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1501 Fourth Avenue
Seattle, Washington 98101-1688



200104170094
Skagit County Auditor

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ASSIGNMENT AND ASSUMPTION OF LEASE

Grantor:
VIRGINIA MASON MEDICAL CENTER

Grantees:
FIDALGO MEDICAL ASSOCIATES, PLLC

Abbreviated Legal Description:

Portion of SE ¼, Section 24, Township 35 N, Range 1 E.W.M.
Skagit County, Washington

Additional legal description is on page 7 of document

Assessor's Property Tax Parcel Account Number(s):

P31917
350124-0-139-0103

P6128
350124-0-139-0300

Reference Numbers of Documents Assigned: 9608060083

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

APR 17 2001

Amount Paid \$
Skagit County Treasurer
By: Deputy

ASSIGNMENT AND ASSUMPTION OF LEASE

This ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is dated as of the 1st day of April, 2001, by and among VIRGINIA MASON MEDICAL CENTER, a Washington nonprofit corporation ("Assignor"), and FIDALGO MEDICAL ASSOCIATES, PLLC, a Washington professional limited liability company ("Assignee").

RECITALS

A. Public Hospital District #2 Skagit County, Washington, f/k/a Skagit County Hospital District #2, a Washington municipal corporation ("Island Hospital"), is the landlord, and Island Medical Dental Center, a Washington general partnership ("IMDC"), is the tenant, under a Ground Lease dated July 10, 1973 and recorded under Skagit County recording number 798039, which was amended by First Amendment to Ground Lease dated June 11, 1974 and recorded under Skagit County recording number 802693, and Second Amendment to Ground Lease dated July 11, 1989 and recorded under Skagit County recording number 8907210082 (such ground lease, as amended, is referred to as the "Ground Lease"). The Ground Lease covers certain real property located in Skagit County, Washington more particularly described on Exhibit A attached hereto (the "Property"). Pursuant to the Ground Lease, a medical and dental office building and related improvements (collectively, the "Clinic") were constructed on the Property.

B. IMDC is the landlord, and Roger L. Kisner, DDS ("Landlord") is the tenant, under a Lease Agreement dated November 1, 1987, which was amended by Amendment to Lease Agreement dated September 26, 1989 and by Second Amendment to Lease Agreement dated October 11, 1994 (such lease, as amended, is referred to as the "Kisner Lease"). The Kisner Lease covers premises within the Clinic more particularly described in the Kisner Lease (the "Premises").

C. Landlord is the landlord, and Assignor is the tenant, under a Lease Agreement dated June 15, 1996, a memorandum of which was recorded under Skagit County recording number 9608060083, pursuant to which Landlord subleases the Premises to Assignor (along with all amendments thereto, the "Lease").

D. Pursuant to an Asset Purchase and Sale Agreement dated as of the same date as this Assignment by and among Assignor and Assignee (the "Agreement"), (i) Assignor desires to assign its rights under the Lease to Assignee, (ii) Assignee desire to accept such assignment, (iii) Assignor desires to delegate its obligations under the Lease to Assignee, and (iv) Assignee desire to assume such obligations.



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AGREEMENT

For and in consideration of good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment and Assumption.** Assignor hereby assigns, transfers, conveys and delivers to Assignee, their successors and assigns, the entire interest of Assignor in and to the Lease. Assignee hereby assumes, agrees and guarantees to perform and fulfill the obligations of the tenant under the Lease from and after the date of this Assignment.

2. **Indemnification.** Assignee shall indemnify, defend and save harmless Assignor from any and all loss, liability, damage, and expense (including reasonable attorneys' fees and expenses of litigation and appeal) that Assignor incurs or suffers following the date hereof by reason of any action or failure to act by Assignee with respect to the Lease if such action or failure to act by Assignee occurs after the date hereof. Assignor shall indemnify, defend and save harmless Assignee from any and all loss, liability, damage and expense (including reasonable attorneys' fees and expenses of litigation and appeal) that Assignee incurs or suffers by reason of any action or failure to act by Assignor with respect to the Lease if such action or failure to act by Assignor occurred prior to the date hereof.

3. **Asset Purchase and Sale Agreement.** The sole and exclusive representations and warranties made by Assignor to Assignee are as set forth in Section 7.1 of the Agreement. The sole and exclusive remedies under this Assignment are as set forth in Section 10.1 of the Agreement. To the extent there is a conflict between the terms and provisions of this Assignment and the Agreement, the terms and provisions of the Agreement will govern.

4. **No Amendment.** This Assignment shall not alter, modify or amend the terms of the Lease in any respect, nor shall it subject Assignee to any greater liabilities, obligations or duties in connection therewith than would have been enforceable against Assignor.

5. **Binding Effect.** This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. The obligations of Assignee hereunder shall be joint and several.

6. **Governing Law.** This Assignment shall be governed by and interpreted in accordance with the laws of the State of Washington.

ASSIGNOR:

VIRGINIA MASON MEDICAL CENTER, a
Washington nonprofit corporation

By Sarah H. Patterson
Name Sarah H. Patterson
Title Vice President

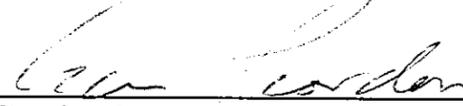


ASSIGNEE:

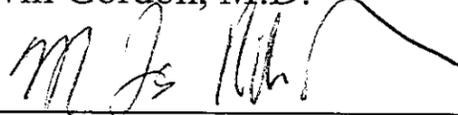
FIDALGO MEDICAL ASSOCIATES, PLLC, a
Washington professional limited liability company



Mark S. Backman, M.D.



Gavin Gordon, M.D.



M. Les Richards, M.D.



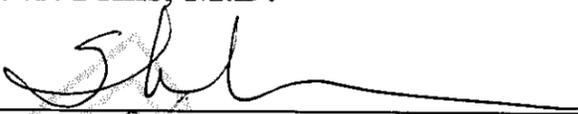
Jeanne Olmsted, M.D.



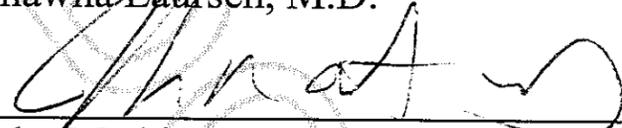
C. Les Conway, M.D.



Robert Prins, M.D.



Shawna Laursen, M.D.



John Mathis, M.D.

Landlord hereby consents to the above Assignment
and releases Assignor from all liability under the
Lease accruing after the date of such Assignment.



Roger L. Kisner, DDS

CONSENT AND AGREEMENT

Island Medical Dental Center, a Washington general partnership (" IMDC "), hereby (a) consents to the Assignment and Assumption of Lease set forth above (the "Assignment") between Virginia Mason Medical Center, a Washington nonprofit corporation as Assignor, and Fidalgo Medical Associates PLLC as Assignee. IMDC notes that this Assignment applies to the Lease



(as defined above). IMDC further agrees (1) to perform its obligations set forth in Section 1.1.3 of the Lease; (2) that Section 4.1 thereof shall prevail over any conflicting provisions of the Kisner Lease (as defined in the Lease), and (3) agrees that if, prior to the expiration of the Lease, the Kisner Lease (as defined in the Lease) is terminated pursuant to paragraph 1(c) thereof, as amended by the Second Amendment thereto, or if the Kisner Lease is terminated for any other reason, the Lease shall, at Assignee's option, remain in full force and effect, and IMDC shall assume all of Landlord's obligations under the Lease for the remainder of the term thereof, and Assignee's quiet possession of the Premises shall not be disturbed by IMDC or others claiming through IMDC, provided that Assignee is not in default under the Lease beyond any applicable cure period.

This Consent and Agreement shall bind and inure to the benefit of the successors and assigns of Assignor, Assignee, and IMDC.

ISLAND MEDICAL DENTAL CENTER, a
Washington general partnership

By: John D. Chambers MD
Name: John D. Chambers
Title: Managing Partner

By: H. L. Eresland
Name: Harold L. Eresland
Title: Managing Partner

ATTACHMENTS:

Exhibit A – Legal Description of Property



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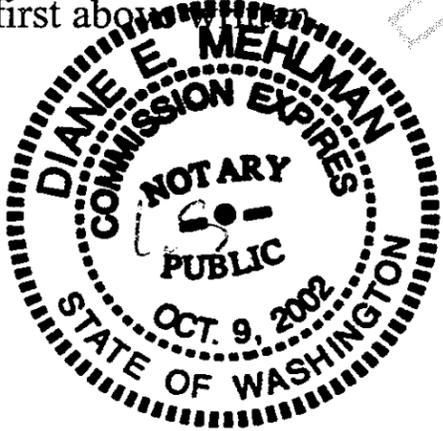
, Skagit County Auditor

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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 17th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared Carol H. Peterson, President, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the President of VIRGINIA MASON MEDICAL CENTER, a Washington nonprofit corporation, to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Diane E. Mehlman
NOTARY PUBLIC in and for the State of
Washington, residing at Seattle
My appointment expires 10/9/02
Print Name DIANE E. MEHLMAN

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this _____ day of _____, 2001, before me, a Notary Public in and for the State of Washington, personally appeared MARK S. BACKMAN, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____
Print Name _____



STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 2001, before me, a Notary Public in and for the State of Washington, personally appeared _____, President, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the President of VIRGINIA MASON MEDICAL CENTER, a Washington nonprofit corporation, to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____
Print Name _____

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 20th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared MARK S. BACKMAN, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared GAVIN GORDON, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

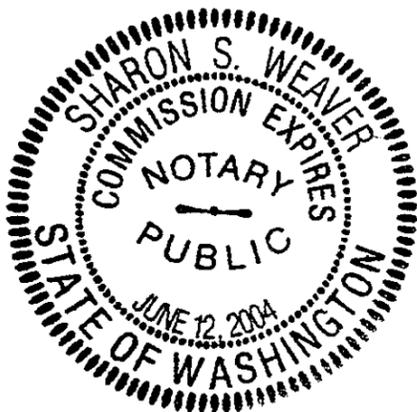


Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 30th day of Skagit, 2001, before me, a Notary Public in and for the State of Washington, personally appeared M. LES RICHARDS, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared JEANNE OLMSTED, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared C. LES CONWAY, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



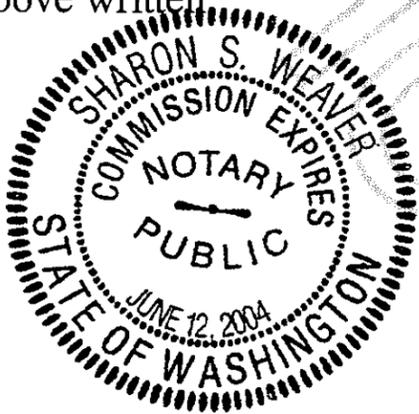
Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared ROBERT PRINS, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

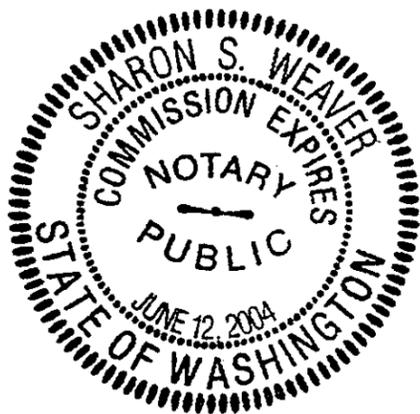


Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared SHAWNA LAURSEN, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



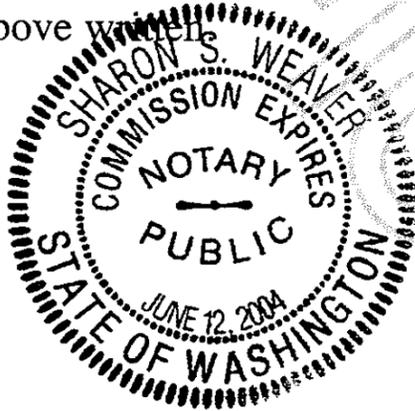
Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared JOHN MATHIS, M.D., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as a Member of Fidalgo Medical Associates, PLLC to be the free and voluntary act and deed of said professional limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

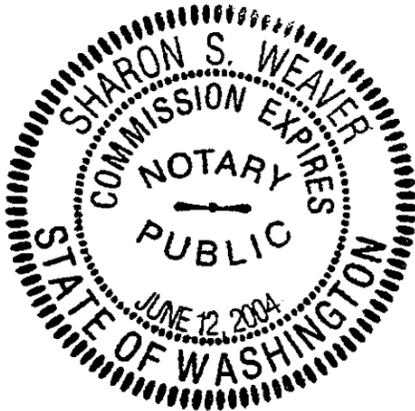


Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared ROGER L. KISNER, DDS, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument and acknowledged it to be his free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



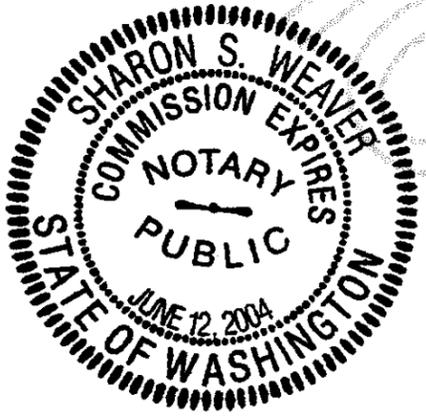
Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver



STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

On this 30th day of March, 2001, before me, a Notary Public in and for the State of Washington, personally appeared Harold R. Chure, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Managing partner of ISLAND MEDICAL DENTAL CENTER, a Washington general partnership, to be the free and voluntary act and deed of said general partnership for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Sharon S. Weaver
NOTARY PUBLIC in and for the State of
Washington, residing at Anacortes WA
My appointment expires June 2004
Print Name Sharon S. Weaver



EXHIBIT A

LEGAL DESCRIPTION

That portion of the SE 1/4 of Section 24, Township 35 N, Range 1 E.W.M., described as follows:

Beginning at the E 1/4 corner of said Section 24, Thence S 0°59'30" E, along the East line of said Section 24, 1223.17 feet to an intersection with the South line of 24th Street;
Thence S 89°58'48" W – along the South line of 24th Street – 396.27 feet to the true point of beginning;
Thence S 0°01'35" E – 264.46 feet;
Thence S 89°58'25" W, 358.50 feet to the East line of "M" Avenue;
Thence N 0°01'35" W along the East line of "M" Avenue 264.50 feet to the South line of 24th Street;
Thence N 89°58'48" E along the South line of 24th Street, 358.50 feet to the true place of beginning.

Located in Anacortes, Skagit County, Washington.

