



200603140126

Skagit County Auditor

3/14/2006 Page

1 of 11 2:50PM

When Recorded Return To:

Donald W. Black
Ogden Murphy Wallace, P.L.L.C.
1601 Fifth Avenue, Suite 2100
Seattle, WA 98101

CHICAGO TITLE IC31157

Document Title: ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

Reference Numbers of Documents Assigned or Released:

Auditor's No(s). 798039 and 802693 and 8907210082, records of Skagit County, Washington (Ground Lease from Island Hospital)

Additional Reference #a on page: N/A

Grantors:

FMA BUILDING ADDITION PARTNERSHIP, a Washington State general partnership, ISLAND MEDICAL DENTAL CENTER, a Washington State general partnership, HAROLD R. CLURE, M.D. and MARTHA CLURE, husband and wife, and ROGER KISNER, DDS and NANCY KISNER, husband and wife.

Additional Grantors on page: N/A

Grantees:

SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 2 (d/b/a ISLAND HOSPITAL), a Washington State public hospital district; and CHALLENGE DEVELOPMENTS II, L.L.C., a Washington State limited liability company

Additional Grantees on page: N/A

Legal Description (abbreviated):

Ptn. E1/2 SE1/4 Sec. 24-35N-01E

Additional Legal on page 10

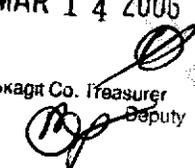
Situate in Skagit County, Washington, as fully described in Exhibit A attached hereto and incorporated herein by this reference

Assessor's Property Tax Parcel/Account Number:

P31917; Account No. 350124-0-139-0103
P100698 and P6128

SKAGIT COUNTY WASHINGTON
REAL ESTATE

MAR 14 2006

By  Skagit Co. Treasurer
Deputy

**ASSIGNMENT AND ASSUMPTION OF
GROUND LEASE**

THIS ASSIGNMENT AND ASSUMPTION OF GROUND LEASE (this "Agreement") is entered into as of the 4 day of March, 2006 (the "Effective Date") by and between FMA BUILDING ADDITION PARTNERSHIP, a Washington State general partnership, ISLAND MEDICAL DENTAL CENTER, a Washington State general partnership, HAROLD R. CLURE, MD and MARTHA CLURE, husband and wife, and ROGER L. KISNER, DDS and NANCY KISNER, husband and wife (collectively "Assignors"), and SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT No. 2 (ISLAND HOSPITAL) ("Island Hospital"), a Washington State public hospital district, and CHALLENGE DEVELOPMENTS II, L.L.C., a Washington State limited liability company (collectively "Assignees").

WHEREAS, Assignors and Assignees have entered into that certain Purchase and Sale Agreement, dated as of December 30, 2005 (the "Sale Agreement"), pursuant to which Assignors agreed to assign and Assignees agreed to assume all of Assignors' rights, titles and interests in that Ground Lease, dated July 10, 1973, by and between Island Hospital, as lessor, and Island Medical Dental Center, as lessee, as amended by First Amendment to Ground Lease, dated June 11, 1974, and by Second Amendment to Ground Lease, dated July 11, 1989 ("Ground Lease").

NOW, THEREFORE, in consideration of the promises and covenants set forth herein and in the Sale Agreement, the parties hereby agree as follows:

1. As of the Effective Date of this Agreement, Assignors hereby assign to Assignees, as tenants in common, all of their rights, titles, interests and obligations in and to the Ground Lease.
2. As of the Effective Date of this Agreement, Assignees hereby assume all of Assignors' rights, titles, interests and obligations in and to the Ground Lease.
3. As of the Effective Date of this Agreement, Island Hospital, as lessor, hereby releases, waives and forever discharges Assignors from all claims, whether known or unknown, or further obligations arising out of the Ground Lease.
4. As of the Effective Date of this Agreement, Assignors hereby release, waive and forever discharge Island Hospital from all claims, whether known or unknown, or further obligations arising out of the Ground Lease.
5. Capitalized terms not otherwise defined herein shall have the same meaning as in the Sale Agreement.



6. This Agreement may be executed in counterparts, which, when taken together, shall be considered one and the same agreement, and each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ASSIGNORS:

FMA BUILDING ADDITION PARTNERSHIP

Harold Clure
By: Partner
Its: 3-13-06

AND

Mark A. Sullivan 3-13-06
By: Partner
Its: Partner

ISLAND MEDICAL DENTAL CENTER

Harold Clure
By: Partner
Its: 3-13-06

AND

John D. Chambers MD
By: Partner
Its: 3-13-06

Harold R. Clure, MD, by Martha Clure
Clure, as atty. in fact.

HAROLD R. CLURE, MD

Martha Clure, by Martha Clure
Clure, as atty. in fact.

MARTHA CLURE



Roger L. Kisner DDS by John D. Chambers MD
as ATTY IN FACT

ROGER L. KISNER, DDS

Nancy Kisner by John D. Chambers MD
as ATTY IN FACT

NANCY KISNER

ASSIGNEES:

**SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT
No. 2 (ISLAND HOSPITAL)**

By: [Signature]
Its: CEO

CHALLENGE DEVELOPMENTS II, L.L.C.

By: [Signature]
Its: MEMBER



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13 day of March, 2006, before me personally appeared Harold Eiestand to me known to be the partner of ISLAND MEDICAL CENTER, the corporation that executed the within and foregoing instrument, and acknowledged 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 was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this 13th day of March, 2006.



Mary Mansfield
NOTARY PUBLIC in and for the State
of Washington, residing at Arcata
My commission expires: 10-28-09

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13th day of March, 2006, before me personally appeared John D. Chambers to me known to be the partner of ISLAND MEDICAL CENTER, the corporation that executed the within and foregoing instrument, and acknowledged 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 was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this 13th day of March, 2006.



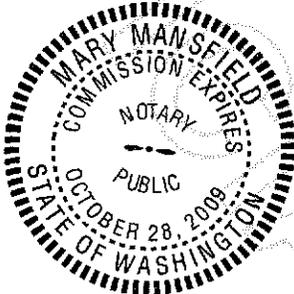
Mary Mansfield
NOTARY PUBLIC in and for the State
of Washington, residing at Arcata
My commission expires: 10-28-09



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13th day of March, 2006, before me personally appeared Harold Eiesland to me known to be the partner of FMA BUILDING ADDITION PARTNERSHIP, the general partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said general partnership, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this 13th day of March, 2006.



Mary Mansfield
NOTARY PUBLIC in and for the State
of Washington, residing at Ames
My commission expires: 10-28-09

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13th day of March, 2006, before me personally appeared Mark S. Backman to me known to be the partner of FMA BUILDING ADDITION PARTNERSHIP, the general partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said general partnership, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this 13th day of March, 2006.



Mary Mansfield
NOTARY PUBLIC in and for the State
of Washington, residing at Ames
My commission expires: 10-28-09

STATE OF WASHINGTON

COUNTY OF SKAGIT

} ss.

On this day personally appeared before me JOHN D. CHAMBERS, who executed the within instrument as Attorney in Fact for ROGER KISNER AND NANCY KISNER and acknowledged to me that he/she signed and sealed for the uses and purposes therein mentioned, and on oath stated that the power of attorney authorizing the execution of this instrument has not been revoked and that the said ROGER KISNER AND NANCY KISNER is now living, and is not incompetent.

Given under my hand and official seal this 13th day of March, 2006



Mary Mansfield

Notary Public in and for the State of Washington.

Name printed Mary Mansfield

Residing at Anacortes

My commission expires 10-28-09

Acknowledgement - Attorney in Fact



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STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13th day of March, 2006, before me personally appeared Vincent C. Oliver, to me known to be the CEO of Skagit County Public Hospital District No. 2, (d.b.a. Island Hospital), the municipal corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

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



Mary Mansfield
(Signature)

Mary Mansfield

(Name legibly printed or stamped)

Notary Public in and for the State of Washington,
residing at Arden

My appointment expires 10-28-09

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 13th day of March, 2006, before me personally appeared Jerald L. Zavatney, to me known to be the member of Challenge Developments II, L.L.C., the company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

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



Mary Mansfield
(Signature)

Mary Mansfield

(Name legibly printed or stamped)

Notary Public in and for the State of Washington,
residing at Arden

My appointment expires 10-28-09

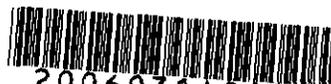


EXHIBIT A

Legal Description

(To be revised as may be required by survey of the Property or final title insurance commitment by Title Company.)

That portion of the Southeast Quarter of Section 24, Township 35 North, Range 1 East of the Willamette Meridian, described as follows:

Commencing at the East Quarter corner of said Section 24;
thence South 0°59'30" East, along the East line of said Section 24, 1,223.17 feet to an intersection with the South line of 24th Street;
thence South 89°58'48" West, along the South line of 24th Street, 396.27 feet to the true point of beginning;
thence South 0°01'35" East, 264.46 feet;
thence South 89°58'25" West, 358.50 feet to the East line of "M" Avenue;
thence North 0°01'35" West, along the East line of "M" Avenue, 264.50 feet to the South line of 24th Street;
thence North 89°58'48" East along the South line of 24th Street, 358.50 feet to the true point of beginning;

Subject to matters of record as of the Effective Date of the Lease to which this Exhibit A is attached.

Situate in Skagit County, Washington.

END OF EXHIBIT A

STATE OF WASHINGTON

COUNTY OF SKAGIT

} ss.

*MARTHA K. CLURE

On this day personally appeared before me BRADLEY HAROLD CLURE, who executed the within instrument as Attorney in Fact for HAROLD R. CLURE MD and * and acknowledged to me that he/she signed and sealed for the uses and purposes therein mentioned, and on oath stated that the power of attorney authorizing the execution of this instrument has not been revoked and that the said HAROLD R. CLURE MD and MARTHA is now living, and is not incompetent.

K. CLURE

Given under my hand and official seal this 14th day of March, 2006

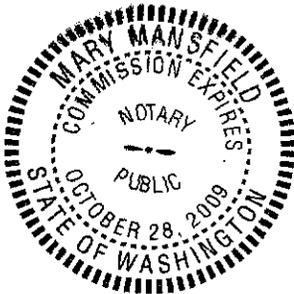
Mary Mansfield

Notary Public in and for the State of Washington.

Name printed Mary Mansfield

Residing at Apacortes

My commission expires 10-28-09



Acknowledgement - Attorney in Fact



200603140126

Skagit County Auditor

STATE OF WASHINGTON

COUNTY OF SKAGIT

} ss.

On this day personally appeared before me JOHN D. CHAMBERS, who executed the within instrument as Attorney in Fact for ROGER KISNER AND NANCY KISNER and acknowledged to me that he/she signed and sealed for the uses and purposes therein mentioned, and on oath stated that the power of attorney authorizing the execution of this instrument has not been revoked and that the said ROGER KISNER AND NANCY KISNER is now living, and is not incompetent.

Given under my hand and official seal this 13th day of March, 2006

Mary Mansfield

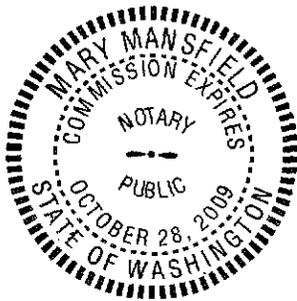
Notary Public in and for the State of Washington.

Name printed Mary Mansfield

Residing at Anacortes

My commission expires 10-28-09

Acknowledgement - Attorney in Fact



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