invalidity, illegality, or unenforceability of any provision of this Assignment, pursuant to judicial decree, shall not affect the validity or enforceability of any other provision of this Assignment, each of which shall remain in full force and effect.

29. **WAIVER OF COUNTERCLAIM AND TRIAL BY JURY.** EACH OF BORROWER AND TENANT, IN CONJUNCTION WITH ITS REPRESENTATION BY COMPETENT LEGAL COUNSEL OF ITS CHOICE, HEREBY WAIVES THE RIGHT TO ASSERT A COUNTERCLAIM, OTHER THAN A MANDATORY OR



COMPULSORY COUNTERCLAIM, IN ANY ACTION OR PROCEEDING BROUGHT AGAINST IT BY LENDER, AND TO THE FULLEST EXTENT ALLOWABLE BY LAW WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER OR IN ANY COUNTERCLAIM ASSERTED BY LENDER AGAINST BORROWER, OR IN ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS ASSIGNMENT OR ANY OF THE OTHER LOAN DOCUMENTS, THE PROPERTY OR THE OBLIGATIONS.

30. **Exculpation.** No present or future "Constituent Member" in or of Borrower, Tenant or Guarantor and no present or future advisor, trustee, director, officer, employee, beneficiary, partner, member, shareholder, participant, advisor, principal or agent in or of Borrower, Tenant or Guarantor shall have any personal liability, directly or indirectly, under or in connection with this Agreement other than Borrower, Tenant, and Guarantor pursuant to the Loan Documents to which they are a party, and Lender, for itself and its successors and assigns, hereby waives any and all such personal liability. "Constituent Member" means any person or entity that directly or indirectly through one or more limited liability companies, partnership or other entities, is a partner in, member or shareholder of Borrower, Tenant or Guarantor.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.




IN WITNESS WHEREOF, Borrower, Tenant and Lender have executed this Assignment as of the day and year first above written.

BORROWER:

AFI BURLINGTON OWNER LLC,
a Delaware limited liability company

By: Artemis Focus Investment II LLC,
a Delaware limited liability company,
its Sole Member

By: Focus Artemis Manager LLC,
a Delaware limited liability company,
its Asset Manager

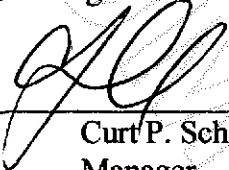
By: 
Name: Curt P. Schaller
Its: Manager

TENANT:

AFI BURLINGTON LESSEE LLC,
a Delaware limited liability company

By: Artemis Focus Investment TRS LLC, a
Delaware limited liability company, its Sole
Member

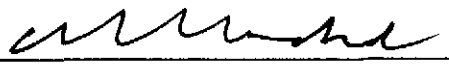
By: Focus Artemis Manager LLC,
a Delaware limited liability company,
its Asset Manager

By: 
Name: Curt P. Schaller
Its: Manager



LENDER:

BB&T REAL ESTATE FUNDING LLC,
a North Carolina limited liability company

By: 
Name: Brett N. Blackwood
Title: Senior Vice President



ACKNOWLEDGMENT

STATE OF IL)
COUNTY OF Cook)

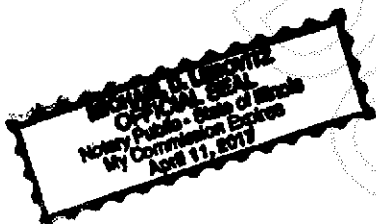
I certify that I know or have satisfactory evidence that Curt P. Schaller is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of Focus Artemis Manager LLC, a Delaware limited liability company, the Asset Manager of Artemis Focus Investment II LLC, a Delaware limited liability company, the Sole Member of AFI Burlington Owner LLC, a Delaware limited liability company, to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

Dated: 8/27/13

[Signature]
(Signature)

[STAMP OR SEAL]

(Title)
My Appointment Expires: 4/11/17

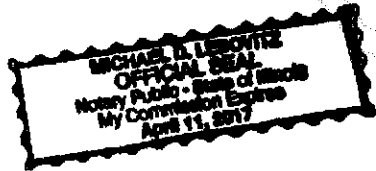


ACKNOWLEDGMENT

STATE OF IL
COUNTY OF Cook

I certify that I know or have satisfactory evidence that Curt P. Schaller is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of Focus Artemis Manager LLC, a Delaware limited liability company, the Asset Manager of Artemis Focus Investment TRS LLC, a Delaware limited liability company, the Sole Member of AFI Burlington Lessee LLC, a Delaware limited liability company, to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

Dated: 8/27/13
[STAMP OR SEAL] [Signature]
(Signature)
(Title)
My Appointment Expires: 4/11/17



ACKNOWLEDGMENT

STATE OF Alabama)
COUNTY OF Jefferson)

I certify that I know or have satisfactory evidence that Brett N. Blackwood is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Senior Vice President of BB&T Real Estate Funding LLC, a North Carolina limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: August 27, 2013 Alicia Mink
(Signature)

[STAMP OR SEAL]

N/A
(Title)
My Appointment Expires: _____

**MY COMMISSION EXPIRES
MARCH 23, 2014**

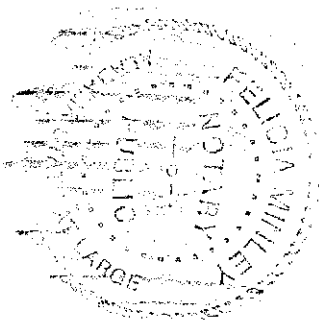


Exhibit A

DESCRIPTION:

PARCEL "A":

That portion of the North 1/2 of the West 1/2 of Tract 79, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, lying Westerly of the Great Northern Railway Company right of way.

EXCEPT that portion conveyed to the City of Burlington by instrument recorded March 1, 2001, under Auditor's File No. 200103010083.

Situate in the City of Burlington, County of Skagit, State of Washington.

PARCEL "B":

Lot 3 of Burlington Short Plat No. 3-00, recorded June 23, 2000, under Auditor's File No. 200006230084, records of Skagit County, Washington, being a portion of Tract 79, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington.

EXCEPT that portion conveyed to the City of Burlington by instrument recorded March 1, 2001, under Auditor's File No. 200103010083.

Situate in the City of Burlington, County of Skagit, State of Washington.



201309110035

EXHIBIT B

Contracts

None

UNOFFICIAL DOCUMENT



201309110035

EXHIBIT C

Licenses

1. Boarding Home License (#2146) dated August 10, 2012 through August 31, 2013 issued by the State of Washington, Department of Social and Health Services for the facility known as "Skagit Valley Senior Village" located at 400 Gilkey Road, Burlington, Washington.
2. Assisted Living Facility License (#2146) dated September 1, 2013 through August 31, 2014 issued by the State of Washington, Department of Social and Health Services for the facility known as "Skagit Valley Senior Village" located at 400 Gilkey Road, Burlington, Washington.



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Skagit County Auditor

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