

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

Brian D. Hulse
Heller Ehrman LLP
701 Fifth Avenue, Suite 6100
Seattle, WA 98104-7098
(206) 389-6128



200702280196
Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

122021-T
122022-T

THIS SPACE FOR RECORDER'S USE ONLY

ASSIGNMENT OF LOAN DOCUMENTS
(Collateral Assignment in Part and Absolute Assignment in Part)

Loan No. 71-2882166

Grantor:

WASHINGTON STATE HOUSING FINANCE COMMISSION, a public body corporate and politic and an instrumentality of the State of Washington
WASHINGTON MUTUAL BANK, a federal association

Grantee :

Legal Description:

Island County: a) Lot 4 Langley Boundary Line Adjustment, portion of Gov. Lot 1, Sec. 3, Township 29 N., Range 3 E., W.M., and b) Lot 3 SP No. 87-4, portion of Sec. 33, Township 32 N., Range 1 E., W.M.

21-34-4

Skagit County: a) Ptn SW ¼, of NW ¼ of ~~21-32-4~~ E., W.M., and b) Lots 2 & 3, Blk 1 Rosedale Garden Trs.

Assessor's Tax Parcel ID Number:

Additional Legal(s) on Exhibit A
Island County: R32903-500-4640, and R13233-175-3800
Skagit County: 340421-0-009-0101, 340421-0-010-0009, and 4169-001-003-0004

Reference No. Deed of Trust 200702280194 .

This Assignment of Loan Documents ("Assignment"), dated as of the 28th day of February, 2007 is made by WASHINGTON STATE HOUSING FINANCE COMMISSION, a public body corporate and politic and an instrumentality of the State of Washington ("Bond

Issuer”), to and for the benefit of WASHINGTON MUTUAL BANK, a federal association (“Bank”).

Bond Issuer is the current owner and holder of the following (collectively, the “Assigned Documents”): (a) the lender’s interest in a Construction and Permanent Loan Agreement (the “Loan Agreement”) dated the date of this Assignment; (b) the loan made pursuant to such Loan Agreement (the “Loan”) in the aggregate amount of \$3,850,000; (c) a Promissory Note dated the date of this Assignment and made by Island Skagit Partners, LP, a Washington limited partnership (“Borrower”), payable to Bond Issuer or order (the “Note”) in the principal amount of \$3,850,000; and (d) a Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the “Deed of Trust”) securing the Note and encumbering the real property described in Exhibits A-1 through A-4 attached to this Assignment (the “Property”). The Deed of Trust is recorded as follows: (i) under recording no. xxxxx in the records of Island County, Washington; and (ii) under recording no. 200702280194 in the records of Skagit County, Washington.

Bond Issuer obtained the funds to make the Loan by issuing its Multifamily Revenue Bond (Island Skagit Partners Portfolio), Series 2007, in the principal amount of \$3,850,000 (the “Bond”). Bank purchased, and is now the holder of, the Bond.

In consideration of Bank’s purchase of the Bond, Bond Issuer wishes to assign its right, title and interest in the Assigned Documents to Bank on the terms more specifically set forth below.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bond Issuer agrees as follows:

1. **Collateral Assignment.** As security for the Bond and all Bond Issuer’s obligations under this Assignment, Bond Issuer hereby assigns and pledges to Bank, and grants to Bank a first-priority lien on and security interest in, all of Bond Issuer’s right, title and interest in, to and under the Loan and the Assigned Documents.

2. **Absolute Assignment.** Notwithstanding anything to the contrary contained elsewhere in this Assignment, Bond Issuer hereby absolutely assigns to Bank all of Bond Issuer’s rights to receive late fees, interest at the Default Rate (as defined in Note A) to the extent it exceeds interest calculated at the Note Rate (as defined in Note A), interest at the Default Rate (as defined in Note B) to the extent it exceeds interest calculated at the Note Rate (as defined in Note B), and payment of other costs, fees and expenses as provided in the Loan Agreement, the Note, the Deed of Trust and any and all documents, instruments and agreements now or hereafter securing any thereof.



3. **Payments.** Borrower will make all payments under the Note and the Assigned Documents to Bank at the following address unless and until Bank notifies Borrower otherwise in writing:

Washington Mutual Bank
17877 Von Karman Avenue, 4th Floor
Mail Stop IRB4CLI
Irvine, California 92614
Attention: Community Lending Department

4. **Administration of Loan; Rights of Bank.** Notwithstanding the collateral nature of part of this Assignment, the parties acknowledge that it is anticipated that, after application of the payments of principal, interest and prepayment premium on the Loan to repayment of the Bond, no further amounts thereof will remain. In recognition of that fact, upon and after the effectiveness of this Assignment, Bank will be entitled to service and administer the Loan and administer and enforce all rights of Lender (as defined in the Loan Agreement and the other Loan Documents) for so long as this Assignment remains in effect. Without limiting the generality of the foregoing, Bank will be entitled: (a) to administer all disbursements of funds under the Loan Agreement; (b) to hold all Pledged Accounts (as defined in the Loan Agreement); and (c) to be named as mortgagee, loss payee or additional insured (as appropriate) under all insurance policies required to be maintained under the terms of the Loan Documents.

5. **Enforcement.** In the event of a default on the Bond, or if an Event of Default (as defined in the Deed of Trust) exists, even if there is no default on the Bond, Bank may enforce all obligations of Borrower under the Assigned Documents and applicable law and no further consent or agreement of Bond Issuer will be required as a condition to such enforcement. With respect to the collateral assignment provided for in Section 1 of this Assignment, Bank will have all the rights and remedies of Bond Issuer under the Assigned Documents and all the rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the State of Washington, as it may be amended from time to time.

6. **Releases Upon Payment of Bond.** Upon payment in full of the Bond, Bank will be entitled, without further consent or agreement of Bond Issuer, to mark the Note "paid" and return the original thereof to Borrower or its successor and to release the lien of the Deed of Trust and such other documents, if any, as may then secure the Note.

7. **Representations and Warranties.** Bond Issuer represents and warrants to Bank that: (a) no previous assignment of its rights in the Assigned Documents has been made; (b) the Assigned Documents have not been modified, amended or terminated by Bond Issuer; and (c) no payments of principal or interest have been made to Bond Issuer under the Note. Except as expressly and specifically set forth in this Section, Bond Issuer makes no



representations or warranties whatsoever with respect to the assignment provided for herein and such assignment is made without recourse to Bond Issuer.

8. **Further Assurances.** Bond Issuer will execute and deliver to Bank such other and further documents, and do such other acts and things as Bank may reasonably request in order to more fully carry out the purpose and intent of this Assignment.

9. **Binding Effect.** This Agreement will be binding upon and inure to the benefit of the successors and assigns of Bank and Bond Issuer.

10. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the state where the Property is located.

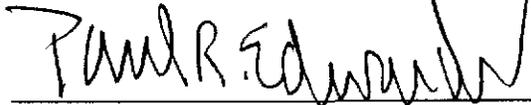
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DATED as of the date first set forth above.

BOND ISSUER:

WASHINGTON STATE HOUSING FINANCE
COMMISSION, a public body corporate and
politic and an instrumentality of the State of
Washington

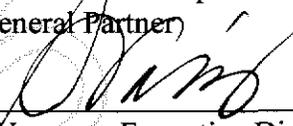
By 
Paul R. Edwards, Deputy Director

The undersigned Borrower acknowledges the foregoing Assignment, represents and warrants that, to its knowledge, the representations and warranties set forth therein are true and correct, agrees to make payments to Bank under the Note and the other Assigned Documents as provided above, and agrees not to take any action contrary to the terms of such Assignment.

BORROWER:

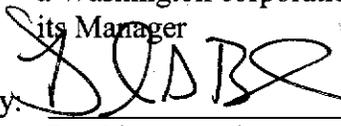
ISLAND SKAGIT PARTNERS, LP, a Washington
limited partnership

By: Hearthstone Housing Foundation, a California
non profit public benefit corporation, its
Managing General Partner

By: 
Socorro Vasquez, Executive Director

By: Island Skagit Management, LLC,
a Washington limited liability company, its Co-
General Partner

By: Allied Pacific Development, Inc.,
a Washington corporation,
its Manager

By: 
David A. Beacham, Vice President

Signature Page for Assignment of Loan Documents
(Collateral Assignment in Part and Absolute Assignment in Part)



200702280196

Skagit County Auditor

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that PAUL R. EDWARDS is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Deputy Director of WASHINGTON STATE HOUSING FINANCE COMMISSION, a public body corporate and politic and an instrumentality of the State of Washington, to be the free and voluntary act of such public body for the uses and purposes mentioned in the instrument.

Dated this 23rd day of February, 2007.

Frances Oldham Murphy
(Signature of Notary)

FRANCES OLDHAM MURPHY

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Seattle WA

My appointment expires 6/9/2007



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Skagit County Auditor

STATE OF WASHINGTON

SS.

COUNTY OF KING

I certify that I know or have satisfactory evidence that SOCORRO VASQUEZ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the executive director or HEARTHSTONE HOUSING FOUNDATION, a California non profit public benefit corporation, a limited liability company, which is the managing general partner of ISLAND SKAGIT PARTNERS, LP, the limited partnership that executed the within and foregoing instrument, to be the free and voluntary act of such entities for the uses and purposes mentioned in the instrument.

Dated this 23rd day of February, 2007.

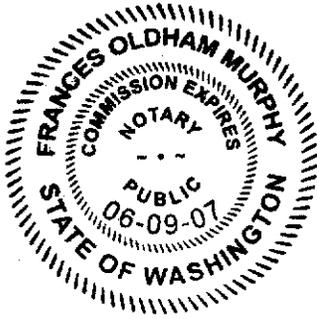
Frances Oldham Murphy
(Signature of Notary)

FRANCES OLDHAM MURPHY

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Seattle WA

My appointment expires 6/9/2007



STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that DAVID A. BEACHAM is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Vice President of ALLIED PACIFIC DEVELOPMENT INC., a Washington corporation, which is the manager of ISLAND SKAGIT MANAGEMENT, LLC, a Washington limited liability company, which is the co-general partner of ISLAND SKAGIT PARTNERS, LP, the limited partnership that executed the within and foregoing instrument, to be the free and voluntary act of such entities for the uses and purposes mentioned in the instrument.

Dated this 23rd day of February, 2007.

Frances Oldham Murphy
(Signature of Notary)

FRANCES OLDHAM MURPHY

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Seattle, WA

My appointment expires 6/9/2007



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LEGAL DESCRIPTION

La Venture Village

422 N. La Venture Rd., Mt. Vernon, Washington 98273

The land is located in the County of Skagit, State of Washington, and is described as follows:

PARCEL "A":

That portion of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 21, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Northeast corner of said subdivision; thence South along the East line thereof a distance of 396 feet; thence West 330 feet; thence North a distance of 396 feet, more or less, to the North line of said subdivision; thence East along said North line 330 feet, more or less, to the point of beginning.

EXCEPT the South 101 feet of the West 35 feet thereof.

PARCEL "B":

That portion of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 21, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point on the West line of said subdivision 160 feet South of the North line thereof; thence East to a point 330 feet West of the East line of said West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 21; thence North 30 feet; thence West to the West line of said subdivision; thence South 30 feet to the point of beginning.

EXCEPT that portion lying within the boundaries of LaVenture Road as conveyed under Auditor's File Nos. 88414 and 8707160028, records of Skagit County, Washington.

PARCEL "C":

The South 60 feet of the North 295 feet of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 21, Township 34 North, Range 4 East, W.M.,

EXCEPT the East 330 feet thereof,

AND EXCEPT the West 270 feet thereof.

EXHIBIT A-1



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EXHIBIT A-2

LEGAL DESCRIPTION

Madrona Valley
204 N. Main Street, Coupeville, Washington 98239

The land is located in the County of Island, State of Washington, and is described as follows:

Lot 3 of CITY OF COUPEVILLE SHORT PLAT NO. 87-4 as approved October 2, 1987 and recorded February 4, 1988, in Volume 2 of Short plats, pages 148 and 149, under Auditor's File No. 88001344, records of Island County, Washington, being a portion of John Alexander Donation Land Claim in Section 33, Township 32 North, Range 1 East, W.M.;

EXHIBIT A-2



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EXHIBIT A-3

LEGAL DESCRIPTION

Murdock Court
123 No. Murdock Street, Sedro Woolley, Washington 98284

The land is located in the County of Skagit, State of Washington, and is described as follows:

Lots 2 And 3, Block 1, "ROSEDALE GARDEN TRACTS OF SEDRO-WOOLLEY," as per plat recorded in Volume 3 of Plats, page 52, records of Skagit County, Washington.

EXHIBIT A-3



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EXHIBIT A-4

LEGAL DESCRIPTION

Saratoga Terrace
350 Manchester Way, Langley, Washington 98260

The land is located in the County of Island, State of Washington, and is described as follows:

Lot 4 of CITY OF LANGLEY BOUNDARY LINE ADJUSTMENT, as approved May 25, 1988, and recorded July 1, 1988, in Volume 2, of Short Plats, page 166, under Auditor's File No. 88007767, records of Island County, Washington; being a portion of Government Lot 1, in Section 3, Township 29 North, Range 3 East of the Willamette Meridian.

EXHIBIT A-4



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