



201109220099

Skagit County Auditor

9/22/2011 Page

1 of

9 3:07PM

When Recorded Return To:

Donald W. Black
OGDEN MURPHY WALLACE, P.L.L.C.
1601 Fifth Avenue, Suite 2100
Seattle, Washington 98101-1686

ASSIGNMENT OF RENTS PROCEEDS SECURITY AGREEMENT

Reference Number(s)
of Related Documents:

N/A

Grantor/Debtor

ISLAND HOSPITAL MEDICAL PROPERTIES, a Washington
nonprofit corporation

Grantee/Secured Parties

NDC NEW MARKETS INVESTMENTS LXIII, LLC, a
Delaware limited liability company, and KITSAP COUNTY
NMTC SUBSIDIARY ALLOCATEE THREE, LLC, a
Washington limited liability company

Legal Description (abbreviated):

Portion of Block 3, Hensler's First Addition

Additional Legal on page 8

Assessor's Tax
Account Number:

P57320, P57321, P57322, P57323, P124698 and P31916

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

SEP 22 2011

Amount Paid \$
Skagit Co. Treasurer
By *Mam* Deputy

When Recorded Return To

Donald W. Black
OGDEN MURPHY WALLACE, P.L.L.C.
1601 Fifth Avenue, Suite 2100
Seattle, Washington 98101-1686

ASSIGNMENT OF RENTS PROCEEDS SECURITY AGREEMENT

THIS ASSIGNMENT OF RENTS PROCEEDS SECURITY AGREEMENT (this "Agreement") is dated as of August 5, 2011, by ISLAND HOSPITAL MEDICAL PROPERTIES, a Washington nonprofit corporation ("Debtor"), in favor of NDC NEW MARKETS INVESTMENTS LXIII, LLC, a Delaware limited liability company ("NDC CDE"), and KITSAP COUNTY NMTC SUBSIDIARY ALLOCATEE THREE, LLC, a Washington limited liability company ("Kitsap CDE") (NDC CDE and Kitsap CDE each a "Secured Party" and, together, "Secured Parties").

Pursuant to that certain Ground Lease dated August 5, 2011 (the "Ground Lease"), by Skagit County Public Hospital District No. 2, a Washington public hospital district ("PHD"), as the landlord and Debtor as tenant, Debtor has leased a portion of the real property legally described on Exhibit A attached hereto (the "Property"), for construction of the Island Hospital Medical Arts Pavilion (the "Pavilion"). The Property and Pavilion are collectively referred to herein as the "Premises." Debtor, as landlord, is leasing the Premises to PHD, as tenant, pursuant to that certain Operating Lease between Debtor and PHD (including leases now existing or hereafter entered into, the "Leases"). The term "Leases" expressly does not include the Ground Lease.

Pursuant to a Loan Agreement of even date herewith (the "Loan Agreement"), Secured Parties are extending a loan in the aggregate original principal amount of \$9,994,000 (the "Loan") to Debtor. This Agreement is given pursuant to the Loan Agreement.

FOR VALUE RECEIVED, Debtor hereby assigns and grants a security interest to Secured Parties in all of Debtor's right, title and interest in and to all rents, income and revenues paid or due and payable by PHD pursuant to the Leases and received by or on behalf of Debtor, including all cash proceeds of such payments; all checks, promissory notes, money, and instruments remitted by PHD for purposes of paying or evidencing PHD's obligation under the Leases; and all proceeds thereof, whether now owned or hereafter acquired. The foregoing are hereinafter called the "Rents Proceeds." Notwithstanding the



foregoing, Rents Proceeds shall expressly exclude security, cleaning, and damage deposits made by PHD under the Leases. The rents and other amounts payable by the tenants under the Leases are hereinafter called the "Rents."

FOR THE PURPOSE OF SECURING: the payment of all obligations owing under, and performance of the other obligations of Debtor set forth in, the Loan Agreement.

ASSIGNOR AND ASSIGNEES FURTHER AGREE AS FOLLOWS:

1. Debtor's Covenants of Performance. Debtor agrees to:

(a) observe, perform and discharge, duly and punctually, all obligations, terms, covenants, conditions and warranties of the Leases on the part of Debtor to be kept, observed and performed;

(b) enforce the performance of obligations, terms, covenants, conditions and agreements in the Leases by PHD, and any guarantors with respect to any guaranties of such Leases, to be performed in accordance with its commercially reasonable management practices;

(c) neither transfer its interest in the Leases or the Rents, Rents Proceeds or Premises nor create or permit any lien, charge or encumbrance upon its interest in the Leases or the Rents or Rents Proceeds, except for those created by or pursuant to this Agreement;

(d) strictly enforce the Leases upon the occurrence of an Event of Default under any of the Loan Documents;

(e) forthwith deposit, or cause any manager of Debtor to deposit, upon receipt all Rents Proceeds in an operating account (the "Rents Account") to be opened and maintained by Debtor with Washington Federal, a federally-chartered savings and loan association ("Washington Federal"); and

(f) to enter into an Account Pledge and Control Agreement (Rents Account) by and among Debtor, Secured Parties and Washington Federal on commercially reasonable terms no later than August 31, 2011.

(g) assign to Secured Parties any and all of Debtor's beneficial interest in Rents Proceeds in the form of documents, instruments (including, without limitation, promissory notes), chattel papers, general intangibles, or any other forms of payment not capable of deposit into the Operating Account, which are made by PHD (or by any and all guarantors of PHD) to evidence PHD's indebtedness under the Leases (collectively, the "Nonmonetary Rents"), provided that, with respect to Nonmonetary Rents in form of promissory notes, Debtor shall deliver such promissory notes to NDC CDE (who will hold such promissory notes in trust for the benefit of Lenders) in order to perfect Secured Parties' security interest therein.

2. Default and Remedies. Upon the occurrence of an Event of Default by Debtor under the Loan Agreement, which default is not cured within the notice and cure periods, if any, provided in the Loan Agreement, Secured Parties, at their option, shall have the right, power and authority hereunder to exercise all remedies with respect to the Rents Proceeds as a secured party under Article 9 of the UCC and as may be available to Secured Parties at law or in equity.

Based on the foregoing, Debtor agrees: (a) to execute and deliver such documents as Secured Parties deem necessary, in their reasonable discretion, to create, perfect and continue the security interest in Rents Proceeds contemplated hereby; (b) to cooperate with Secured Parties in perfecting the security interest in Rents Proceeds granted herein; and (c) that Secured Parties are authorized to file financing statements in the name of Debtor to perfect Secured Parties' security interest in the Rents Proceeds.

Notwithstanding anything to the contrary as may set forth herein or in the Loan Documents, Secured Parties hereby acknowledge and agree that Debtor is unable to convey to or encumber for the benefit of Secured Parties or any third party the Premises, the Leases or any real property interest related thereto. Nothing herein shall create any rights or powers of any nature to enter into possession of the Premises, have a receiver appointed for the Premises or foreclose on the Premises. This Agreement shall be strictly construed to operate as a security agreement under Article 9A of the Washington Uniform Commercial Code and to create a personal property security interest in the Rents Proceeds only, and shall not create a lien or security interest in the Premises or any real property rights associated therewith.

3. Application of Payments. Except as applicable law or this Agreement may otherwise provide, all payments received by Secured Parties under the Loan or this Agreement shall be applied by Secured Parties in the following order of priority: (a) Secured Parties' expenses incurred in any efforts to enforce any terms of this Agreement; (b) interest payable on advances made to protect the security of this Agreement; (c) principal of such advances; (d) interest and late charges payable on the Loan; (e) principal of the Loan; and (f) any other secured obligations in such order as Secured Parties, at its option, may determine; provided, however, that Secured Parties may, at their option, apply any such payments received to interest on or principal of the Loan prior to applying such payments to interest on and principal of advances made to protect the security of this Agreement.

4. No Waiver. The failure of Secured Parties to avail themselves of any of the terms, covenants and conditions of this Agreement for any period of time or at any time shall not be construed or deemed to be a waiver of any such right, and nothing herein contained nor anything done or omitted to be done by Secured Parties pursuant hereto shall be deemed to constitute a waiver by Secured Parties of any of their available rights and remedies. The rights of Secured Parties to collect the indebtedness secured hereby, to enforce any other security therefor, or to enforce any other right or remedy hereunder, may be exercised by Secured Parties either prior to, simultaneously with, or subsequent to, any other action taken hereunder and shall not be deemed an election of remedies.



5. Termination of Agreement. Upon payment in full of all of the indebtedness secured hereby and performance of all other obligations secured hereby, Secured Parties shall execute a written instrument terminating this Agreement.

6. Notice. All notices hereunder shall be given in the manner specified in the Loan Agreement.

7. Agreement Binds Successors. The terms, covenants, conditions, and warranties contained herein and the powers granted hereby shall run with the land and shall inure to the benefit of and bind all parties hereto and their respective heirs, successors and assigns.

8. Severability. If any provision of this Agreement or the application thereof to any entity, person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other entities, persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

9. Entire Agreement. This Agreement contains the entire agreement concerning the assignment of Rents Proceeds between the parties hereto. No variations, modifications or changes herein or hereof shall be binding upon any party hereto unless set forth in a document duly executed by or on behalf of such party.

10. Construction. Whenever used herein whenever the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

11. Governing Law. The parties agree that the law of the State of Washington shall govern the performance and enforcement of this Agreement.

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.

[SIGNATURES ON NEXT PAGE]



DATED as of the day and year first above written.

DEBTOR:

ISLAND HOSPITAL MEDICAL PROPERTIES,
a Washington nonprofit corporation

By: 

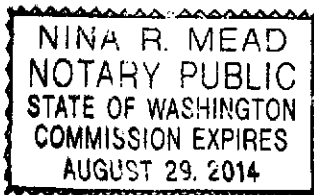
Name: Vincent C. Oliver

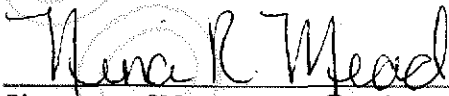
Title: President

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I hereby certify that I know or have satisfactory evidence that Vincent C. Oliver appeared before me, and acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument, and acknowledged it as the President of **Island Hospital Medical Properties, a Washington nonprofit corporation**, to be the free and voluntary act of such entity for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal on August 3, 2011.




Signature of Notary
Print Name: Nina R. Mead
NOTARY PUBLIC in and for the State of
Washington, residing at: Anacortes
My commission expires: 8-29-14



SECURED PARTY:

**NDC New Markets Investments LXIII, LLC, a
Delaware limited liability company**

By: HEDC New Markets, Inc.
Its: Managing Member

By: [Signature]
Robert W. Davenport, Chairman

STATE OF New York)
) ss.
COUNTY OF New York)

I hereby certify that I know or have satisfactory evidence that Robert W. Davenport appeared before me, and acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument, and acknowledged it as the Chairman of HEDC New Markets, Inc., a ~~Delaware~~ corporation, the managing member of NDC New Markets Investments LXIII, LLC, a Delaware limited liability company, to be the free and voluntary act of such entity for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal on 8-2-2011

[Signature]
Signature of Notary
Print Name: Wendoly Castro
NOTARY PUBLIC in and for the State of
New York Washington, residing at: Bronx
My commission expires: 06/02/2012

WENDOLY CASTRO
Notary Public, State of New York
No. 01CA6188005
Qualified in Bronx County
Commission Expires June 2, 2012



SECURED PARTY:

**KITSAP COUNTY NMTC SUBSIDIARY
ALLOCATEE THREE, LLC**, a Washington
limited liability company

By: KITSAP COUNTY NMTC
FACILITATORS I, LLC, a Washington
limited liability company

Its: Managing Member

By: KITSAP COUNTY CONSOLIDATED
HOUSING AUTHORITY, a public
body corporate and politic of the State
of Washington

Its: Manager



By: Tony L. Caldwell,
Its: Executive Director

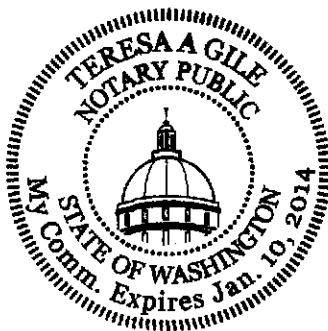
STATE OF WASHINGTON)

) ss.

COUNTY OF KITSAP)

I hereby certify that I know or have satisfactory evidence that Tony L. Caldwell appeared before me, and acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument, and acknowledged it as the Executive Director of Kitsap County Consolidated Housing Authority, a public body corporate and politic of the State of Washington, the manager of Kitsap County NMTC Facilitators I, LLC, a Washington limited liability company, the managing member of **Kitsap County NMTC Subsidiary Allocatee Three, LLC, a Washington limited liability company**, to be the free and voluntary act of such entity for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal on 08/02/2011.





Signature of Notary

Print Name: TERESA A GILE

NOTARY PUBLIC in and for the State of

Washington, residing at: BREMERTON

My commission expires: 01/10/2014



EXHIBIT A

Legal Description

All that portion of the Northeast Quarter of the Southeast Quarter of the Southeast Quarter of Section 24, Township 35 North, Range 1 East, WM, as delineated on that survey recorded under Auditor's File Number 9703110090, records of Skagit County, Washington, AND all that portion of Lots 8 through 17 of Block 3 of the Plat of Hensler's First Addition to the City of Anacortes as per the plat recorded in Volume 3 of Plats, Page 46, records of Skagit County, Washington AND all that portion of the alley of said Block 6 as vacated under Ordinance #2845 recorded March 15, 2011 under Skagit County Auditor's File No. 201103150061, described as follows:

Commencing at the southeast corner of Lot 17 of said Block 3, as delineated on that survey recorded under Auditor's File Number 200803120069, records of Island County, Washington;

Thence S 89°58'18" W, along the south line of said Lot 17, a distance of 28.78 feet;

Thence N 00°01'42" W a distance 24.50 feet to the **TRUE POINT OF BEGINNING** of this Lease Legal Description;

Thence S 89°58'18" W a distance of 60.59 feet;

Thence S 00°01'42" E a distance of 5.00 feet;

Thence S 89°58'18" W a distance of 42.00 feet;

Thence N 00°01'42" W a distance of 5.00 feet;

Thence S 89°58'18" W a distance of 26.41 feet;

Thence N 00°01'42" W a distance of 90.51 feet;

Thence N 45°45'46" E a distance of 35.12 feet;

Thence N 89°58'18" E a distance of 64.18 feet;

Thence S 00°01'42" E a distance of 17.00 feet;

Thence N 89°58'18" E a distance of 51.65 feet;

Thence S 00°01'42" E a distance of 41.50 feet;

Thence S 89°58'18" W a distance of 12.00 feet;

Thence S 00°01'42" E a distance of 56.50 feet to the **POINT OF BEGINNING**;

Containing 14,561 square feet, more or less.

