

Record and return to:
Frontier Bank
Real Estate Department
P.O. Box 2210
Everett, WA 98203



200403260097
Skagit County Auditor

3/26/2004 Page 1 of 28 3:16PM

CHICAGO TITLE CO.

C29155 ✓

ASSUMPTION AGREEMENT

AGREEMENT ("Agreement") made as of the 10th day of January, 2004, between Deerpoint/Linnwood Limited Partnership, an Oregon limited partnership; Security and Investment Company of Lake Oswego, LLC, an Oregon limited liability company; Huycke Investments IV, LLC, an Oregon limited liability company; La Conner Investments, LLC, an Oregon limited liability company; and Huycke Investments III, LLC, an Oregon limited liability company ("Buyer"); La Conner Retirement Inn Limited Liability Company, a Washington limited liability company ("Borrower"); and Frontier Bank, a Washington banking corporation ("Lender"). Buyer, Borrower and Lender (sometimes singularly referred to as "Party" and collectively referred to as "Parties") agree as follows:

1. Facts:

1.01. Borrower is the owner of fee simple title to the real property, together with the buildings, improvements and fixtures located thereon (collectively referred to as "Borrower Property") located in Skagit County, in the State of Washington, and more particularly described on Exhibit "A" which is attached hereto and incorporated herein by this reference and briefly described as follows:

Lots 1-6,

Block 4, and Lots 1 through 4 Block 5, Calhoun Addition to the town of La Conner, Volume 1, page 14, records of Skagit County, Washington.

Tax Parcel Identification Numbers: 4124-004-005-0000; 4124-005-004-0008; 4124-004-003-0101; 4124-004-003-0002; 4124-004-006-0009.

1.02. Buyer is acquiring from Borrower fee simple title to the Borrower Property;

1.03. Lender is the owner and holder of a promissory note ("Note") in the original stated principal amount of \$6,300,000.00 dated September 2, 1997, made by the Borrower. The Note has been extended by Change in Terms Agreements dated September 2, 1997, September 5, 1999, December 1, 2001, September 5, 2002, December 5, 2002, March 5, 2003, and September 5, 2003;

AF# 9709110002

1.04. The Note is secured by a first priority deed of trust ("Deed of Trust") dated September 2, 1997, between the Borrower, as grantor, the Lender, as lender or beneficiary, and Chicago Title Insurance Company, as trustee, encumbering the Borrower Property, and recorded under Auditor's File No. 9709110002, public records of Skagit County, Washington. The Note is also secured by a commercial security agreement dated September 2, 1997 executed by Borrower in favor of Lender ("Commercial Security Agreement") and an assignment of rents dated September 2, 1997 executed by Borrower, as grantor, in favor of Lender, as grantee ("Assignment of Rents"). The Note, Change in Terms Agreements, Deed of Trust, Commercial Security Agreement, Assignment of Rents and all related documents executed in connection with or related to the Note are hereinafter sometimes referred to as the "Loan Documents."

1.05. The Deed of Trust contains "due on sale or transfer" provisions, which authorize the Lender to accelerate the maturity date of the Note if the Borrower Property is sold or transferred without the Lender's consent;

1.06. At the Borrower's request, Lender has agreed to consent to the transfer of the Borrower Property to the Buyer, subject to the terms and conditions set forth below.

2. Representations and Warranties:

2.01. Borrower represents and warrants to the Lender that:

(a) Each of the representations and warranties in this Paragraph captioned "Representations and Warranties" is material to the Lender's decision whether to consent to the transfer of the Borrower Property to Buyer;

(b) Borrower has good and marketable title to the Borrower Property, free and clear of all liens and encumbrances, except those which were reflected in the Lender's existing title insurance policy(ies) or the endorsement to that policy being issued in connection with this transaction or consented to by the Lender in writing;

(c) There are no civil, arbitration, criminal, administrative, bankruptcy, insolvency or other actions, suits, proceedings, or investigations pending before any governmental ("Government") or private authority, agency, department, bureau, commission, jury, tribunal, court, nor to the best of the Borrower's knowledge threatened, against or affecting the Borrower or the Borrower Property, which could (i) affect the validity or priority of the Deed of Trust; or (ii) affect the Borrower's ability to fulfill its obligations under the Note, Deed of Trust or any other Loan Documents; or (iii) materially adversely affect the business or operations of the Borrower;

(d) Borrower is authorized and empowered to sign, acknowledge and deliver this Agreement, and Borrower is authorized to fulfill all of its obligations under the Note, Deed of Trust and any other Loan Documents without any qualification whatsoever;



(e) No consent or approval of any third party (including without limitation, the holder of any of mortgage or deed of trust, or any Government) is or was required to sign, acknowledge and deliver this Agreement or any related Loan Documents;

(f) Upon the signing and delivery of this Agreement, the Note, Deed of Trust and all other Loan Documents will be legally binding upon the Borrower in accordance with all of their provisions;

(g) There are no claims, claims for relief, causes of action, defenses, or set-offs which are in any way related to or arise out of the Note, the Deed of Trust, any other Loan Documents, the liens and security interests given to the Lender, the collection of the Note and/or the enforcement of the Deed of Trust and any other Loan Documents;

(h) There is no default in the fulfillment of the Borrower's obligations under the Note, Deed of Trust or any other Loan Documents, and no event or circumstance which with the passage of time and/or the giving of notice would constitute a default;

(i) The individuals signing this Agreement and any other Loan Documents on behalf of the Borrower have been duly authorized to sign, acknowledge and deliver this Agreement and any other Loan Documents on behalf of the Borrower;

(j) The signing and delivery of this Agreement and any other Loan Documents by the Borrower and/or the Borrower's fulfillment of its obligations under the Note, Deed of Trust and any other Loan Documents shall not conflict with any law, regulation, rule, order, decree, judgment or other Government or private requirement (collectively referred to as "Requirements") affecting the Borrower or the Borrower Property, including without limitation intended, any provision in any contracts, leases, security agreements, mortgages, deeds of trust or other agreement to which the Borrower is a party or otherwise bound;

(k) The proceeds of the loan made by the Lender and evidenced by the Note have been and shall be used solely for commercial purposes and no portion of such proceeds shall be utilized for any personal or consumer purpose; and no portion of the Borrower Property is used for agricultural or farming purposes.

(l) Borrower maintains its principal place of business and chief executive office at 812 S. Whatcom, Unit 107 (P.O. Box 102), La Conner, WA 98257;

(m) Borrower is the sole owner of fee simple title to the Borrower Property;

(n) Borrower has not received any notice and neither the Borrower nor its agents have any knowledge of any pending or contemplated condemnation, eminent domain or similar proceeding affecting the Borrower Property or any part thereof, nor of any pending or contemplated public improvements in or about the Borrower Property which may in any manner affect access to or from the Borrower Property;



(o) Borrower has not received any notice and neither the Borrower nor its agents have any knowledge of any structural or other material defect in the improvements encumbered by the Deed of Trust, nor of any need for any extraordinary repair of the improvements encumbered by the Deed of Trust; and

(p) Borrower has not received any notice and Borrower does not have any knowledge of any hazardous substances, hazardous waste, or other similar substances which are prohibited or regulated by any Requirements, and which are present on, or were released from or otherwise affect the Borrower Property; except commonly used cleaners, paints and oil products and then only in compliance with all applicable Requirements.

2.02. Deerpoint/Linnwood Limited Partnership represents and warrants to the Lender that:

(a) Each of the representations and warranties in this Paragraph captioned "Representations and Warranties" is material to the Lender's decision whether to consent to the transfer of the Borrower Property to Buyer;

(b) Borrower has good and marketable title to the Borrower Property, free and clear of all liens and encumbrances, except those which were reflected in the Lender's existing title insurance policy(ies) or the endorsement to that policy being issued in connection with this transaction or consented to by the Lender in writing;

(c) There are no civil, arbitration, criminal, administrative, bankruptcy, insolvency or other actions, suits, proceedings, or investigations pending before any governmental ("Government") or private authority, agency, department, bureau, commission, jury, tribunal, court, nor to the best of Deerpoint/Linnwood Limited Partnership's knowledge threatened, against or affecting the Borrower, Deerpoint/Linnwood Limited Partnership, or the Borrower Property, which could (i) affect the validity or priority of the Deed of Trust; or (ii) affect the Borrower's or Deerpoint/Linnwood Limited Partnership's ability to fulfill their obligations under the Note, Deed of Trust or any other Loan Documents; or (iii) materially adversely affect the business or operations of the Borrower or Deerpoint/Linnwood Limited Partnership;

(d) Deerpoint/Linnwood Limited Partnership is authorized and empowered to sign, acknowledge and deliver this Agreement, and Deerpoint/Linnwood Limited Partnership is authorized to fulfill all of its obligations under the Note, Deed of Trust and any other Loan Documents without any qualification whatsoever;

(e) No consent or approval of any third party (including without limitation, the holder of any of mortgage or deed of trust, or any Government) is or was required for Deerpoint/Linnwood Limited Partnership to sign, acknowledge and deliver this Agreement or any related Loan Documents;

(f) Upon the signing and delivery of this Agreement, the Note, Deed of Trust and all other Loan Documents will be legally binding upon the Borrower and Deerpoint/Linnwood Limited Partnership in accordance with all of their provisions;



(g) Deerpoint/Linnwood Limited Partnership has no claims, claims for relief, causes of action, defenses, or set-offs which are in any way related to or arise out of the Note, the Deed of Trust, any other Loan Documents, the liens and security interests given to the Lender, the collection of the Note and/or the enforcement of the Deed of Trust and any other Loan Documents;

(h) Deerpoint/Linnwood Limited Partnership has no knowledge of any default in the fulfillment of the Borrower's obligations under the Note, Deed of Trust or any other Loan Documents, and no event or circumstance which with the passage of time and/or the giving of notice would constitute a default;

(i) The individuals signing this Agreement and any other Loan Documents on behalf of the Deerpoint/Linnwood Limited Partnership have been duly authorized to sign, acknowledge and deliver this Agreement and any other Loan Documents on behalf of Deerpoint/Linnwood Limited Partnership;

(j) The signing and delivery of this Agreement and any other Loan Documents by Deerpoint/Linnwood Limited Partnership or Deerpoint/Linnwood Limited Partnership's fulfillment of its obligations under the Note, Deed of Trust and any other Loan Documents shall not conflict with any law, regulation, rule, order, decree, judgment or other Government or private requirement (collectively referred to as "Requirements") affecting the Borrower, Deerpoint/Linnwood Limited Partnership and or the Borrower Property, including without limitation intended, any provision in any contracts, leases, security agreements, mortgages, deeds of trust or other agreement to which the Borrower or Deerpoint/Linnwood Limited Partnership is a party or otherwise bound;

(k) Deerpoint/Linnwood Limited Partnership maintains its principal place of business and chief executive office at 5100 SW Macadam, Suite 360, Portland, OR 97530;

(l) Borrower is the sole owner of fee simple title to the Borrower Property;

(m) Deerpoint/Linnwood Limited Partnership has not received any notice and neither Deerpoint/Linnwood Limited Partnership nor its agents have any knowledge of any pending or contemplated condemnation, eminent domain or similar proceeding affecting the Borrower Property or any part thereof, nor of any pending or contemplated public improvements in or about the Borrower Property which may in any manner affect access to or from the Borrower Property;

(n) Deerpoint/Linnwood Limited Partnership has not received any notice and Deerpoint/Linnwood Limited Partnership does not have any knowledge of any structural or other material defect in the improvements encumbered by the Deed of Trust, nor of any need for any extraordinary repair of the improvements encumbered by the Deed of Trust; and

(o) Deerpoint/Linnwood Limited Partnership has not received any notice and



Deerpont/Linnwood Limited Partnership does not have any knowledge of any hazardous substances, hazardous waste, or other similar substances which are prohibited or regulated by any Requirements, and which are present on, or were released from or otherwise affect the Borrower Property; except commonly used cleaners, paints and oil products and then only in compliance with all applicable Requirements.

2.03. Security and Investment Company of Lake Oswego, LLC represents and warrants to the Lender that:

(a) Each of the representations and warranties in this Paragraph captioned "Representations and Warranties" is material to the Lender's decision whether to consent to the transfer of the Borrower Property to Buyer;

(b) Borrower has good and marketable title to the Borrower Property, free and clear of all liens and encumbrances, except those which were reflected in the Lender's existing title insurance policy(ies) or the endorsement to that policy being issued in connection with this transaction or consented to by the Lender in writing;

(c) There are no civil, arbitration, criminal, administrative, bankruptcy, insolvency or other actions, suits, proceedings, or investigations pending before any governmental ("Government") or private authority, agency, department, bureau, commission, jury, tribunal, court, nor to the best of Security and Investment Company of Lake Oswego, LLC's knowledge threatened, against or affecting the Borrower, Security and Investment Company of Lake Oswego, LLC, or the Borrower Property, which could (i) affect the validity or priority of the Deed of Trust; or (ii) affect the Borrower's or Security and Investment Company of Lake Oswego, LLC's ability to fulfill their obligations under the Note, Deed of Trust or any other Loan Documents; or (iii) materially adversely affect the business or operations of the Borrower or Security and Investment Company of Lake Oswego, LLC;

(d) Security and Investment Company of Lake Oswego, LLC is authorized and empowered to sign, acknowledge and deliver this Agreement, and Security and Investment Company of Lake Oswego, LLC is authorized to fulfill all of its obligations under the Note, Deed of Trust and any other Loan Documents without any qualification whatsoever;

(e) No consent or approval of any third party (including without limitation, the holder of any of mortgage or deed of trust, or any Government) is or was required for Security and Investment Company of Lake Oswego, LLC to sign, acknowledge and deliver this Agreement or any related Loan Documents;

(f) Upon the signing and delivery of this Agreement, the Note, Deed of Trust and all other Loan Documents will be legally binding upon the Borrower and Security and Investment Company of Lake Oswego, LLC in accordance with all of their provisions;

(g) Security and Investment Company of Lake Oswego, LLC has no claims, claims for relief, causes of action, defenses, or set-offs which are in any way related to or arise out of the Note,



the Deed of Trust, any other Loan Documents, the liens and security interests given to the Lender, the collection of the Note and/or the enforcement of the Deed of Trust and any other Loan Documents;

(h) Security and Investment Company of Lake Oswego, LLC has no knowledge of any default in the fulfillment of the Borrower's obligations under the Note, Deed of Trust or any other Loan Documents, and no event or circumstance which with the passage of time and/or the giving of notice would constitute a default;

(i) The individuals signing this Agreement and any other Loan Documents on behalf of the Security and Investment Company of Lake Oswego, LLC have been duly authorized to sign, acknowledge and deliver this Agreement and any other Loan Documents on behalf of Security and Investment Company of Lake Oswego, LLC;

(j) The signing and delivery of this Agreement and any other Loan Documents by Security and Investment Company of Lake Oswego, LLC or Security and Investment Company of Lake Oswego, LLC's fulfillment of its obligations under the Note, Deed of Trust and any other Loan Documents shall not conflict with any law, regulation, rule, order, decree, judgment or other Government or private requirement (collectively referred to as "Requirements") affecting the Borrower, Security and Investment Company of Lake Oswego, LLC and or the Borrower Property, including without limitation intended, any provision in any contracts, leases, security agreements, mortgages, deeds of trust or other agreement to which the Borrower or Security and Investment Company of Lake Oswego, LLC is a party or otherwise bound;

(k) Security and Investment Company of Lake Oswego, LLC maintains its principal place of business and chief executive office at 16870 SW Alder Circle, Lake Oswego, OR 97034;

(l) Borrower is the sole owner of fee simple title to the Borrower Property;

(m) Security and Investment Company of Lake Oswego, LLC has not received any notice and neither Security and Investment Company of Lake Oswego, LLC nor its agents have any knowledge of any pending or contemplated condemnation, eminent domain or similar proceeding affecting the Borrower Property or any part thereof, nor of any pending or contemplated public improvements in or about the Borrower Property which may in any manner affect access to or from the Borrower Property;

(n) Security and Investment Company of Lake Oswego, LLC has not received any notice and Security and Investment Company of Lake Oswego, LLC does not have any knowledge of any structural or other material defect in the improvements encumbered by the Deed of Trust, nor of any need for any extraordinary repair of the improvements encumbered by the Deed of Trust; and

(o) Security and Investment Company of Lake Oswego, LLC has not received any notice and Security and Investment Company of Lake Oswego, LLC does not have any knowledge of



any hazardous substances, hazardous waste, or other similar substances which are prohibited or regulated by any Requirements, and which are present on, or were released from or otherwise affect the Borrower Property; except commonly used cleaners, paints and oil products and then only in compliance with all applicable Requirements.

2.04. Huycke Investments IV, LLC represents and warrants to the Lender that:

(a) Each of the representations and warranties in this Paragraph captioned "Representations and Warranties" is material to the Lender's decision whether to consent to the transfer of the Borrower Property to Buyer;

(b) Borrower has good and marketable title to the Borrower Property, free and clear of all liens and encumbrances, except those which were reflected in the Lender's existing title insurance policy(ies) or the endorsement to that policy being issued in connection with this transaction or consented to by the Lender in writing;

(c) There are no civil, arbitration, criminal, administrative, bankruptcy, insolvency or other actions, suits, proceedings, or investigations pending before any governmental ("Government") or private authority, agency, department, bureau, commission, jury, tribunal, court, nor to the best of Huycke Investments IV, LLC's knowledge threatened, against or affecting the Borrower, Huycke Investments IV, LLC, or the Borrower Property, which could (i) affect the validity or priority of the Deed of Trust; or (ii) affect the Borrower's or Huycke Investments IV, LLC's ability to fulfill their obligations under the Note, Deed of Trust or any other Loan Documents; or (iii) materially adversely affect the business or operations of the Borrower or Huycke Investments IV, LLC;

(d) Huycke Investments IV, LLC is authorized and empowered to sign, acknowledge and deliver this Agreement, and Huycke Investments IV, LLC is authorized to fulfill all of its obligations under the Note, Deed of Trust and any other Loan Documents without any qualification whatsoever;

(e) No consent or approval of any third party (including without limitation, the holder of any of mortgage or deed of trust, or any Government) is or was required for Huycke Investments IV, LLC to sign, acknowledge and deliver this Agreement or any related Loan Documents;

(f) Upon the signing and delivery of this Agreement, the Note, Deed of Trust and all other Loan Documents will be legally binding upon the Borrower and Huycke Investments IV, LLC in accordance with all of their provisions;

(g) Huycke Investments IV, LLC has no claims, claims for relief, causes of action, defenses, or set-offs which are in any way related to or arise out of the Note, the Deed of Trust, any other Loan Documents, the liens and security interests given to the Lender, the collection of the Note and/or the enforcement of the Deed of Trust and any other Loan Documents;

(h) Huycke Investments IV, LLC has no knowledge of any default in the fulfillment of the



Borrower's obligations under the Note, Deed of Trust or any other Loan Documents, and no event or circumstance which with the passage of time and/or the giving of notice would constitute a default;

(i) The individuals signing this Agreement and any other Loan Documents on behalf of the Huycke Investments IV, LLC have been duly authorized to sign, acknowledge and deliver this Agreement and any other Loan Documents on behalf of Huycke Investments IV, LLC;

(j) The signing and delivery of this Agreement and any other Loan Documents by Huycke Investments IV, LLC or Huycke Investments IV, LLC's fulfillment of its obligations under the Note, Deed of Trust and any other Loan Documents shall not conflict with any law, regulation, rule, order, decree, judgment or other Government or private requirement (collectively referred to as "Requirements") affecting the Borrower, Huycke Investments IV, LLC/and or the Borrower Property, including without limitation intended, any provision in any contracts, leases, security agreements, mortgages, deeds of trust or other agreement to which the Borrower or Huycke Investments IV, LLC is a party or otherwise bound;

(k) Huycke Investments IV, LLC maintains its principal place of business and chief executive office at 502 W. Main St., Suite 102, Medford, OR 97501;

(l) Borrower is the sole owner of fee simple title to the Borrower Property;

(m) Huycke Investments IV, LLC has not received any notice and neither Huycke Investments IV, LLC nor its agents have any knowledge of any pending or contemplated condemnation, eminent domain or similar proceeding affecting the Borrower Property or any part thereof, nor of any pending or contemplated public improvements in or about the Borrower Property which may in any manner affect access to or from the Borrower Property;

(n) Huycke Investments IV, LLC has not received any notice and Huycke Investments IV, LLC does not have any knowledge of any structural or other material defect in the improvements encumbered by the Deed of Trust, nor of any need for any extraordinary repair of the improvements encumbered by the Deed of Trust; and

(o) Huycke Investments IV, LLC has not received any notice and Huycke Investments IV, LLC does not have any knowledge of any hazardous substances, hazardous waste, or other similar substances which are prohibited or regulated by any Requirements, and which are present on, or were released from or otherwise affect the Borrower Property; except commonly used cleaners, paints and oil products and then only in compliance with all applicable Requirements.

2.05. La Conner Investments, LLC represents and warrants to the Lender that:

(a) Each of the representations and warranties in this Paragraph captioned "Representations and Warranties" is material to the Lender's decision whether to consent to the transfer of the Borrower Property to Buyer;



(b) Borrower has good and marketable title to the Borrower Property, free and clear of all liens and encumbrances, except those which were reflected in the Lender's existing title insurance policy(ies) or the endorsement to that policy being issued in connection with this transaction or consented to by the Lender in writing;

(c) There are no civil, arbitration, criminal, administrative, bankruptcy, insolvency or other actions, suits, proceedings, or investigations pending before any governmental ("Government") or private authority, agency, department, bureau, commission, jury, tribunal, court, nor to the best of La Conner Investments, LLC's knowledge threatened, against or affecting the Borrower, La Conner Investments, LLC, or the Borrower Property, which could (i) affect the validity or priority of the Deed of Trust; or (ii) affect the Borrower's or La Conner Investments, LLC's ability to fulfill their obligations under the Note, Deed of Trust or any other Loan Documents; or (iii) materially adversely affect the business or operations of the Borrower or La Conner Investments, LLC;

(d) La Conner Investments, LLC is authorized and empowered to sign, acknowledge and deliver this Agreement, and La Conner Investments, LLC is authorized to fulfill all of its obligations under the Note, Deed of Trust and any other Loan Documents without any qualification whatsoever;

(e) No consent or approval of any third party (including without limitation, the holder of any of mortgage or deed of trust, or any Government) is or was required for La Conner Investments, LLC to sign, acknowledge and deliver this Agreement or any related Loan Documents;

(f) Upon the signing and delivery of this Agreement, the Note, Deed of Trust and all other Loan Documents will be legally binding upon the Borrower and La Conner Investments, LLC in accordance with all of their provisions;

(g) La Conner Investments, LLC has no claims, claims for relief, causes of action, defenses, or set-offs which are in any way related to or arise out of the Note, the Deed of Trust, any other Loan Documents, the liens and security interests given to the Lender, the collection of the Note and/or the enforcement of the Deed of Trust and any other Loan Documents;

(h) La Conner Investments, LLC has no knowledge of any default in the fulfillment of the Borrower's obligations under the Note, Deed of Trust or any other Loan Documents, and no event or circumstance which with the passage of time and/or the giving of notice would constitute a default;

(i) The individuals signing this Agreement and any other Loan Documents on behalf of the La Conner Investments, LLC have been duly authorized to sign, acknowledge and deliver this Agreement and any other Loan Documents on behalf of La Conner Investments, LLC;

(j) The signing and delivery of this Agreement and any of

Investments, LLC or La Conner Investments, LLC's fulfillment of its obligations under the Note, Deed of Trust and any other Loan Documents shall not conflict with any law, regulation, rule, order, decree, judgment or other Government or private requirement (collectively referred to as "Requirements") affecting the Borrower, La Conner Investments, LLC/and or the Borrower Property, including without limitation intended, any provision in any contracts, leases, security agreements, mortgages, deeds of trust or other agreement to which the Borrower or La Conner Investments, LLC is a party or otherwise bound;

(k) La Conner Investments, LLC maintains its principal place of business and chief executive office at 5100 SW Macadam, Suite 360, Portland, OR 97239;

(l) Borrower is the sole owner of fee simple title to the Borrower Property;

(m) La Conner Investments, LLC has not received any notice and neither La Conner Investments, LLC nor its agents have any knowledge of any pending or contemplated condemnation, eminent domain or similar proceeding affecting the Borrower Property or any part thereof, nor of any pending or contemplated public improvements in or about the Borrower Property which may in any manner affect access to or from the Borrower Property;

(n) La Conner Investments, LLC has not received any notice and La Conner Investments, LLC does not have any knowledge of any structural or other material defect in the improvements encumbered by the Deed of Trust, nor of any need for any extraordinary repair of the improvements encumbered by the Deed of Trust; and

(o) La Conner Investments, LLC has not received any notice and La Conner Investments, LLC does not have any knowledge of any hazardous substances, hazardous waste, or other similar substances which are prohibited or regulated by any Requirements, and which are present on, or were released from or otherwise affect the Borrower Property; except commonly used cleaners, paints and oil products and then only in compliance with all applicable Requirements.

2.06. Huycke Investments III, LLC represents and warrants to the Lender that:

(a) Each of the representations and warranties in this Paragraph captioned "Representations and Warranties" is material to the Lender's decision whether to consent to the transfer of the Borrower Property to Buyer;

(b) Borrower has good and marketable title to the Borrower Property, free and clear of all liens and encumbrances, except those which were reflected in the Lender's existing title insurance policy(ies) or the endorsement to that policy being issued in connection with this transaction or consented to by the Lender in writing;

(c) There are no civil, arbitration, criminal, administrative, bankruptcy, insolvency or other actions, suits, proceedings, or investigations pending before any governmental ("Government") or private authority, agency, department, bureau, commission, jury, tribunal,



court, nor to the best of Huycke Investments III, LLC's knowledge threatened, against or affecting the Borrower, Huycke Investments III, LLC, or the Borrower Property, which could (i) affect the validity or priority of the Deed of Trust; or (ii) affect the Borrower's or Huycke Investments III, LLC's ability to fulfill their obligations under the Note, Deed of Trust or any other Loan Documents; or (iii) materially adversely affect the business or operations of the Borrower or Huycke Investments III, LLC;

(d) Huycke Investments III, LLC is authorized and empowered to sign, acknowledge and deliver this Agreement, and Huycke Investments III, LLC is authorized to fulfill all of its obligations under the Note, Deed of Trust and any other Loan Documents without any qualification whatsoever;

(e) No consent or approval of any third party (including without limitation, the holder of any of mortgage or deed of trust, or any Government) is or was required for Huycke Investments III, LLC to sign, acknowledge and deliver this Agreement or any related Loan Documents;

(f) Upon the signing and delivery of this Agreement, the Note, Deed of Trust and all other Loan Documents will be legally binding upon the Borrower and Huycke Investments III, LLC in accordance with all of their provisions;

(g) Huycke Investments III, LLC has no claims, claims for relief, causes of action, defenses, or set-offs which are in any way related to or arise out of the Note, the Deed of Trust, any other Loan Documents, the liens and security interests given to the Lender, the collection of the Note and/or the enforcement of the Deed of Trust and any other Loan Documents;

(h) Huycke Investments III, LLC has no knowledge of any default in the fulfillment of the Borrower's obligations under the Note, Deed of Trust or any other Loan Documents, and no event or circumstance which with the passage of time and/or the giving of notice would constitute a default;

(i) The individuals signing this Agreement and any other Loan Documents on behalf of the Huycke Investments III, LLC have been duly authorized to sign, acknowledge and deliver this Agreement and any other Loan Documents on behalf of Huycke Investments III, LLC;

(j) The signing and delivery of this Agreement and any other Loan Documents by Huycke Investments III, LLC or Huycke Investments III, LLC's fulfillment of its obligations under the Note, Deed of Trust and any other Loan Documents shall not conflict with any law, regulation, rule, order, decree, judgment or other Government or private requirement (collectively referred to as "Requirements") affecting the Borrower, Huycke Investments III, LLC and/or the Borrower Property, including without limitation intended, any provision in any contracts, leases, security agreements, mortgages, deeds of trust or other agreement to which the Borrower or Huycke Investments III, LLC is a party or otherwise bound;

(k) Huycke Investments III, LLC maintains its principal place of business and chief executive office at 502 W. Main St., Suite 102, Medford, OR 97501;



(l) Borrower is the sole owner of fee simple title to the Borrower Property;

(m) Huycke Investments III, LLC has not received any notice and neither Huycke Investments III, LLC nor its agents have any knowledge of any pending or contemplated condemnation, eminent domain or similar proceeding affecting the Borrower Property or any part thereof, nor of any pending or contemplated public improvements in or about the Borrower Property which may in any manner affect access to or from the Borrower Property;

(n) Huycke Investments III, LLC has not received any notice and Huycke Investments III, LLC does not have any knowledge of any structural or other material defect in the improvements encumbered by the Deed of Trust, nor of any need for any extraordinary repair of the improvements encumbered by the Deed of Trust; and

(o) Huycke Investments III, LLC has not received any notice and Huycke Investments III, LLC does not have any knowledge of any hazardous substances, hazardous waste, or other similar substances which are prohibited or regulated by any Requirements, and which are present on, or were released from or otherwise affect the Borrower Property; except commonly used cleaners, paints and oil products and then only in compliance with all applicable Requirements.

3. Conditions Precedent:

3.01. This Agreement shall not be binding on the Lender, unless the following conditions are satisfied:

(a) Until the date that all other conditions described in this Paragraph captioned "Conditions Precedent" are satisfied, there is no default in the fulfillment of the Borrower's obligations under the Note, Deed of Trust or any other Loan Documents, and no event or circumstance which with the passage of time and/or the giving of notice would constitute a default;

(b) This Agreement is executed and recorded;

(c) Jeffrey L. Chamberlain, Donna J. Chamberlain, Theodore J. Chamberlain, and Faye M. Chamberlain execute and deliver Commercial Guaranties in favor of Lender;

(d) The Change in Terms Agreement dated January 1, 2004 is executed and delivered to Buyer;

(e) UCC-1 and UCC-2 financing statements are executed and delivered by Buyer;

(f) There is an endorsement to the Lender's existing title insurance policy(ies), showing fee simple title to the Borrower Property is vested in the Buyer, and there are no liens or encumbrances affecting title to the Borrower Property except those which were reflected in the Lender's existing title insurance policy(ies) or consented to by the Lender in writing;



(g) Resolutions duly executed by each entity comprising Buyer and their members, authorizing the assumption of the Borrower's obligations and the execution of this Agreement and any other Loan Documents executed in connection with this Agreement;

(h) Payment of Lender's expenses in connection with this Agreement, the transfer of the Borrower Property, and the assumption of the Borrower's obligations, including Lender's reasonable attorneys' fees and disbursements;

(i) Such other documents, agreements, certificates and affidavits as the Lender may reasonably request.

3.02. All documents described in this Paragraph captioned "Conditions Precedent" must be satisfactory to Lender's counsel in form and substance.

4. Assumption:

Buyer hereby assumes and agrees to pay the Note, and assumes and agrees to fulfill all of the obligations of the Borrower under the Deed of Trust and all other Loan Documents, with the same force and effect as if the Buyer were the original maker of the Note, the original grantor of the Deed of Trust and the original Borrower under any other Loan Documents. Additionally, Buyer agrees to the modifications set forth in the Change in Terms Agreement dated January 1, 2004 executed by Buyer.

5. Waiver and Release for Lender's Benefit:

Borrower and Buyer hereby irrevocably waive any claims, claims for relief, causes of action, defenses, or set-offs either or both may have which are in any way related to or arise out of the Note, the Deed of Trust, any other Loan Documents, the liens and security interests given to the Lender, the collection of the Note and/or the enforcement of the Deed of Trust and any other Loan Documents.

6. Borrower Remains Fully Liable:

Despite the transfer of the Borrower Property to the Buyer and the Buyer's assumption of the Borrower's obligations, the Borrower shall remain fully liable for the payment of the Note, and the fulfillment of the Borrower's obligations under the Deed of Trust and any other Loan Documents. Nor shall the Borrower's liability for payment of the Note, and the fulfillment of the Borrower's obligations under the Deed of Trust and any other Loan Documents be affected in any manner by any subsequent change in the Note, Deed of Trust or any other Loan Documents, regardless of whether the Borrower consents to or is given notice of the change.

7. Release of Guaranties:

The Commercial Guaranties of John J. Piazza, Dorothy A. Piazza, Edward M. Musgrove and



Mary Ann Musgrove shall be released upon satisfaction of all conditions in Section 3 of this Agreement.

8. Due on Sale or Transfer Provision Remains in Effect:

Despite the transfer of the Borrower Property and the Buyer's assumption of the Borrower's obligations, the provisions in the Deed of Trust and any other Loan Documents which give the Lender the right to accelerate the maturity date of the Note if the Borrower Property or other encumbered property is sold or transferred without the Lender's consent, shall remain in full force.

9. Further Assurances:

The Borrower and the Buyer shall promptly sign, acknowledge and deliver all such additional deeds, conveyances, assignments, transfers, assurances, amendments, modifications, financing statements, continuation statements and other documents as the Lender may reasonably require from time to time for the better granting, bargaining, selling, assigning and conveying to the Lender and/or trustee under the Deed of Trust for the benefit of the Lender of the Borrower Property, or perfecting the lien of the Deed of Trust or the security interests granted by the Deed of Trust.

10. Ratification:

Except to the specific extent modified by the provisions of this Agreement, the Note, Deed of Trust and any other Loan Documents remain in full force and are hereby ratified and confirmed.

11. Notices:

Any notice, demand, request, approval, consent or other communication (collectively referred to as "Notice") concerning this Agreement or any other Loan Documents shall be in writing and addressed as follows:

If to Borrower to: Jeff Chamberlain
Farmington Centers, Inc.
5100 S.W. Macadam
Portland, OR 97239

If to Buyer to: Deerpoint/Linnwood Limited Partnership
c/o Jeff Chamberlain
Farmington Centers, Inc.
5100 S.W. Macadam
Portland, OR 97239



Security and Investment Company of Lake Oswego, LLC
16870 SW Alder Circle
Lake Oswego, OR 97034

Huycke Investments IV, LLC
502 W. Main St., Suite 102
Medford, OR 97501

La Conner Investments, LLC
c/o Jeff Chamberlain
Farmington Centers, Inc.
5100 S.W. Macadam
Portland, OR 97239

Huycke Investments III, LLC
502 W. Main St., Suite 102
Medford, OR 97501

If to Lender to:

Frontier Bank
Real Estate Division
332 S.W. Everett Mall Way
Everett, WA 98204

With a copy to:

Attn.: David Riley
Weinstein, Treiger & Riley, P.S.
2101 Fourth Avenue, #900
Seattle, WA 98121

Any Notice shall be given by either (i) personal delivery in which event it shall be deemed given on the date of delivery, or (ii) certified mail return receipt requested in which event it shall be deemed given three business days after the date deposited in the U.S. Mail, or (iii) nationally recognized overnight courier such as Federal Express, guaranteeing next or second business day delivery, in which event it shall be deemed given on the next or second (whichever is applicable) business day immediately following receipt by the courier. Any Party may change any address for the delivery of Notice to such Party, by giving Notice in accordance with the provisions of this Paragraph captioned "Notices." The attorneys for the Parties may give any Notice.

12. Miscellaneous:

12.01. Successors. Subject to the limitations upon transfer and sale set forth in the Deed of Trust, the rights and obligations of the Parties under this Agreement, shall inure to the benefit of and be binding upon the Parties and all persons who succeed to their respective rights and obligations.



12.02. Modifications/Waivers. This Agreement cannot be changed nor can any provision of this Agreement, or any right or remedy of the Parties, be waived orally. Changes and waivers can only be made in writing and the change or waiver must be signed by the Party against whom the change or waiver is sought to be enforced. Any waiver of any provision of this Agreement, or any right or remedy, given on any on one or more occasions shall not be deemed a waiver with respect to any other occasion.

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.

12.03. Governing Law. This Agreement and the other Loan Documents were prepared, negotiated, signed and delivered in the State of Washington. In the event of any dispute concerning or arising out of this Agreement or any other Loan Documents, the laws of the State of Washington shall govern and control the construction, legality and enforceability of this Agreement or any other Loan Documents, without regard to any law concerning conflicts of law or choice of law.

12.04. Consents to Jurisdiction/Venue.

The Buyer and the Borrower hereby irrevocably consent to the exclusive jurisdiction and venue of the Superior Court, Skagit County, Washington, in any action or proceeding related to or arising out of this Agreement, or any other Loan Documents. The Borrower and the Buyer shall not commence, connive to commence, consent to or acquiesce in the commencement of any such action or proceeding in any other court, or in any other jurisdiction.

12.05. Time of Essence. Time is of the essence for the fulfillment of the obligations of the Borrower and Buyer under the Note, the Deed of Trust and any other Loan Documents.

12.06. Counterparts. This Agreement may be executed in counterparts with the same effect as if all signatures were contained in a single original instrument.

IN WITNESS WHEREOF, the Parties have signed, acknowledged and delivered this Agreement as of the date set forth in the first paragraph of this Agreement.

BORROWER:

LA CONNER RETIREMENT INN LIMITED LIABILITY COMPANY

By: See Attached for Signature
Its: _____



BORROWER:

LA CONNER RETIREMENT INN LIMITED LIABILITY COMPANY

By: *[Signature]*

Its: *managing member*

BUYER:

DEERPOINT/LINWOOD LIMITED PARTNERSHIP

By: _____

Its: _____

SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC

By: _____

Its: _____

HUYCKE INVESTMENTS IV, LLC

By: _____

Its: _____

LA CONNER INVESTMENTS, LLC

By: _____

Its: _____



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Skagit County Auditor

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BUYER:

DEERPOINT/LINNWOOD LIMITED PARTNERSHIP

By: [Signature]

Its: managing partner

SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC

By: [Signature]

Its: member manager

HUYCKE INVESTMENTS IV, LLC

By: [Signature]

Its: member manager

LA CONNER INVESTMENTS, LLC

By: [Signature]

Its: member

HUYCKE INVESTMENTS III, LLC

By: [Signature]

Its: MEMBER, MANAGER

LENDER:
FRONTIER BANK

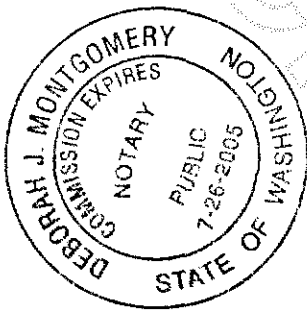
By: Mary K. Jolie
Its: Vice Pres



Acknowledgements

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 3rd day of ~~January~~ ^{February}, 2004, personally appeared before me Mary K. Jabe, to me known to be the Vice President of Frontier Bank, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he ~~she~~ is authorized to execute the said instrument.



Deborah J. Montgomery
(Name Deborah J. Montgomery)
NOTARY PUBLIC in and for the State
of Washington, residing at Snohomish
My commission expires: 7-26-05.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Diego

} ss.

On January 27, 2004, before me,

Mary Rita De Pietro

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

EDWARD M. MUSGROVE

Name(s) of Signer(s)

☐ personally known to me

☒ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Mary Rita De Pietro
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Assumption Agreement

Document Date: 1-27-04

Number of Pages: 27

Signer(s) Other Than Named Above: yes

Capacity(ies) Claimed by Signer

Signer's Name: EDWARD M. MUSGROVE

☒ Individual

☐ Corporate Officer — Title(s): _____

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here



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STATE OF OREGON)
) ss.
COUNTY OF JACKSON)

I, the undersigned, a notary public in and for the State of OREGON, hereby certify that on this 27th day of January, 2004, personally appeared before me J. L. CHAMBERLAIN, to me known to be the MANAGING PARTNER of **Deerpont/Linnwood Limited Partnership**, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.



Marilyn McDowell
(Name MARILYN MCDOWELL)
NOTARY PUBLIC in and for the State
of OREGON, residing at
TILLAMOOK, OR.
My commission expires: 03/24/07.

STATE OF Oregon)
) ss.
COUNTY OF Clatsop)

I, the undersigned, a notary public in and for the State of Oregon, hereby certify that on this 22 day of January, 2004, personally appeared before me Edward Catavette, to me known to be the member manager of **Security and Investment Company of Lake Oswego, LLC**, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.



A handwritten signature in dark ink, appearing to read 'Darcy Hill', written over a horizontal line.

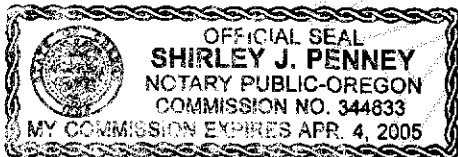
(Name Darcy Hill)

NOTARY PUBLIC in and for the State
of Oregon, residing at 503 High St,
Oregon City, OR 97045
My commission expires: 6-2-06



STATE OF Oregon)
) ss.
COUNTY OF Jackson)

I, the undersigned, a notary public in and for the State of Oregon, hereby certify that on this 20 day of January, 2004, personally appeared before me SHIRLEY A. HUYCKE, to me known to be the Member of **Huycke Investments IV, LLC**, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.



Shirley Penney
(Name SHIRLEY J. PENNEY)
NOTARY PUBLIC in and for the State
of Oregon, residing at
Medford
My commission expires: 4-4-05



STATE OF OREGON)
) ss.
COUNTY OF JACKSON)

I, the undersigned, a notary public in and for the State of OREGON, hereby certify that on this 27th day of January, 2004, personally appeared before me J.L. CHAMBERLAIN, to me known to be the MEMBER of **LaConner Investments, LLC**, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.



Marilyn McDowell
(Name MARILYN MCDOWELL)
NOTARY PUBLIC in and for the State
of OREGON, residing at
TALENT, OR.
My commission expires: 03/24/07.



200403260097
Skagit County Auditor

STATE OF Oregon)
) ss.
COUNTY OF Jackson)

I, the undersigned, a notary public in and for the State of Oregon, hereby certify that on this 20 day of January, 2004, personally appeared before me PATRICK G. HUYCKE, to me known to be the MEMBER of **Huycke Investments III, LLC**, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

Shirley J. Penney
(Name SHIRLEY J. PENNEY)
NOTARY PUBLIC in and for the State
of Oregon, residing at
Medford.
My commission expires: 4-1-05.



EXHIBIT "A"

PARCEL A:

Lots 1, 4, and 5, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

PARCEL B:

The North 25 feet of Lot 2 and the North 25 feet of the West Half of Lot 3, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

PARCEL C:

Lot 2 and the West Half of Lot 3, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington;

EXCEPT the North 25 feet of Lot 2;

ALSO EXCEPT the North 25 feet of the West Half of Lot 3.

PARCEL D:

The East Half of Lot 3 and all of Lot 6, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington;

PARCEL E:

Lots 1, 2, 3, and 4, Block 5, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

All situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



200403260097
Skagit County Auditor