

AFTER RECORDING, RETURN TO:

Washington State Department of Commerce
Housing Trust Fund
1011 Plum Street SE
P.O. Box 42525
Olympia, WA 98504-2525

Attention: Contracts/Fiscal Group



201605260084

Skagit County Auditor

\$301.00

5/26/2016 Page

1 of 10 1:49PM

GUARDIAN NORTHWEST TITLE CO.

ASSIGNMENT, ASSUMPTION, RELEASE AND CONSENT AGREEMENT

(Salem Village)

108928

GRANTOR: SALEM VILLAGE LIMITED PARTNERSHIP
WASHINGTON STATE DEPARTMENT OF COMMERCE

GRANTEE: SALEM VILLAGE ONE LLC
WASHINGTON STATE DEPARTMENT OF COMMERCE

ABBREVIATED LEGAL: Section 8, Township 34 North, Range 4 East, W.M., Portion of the SE 1/4 of the SE 1/4, Skagit County, Washington
(Additional Legal Description on Exhibit A)

TAX PARCEL NO(S): P24136, 340408-0-013-0003

REFERENCE NO(S): 9906040086 DEED OF TRUST
200007050015 PARTIAL RECONVEYANCE (DEED OF TRUST)
9906040087 LOW INCOME HOUSING COVENANT AGREEMENT
199911230043 ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

CONTRACT NO: 99-493-496

THIS ASSIGNMENT, ASSUMPTION, RELEASE AND CONSENT AGREEMENT ("Assumption Agreement") is entered into as of this 25th day of January, 2016, by and among SALEM VILLAGE LIMITED PARTNERSHIP, a Washington limited partnership, with its principal offices at 3100 N. 30th Street, #2, Mount Vernon, WA 98273 ("Assignor"), SALEM VILLAGE ONE LLC, a Washington limited liability company, with its principal offices at 3100 N. 30th Street, #2, Mount Vernon, WA 98273 ("Assignee"), and the WASHINGTON STATE DEPARTMENT OF COMMERCE (formerly known as the Washington State Department of Community, Trade and Economic Development), a department of the state of

Washington, whose address is 1011 Plum Street SE, P.O. Box 42525, Olympia, Washington 98504-2525 ("Lender").

WHEREAS, the 2009 Regular Session of the Washington State Legislature changed the name of the Department of Community, Trade and Economic Development to the Department of Commerce effective July 26, 2009, pursuant to Laws of 2009, Chapter 565, thus all references in the Housing Finance Unit Contract for Salem Village, the Promissory Note, Deed of Trust, and the Assignment, Assumption and Consent Agreement to the State of Washington Department of Community, Trade and Economic Development or Department of Community, Trade and Economic Development shall now be deemed references to the Department of Commerce; and

WHEREAS, Salem Village, a Washington nonprofit corporation ("Salem Village") and Lender entered into that certain Housing Finance Unit Contract for Salem Village (Contract No. 99-49300-496) with an execution date of May 8, 1999 (the "State Loan Agreement"), whereby Lender agreed to loan Salem Village Two Hundred Twenty Thousand and 00/100 Dollars (\$220,000) ("State Loan"), in connection with the development of the property known as Salem Village located in Mt. Vernon, Skagit County, Washington ("Project"), and legally described on **Exhibit A** attached hereto and incorporated herein by reference (including all improvements thereon) (the "Property"); and

WHEREAS, to evidence the State Loan, Salem Village executed that certain Promissory Note dated June 3, 1999 in favor of Lender ("State Note"), whereby Salem Village agreed to pay Lender or the holder of the State Note the principal sum of Two Hundred Twenty Thousand and 00/100 Dollars (\$220,000); and

WHEREAS, to secure payment of the State Note, Assignor executed that certain Deed of Trust dated June 3, 1999, and recorded on June 4, 1999 under Skagit County Auditor's File No. 9906040086, which was subject to that certain Partial Reconveyance recorded June 4, 1999 under Skagit County Auditor's File No. 200007050015 (collectively, the "State Deed of Trust"), naming Lender as the Beneficiary; and

WHEREAS, Assignor executed that certain Low Income Housing Covenant Agreement dated June 3, 1999, and recorded on June 4, 1999 under Skagit County Auditor's File No. 9906040087 ("State Covenant") to restrict the use of certain residential units in the Property to low income households; and

WHEREAS, pursuant to that certain Assignment, Assumption and Consent Agreement dated June 3, 1999, and recorded on November 23, 1999 under Skagit County Auditor's File No. 199911230043 (the "Previous Assignment"), Salem Village, as Assignor therein, assigned to Assignor, as Assignee therein, all of the rights and obligations of Salem Village under the State Loan Agreement and State Loan Note; and

WHEREAS, Assignor is transferring the Property to Assignee and now wishes to assign to Assignee and to have Assignee assume all of Assignor's interest, rights, benefits, duties, and

obligations under the State Loan Agreement, the State Note, the State Deed of Trust, and the State Covenant, (collectively, the "State Loan Documents"), as existing or as they may be amended, and Assignee is willing to assume all of said obligations of Assignor thereunder; and

WHEREAS, Assignor, Assignee and Lender agree that the Contract Number on the State Loan Documents was incorrectly written as 99-49300-496 instead of 99-493-496, thus all references in this Assumption Agreement and State Loan Documents to Contract Number 99-49300-496 shall now be deemed references to Contract Number 99-493-496; and

WHEREAS, Salem Village has formed Salem Village One LLC, a Washington limited liability company (the LLC and Assignee herein), in which Salem Village is the sole member. The LLC is a disregarded entity for federal income tax purposes. The sole purpose of the LLC is to further the charitable purpose of Salem Village (non-profit); and

WHEREAS, Assignor and Assignee now request the consent of the Lender to (i) the transfer of the Property from Assignor to Assignee, (ii) the assignment of the State Loan Documents from Assignor to Assignee and (iii) the assumption of the obligations of Assignor under the State Loan Documents by Assignee.

NOW, THEREFORE, in consideration of the mutual promises of the parties and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment and Assumption**

- (a) Assignor hereby confirms its agreement to transfer all of its right, title and interest in the Property to Assignee and hereby sells, transfers, assigns, grants, and conveys to Assignee all of its right, title, and beneficial interest existing as of this date in and under the State Loan Documents, as now existing or as they may be amended.
- (b) Assignee hereby expressly assumes and agrees to perform, observe and confirm all the covenants, agreements, terms and conditions, obligations, duties and liabilities of Assignor under the State Loan Documents, as existing or as they may be amended, and any document or instrument executed and delivered or furnished by Assignor in connection therewith, and agrees that the Property and all leases of the Property are subject to the liens, security interests and assignments in favor of the Lender as stated in the State Loan Documents.
- (c) Any references in the State Loan Documents to Borrower, Grantor or Owner shall, with respect to all dates from and after the effective date of this Assumption Agreement, shall now include Salem Village One LLC, a Washington limited liability company, and its successors and assigns to the extent provided in the State Loan Documents, and the address for notices to Borrower or Owner under

each and all State Loan Documents shall be 3100 N. 30th Street, #2, Mount Vernon, WA 98273, until changed by written notice to the Lender under the State Loan Documents.

- (d) Lender hereby releases and forever discharges Assignor from all liabilities and obligations concerning said State Loan Documents arising subsequent to the date of this Assumption Agreement and agrees to look solely to Assignee for all such payments and liabilities under the State Loan Documents; *provided, however*, that Salem Village is not released from such obligations on account of such consent.

2. **Representations and Warranties of Assignee.** In order to induce Lender to continue the State Loan Agreement and to consent to the assignment and assumption provided for herein, Assignee hereby represents and warrants to Lender that:

- (a) Assignee is duly formed as a Washington limited liability company and has the full right, power and authority to conduct all of the activities which are now conducted by it or proposed to be conducted by it in connection with the State Loan Documents, to execute, deliver and perform this Assumption Agreement, and to assume the obligations of Assignor and to fulfill its duties under the State Loan Documents; *provided, however*, that Salem Village is not released from such obligations on account of such consent.
- (b) There is no action, suit or proceeding or any investigation pending or, to the best of Assignee's knowledge, threatened against or affecting Assignee at law or in equity in any court or by any federal, state, municipal or other governmental authority, department, commission, board, agency or other governmental instrumentality that is likely to have an adverse effect on Assignee's ability to assume the obligations and to fulfill the duties of Assignor under the terms of the State Loan Documents.
- (c) Assignee is not in default or alleged to be in default with respect to any judgment, order, writ, injunction or decree or in breach or alleged to be in breach or default under any material lease, contract, agreement, commitment, instrument or obligation to which it is a party or by which it or its property is bound; and to the best of Assignee's knowledge, there is no statement of facts which is likely to create or cause a default or breach under any such material lease, contract, agreement, commitment, instrument or obligation.
- (d) To the best of Assignee's knowledge and belief, Assignee has complied in all material respects with all federal, state and local laws, regulations and orders applicable to the ownership of its properties and the conduct of its operations.
- (e) Assignee has taken all corporate and other action, necessary to authorize the execution and delivery of this Assumption Agreement.

- (f) The representations and warranties of the Borrower in the State Loan Documents, as applied to Assignee, are true and correct in all material respects as of the date hereof.
- (g) Assignee has conducted its own inspections of the Property and is fully familiar with the condition thereof. Assignee is not relying on any representations or statements by or on behalf of Lender, express or implied, nor upon any duty of Lender to disclose information concerning the Property (whether or not known to Lender), in acquiring the Property and entering into this Assumption Agreement.
3. **Representations and Warranties of Assignor.** In order to induce Lender to allow the assignment and assumption contemplated herein, Assignor represents and warrants to Lender that:
- (a) The representations and warranties of Assignor in the State Loan Agreement, State Note, State Deed of Trust, and the State Covenant are true and correct in all material respects as of the date hereof.
- (b) To the best of Assignor's knowledge, no Event of Default under the State Loan Documents, or event that with notice or the passage of time would constitute such an Event of Default, has occurred and is continuing.
- (c) Assignor is the sole owner of indefeasible fee simple title to the Property, subject to no liens or encumbrances except those permitted by the State Loan Documents, and the transfer of the Property to the Assignee has received all consents and approvals required by the terms of the limited partnership agreement of Assignor, of any encumbrance on the Property and of any obligation secured by an encumbrance on the Property.
4. **Consents.** The Lender hereby consents to the transfer of the Property from Assignor to Assignee and the assumption by Assignee of the obligations of Assignor under the State Loan Documents; *provided, however*, that Salem Village is not released from such obligations on account of such consent.
5. **Further Documents and Assurances.** At any time and from time to time, upon Lender's request, Assignee will promptly and duly execute and deliver any and all further instruments and documents and take such further action as Lender may deem reasonable and appropriate to effect the purposes of this Assumption Agreement, including (without limitation) the execution of the State Note or an amended and restated promissory note(s) in form satisfactory to Lender. The Assignee hereby authorizes and agrees to the filing (at Assignee's expense) of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction, as deemed appropriate by Lender, in order to place on the public records notice of the effect of this Assumption Agreement.

6. **Acknowledgments, Agreements, and Waivers.** Assignor and Assignee acknowledge that the full principal amount of the State Note has been disbursed by Lender, and that the unpaid principal balance and interest accrued under the terms of the State Note are validly outstanding and owing on the State Note, subject to no defenses, offsets, or counterclaims through the date of this Assumption Agreement, and Assignee hereby waives any such defenses, offsets or counterclaims. Assignor and Assignee further acknowledge that the Lender has complied fully with all of its obligations to date under the State Loan Documents and that except as stated herein, the State Loan Documents have not been modified or amended
7. **Further Transfers.** Nothing herein shall be construed as consent to any further transfer of any interest in the Property.
8. **Successors and Assigns.** This Assumption Agreement shall be binding upon Assignor, Assignee and Assignee's successors and assigns and shall inure to the benefit of the Lender and its successors and assigns; *provided, however,* that Assignee shall not have the right to assign any of its obligations or rights hereunder without the prior written consent of the Lender.
9. **Effective Date.** The effective date of this Assumption Agreement shall be the date the parties sign and complete the execution of this document and it is filed of record with the Skagit County office of records and elections.
10. **Counterparts.** This Assumption Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and whether or not all parties execute each counterpart.

[SIGNATURE PAGE(S) FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be executed as of the day and year written above and warrant by signing below that they have the authority to enter into this Assumption Agreement.

ASSIGNOR:

SALEM VILLAGE LIMITED PARTNERSHIP,
a Washington limited partnership

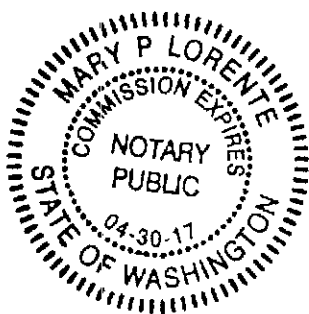
By: Salem Village, a Washington nonprofit corporation
Its: General Partner

By: Gene Van Selus
Gene Van Selus, Executive Director

STATE OF WASHINGTON)
COUNTY OF Skagit)

On this 14th day of January, 2016, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Gene Van Selus, to me personally known (or proved on the basis of satisfactory evidence) to be the Executive Director of Salem Village, a Washington nonprofit corporation, and general partner of Salem Village Limited Partnership, and acknowledged said instrument to be the free and voluntary act and deed of said corporation on behalf of said partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

Mary P. Lorente
NOTARY PUBLIC in and for the state of Washington
My Commission expires: 4/30/2017



IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be executed as of the day and year written above and warrant by signing below that they have the authority to enter into this Assumption Agreement.

ASSIGNEE:

SALEM VILLAGE ONE LLC,
a Washington limited liability company

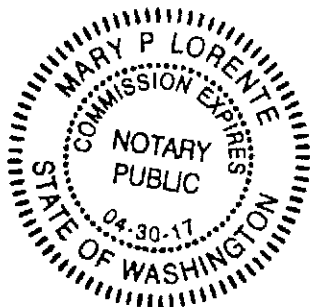
By: Salem Village, a Washington nonprofit corporation
Its: Sole Member

By: Gene Van Selus
Gene Van Selus, Executive Director

STATE OF WASHINGTON)
COUNTY OF Skagit)

On this 14th day of January, 2016, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Gene Van Selus, to me personally known (or proved on the basis of satisfactory evidence) to be the Executive Director of Salem Village, a Washington nonprofit corporation, and sole member of Salem Village One LLC, and acknowledged said instrument to be the free and voluntary act and deed of said corporation on behalf of said partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

Mary P. Lorente
NOTARY PUBLIC in and for the state of Washington
My Commission expires: 4/30/2017



IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be executed as of the day and year written above and warrant by signing below that they have the authority to enter into this Assumption Agreement.

LENDER:

STATE OF WASHINGTON, DEPARTMENT OF COMMERCE,

a department of the state of Washington

By: _____

[Signature]
Diane Klontz
Assistant Director,
Community Services and Housing Division

STATE OF WASHINGTON)

COUNTY OF THURSTON)

On this 25 day of January, 2016, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared **Diane Klontz**, to me personally known (or proved on the basis of satisfactory evidence) to be the **Assistant Director, Community Services and Housing Division** of the **STATE OF WASHINGTON, DEPARTMENT OF COMMERCE**, a department of the state of Washington, and acknowledged said instrument to be the free and voluntary act and deed of said entity on behalf of said entity for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.



[Signature]
NOTARY PUBLIC in and for the state of Washington

My Commission expires: July 12, 2017

KARMA SHANNON LAWSON

[Signature]
Oy WA

EXHIBIT A

LEGAL DESCRIPTION

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Lot 2 of Short Plat No. MV-8-94, as approved July 1, 1997 and recorded July 1, 1997, in Book 13 of Short Plats, pages 17 and 18, records of Skagit County Washington, being in a portion of Government Lot 7, Section 8, Township 34 North, Range 4 East, W.M., TOGETHER WITH that portion of Lot 3 of said Short Plat, described as follows:

Beginning at the Northwest corner of said Lot 2; thence South 0 degrees 11' 21" West, along the West line of said Lot 2, also being the East line of said Lot 3, a distance of 229.71 feet to the Southwest corner of said Lot 2; thence North 87 degrees 57' 29" West, along the North line of a 60.00-foot wide utility and access easement as shown on said Short Plat, 53.64 feet; thence North 0 degrees 11' 21" East, 64.17 feet to the beginning of a curve to the right, having a radius of 88.00 feet; thence Northeasterly along the arc of said curve to the right, through a central angle of 21 degrees 40' 05", an arc distance of 33.28 feet; thence North 21 degrees 51' 26" East, 117.03 feet to the beginning of a curve to the left, having a radius of 50.00 feet; thence Northerly along the arc of said curve to the left, through a central angle of 21 degrees 40' 05", an arc distance of 18.91 feet; thence North 0 degrees 11' 21" East, 4.11 feet to a point which lies North 87 degrees 57' 29" West from said Northwest corner of Lot 2; thence South 87 degrees 57' 29" East, 0.64 feet to the POINT OF BEGINNING.

4812-7822-5961, v. 5