

AFTER RECORDING MAIL TO:

Name Condie & Adams, PLLC
Address 611 4th Avenue, Suite A
City/State Kirkland, WA 98034

Document Title(s):

1. Third Amendment to Ground Lease

943325

Reference Number(s) of Documents Assigned or released:

9302050096

Grantor(s):

1. Public Hospital District 304, Skagit County, Washington, a municipal corporation
2.

[] Additional information on page of document

Guarda 1ST AM 10/108
19-14386**Grantee(s):**

1. Country Class Assets, L.L.C., a Washington limited liability company
2.

[] Additional information on page of document

Abbreviated Legal Description:

Ptn NW 1/4, SW 1/4, NE 1/4 27-35-04

Tax Parcel Number(s):

P37836 350427-1-014-0000

[7] Complete legal description is on page of document

I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

THIRD AMENDMENT TO GROUND LEASE

THIS THIRD AMENDMENT TO GROUND LEASE (this "Amendment") is made and entered into this 26th day of March, 2019 (the "Effective Date"), by and between PUBLIC HOSPITAL DISTRICT 304, Skagit County, Washington, a municipal corporation ("Lessor") and COUNTRY CLASS ASSETS, L.L.C., a Washington limited liability company ("Lessee").

RECITALS

- A. Lessor and Lessee's predecessor-in-interest entered into a certain Ground Lease dated November 15, 1991, as amended by a Modification to Ground Lease dated July 1, 2007, by and between Lessor and Lessee, and further amended by that Second Amendment to Ground Lease dated October 8, 2010 (collectively, the "Ground Lease"), granting Lessee a leasehold interest in property commonly known as Country Meadow Village, located at 1501 Collins Road Sedro-Woolley, Skagit County, Washington, referred to in the Ground Lease as the "Land".
- B. Recital B of the Ground Lease indicates that the building ("Building") to be constructed by Lessee upon the Land was to contain up to eighty-two (82) living units for the residents; however, the Building as constructed actually provides eighty-seven (87) living units.
- C. Section 20.13 of the Ground Lease requires all modifications to the provisions of the Ground Lease be in writing and signed by the parties.
- D. Therefore, Lessor and Lessee desire to amend the Ground Lease as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Recitals; Conflict.** The foregoing recitals are incorporated herein by reference. In the event that the terms of this Amendment conflict with the terms of the Ground Lease, the terms of this Amendment shall control.

2. Condemnation/Insurance Proceeds. Notwithstanding anything to the contrary in the Ground Lease, the rights and obligations set forth in Section 4 of the Second Amendment to Ground Lease dated October 8, 2010 ("Second Amendment") shall apply to any first priority mortgage lien incurred by the Lessee and are not limited to the Lancaster Pollard loan addressed in the Second Amendment. In furtherance of the foregoing, Lessor hereby amends the definition of "Lender," as defined in the Second Amendment, to include any first position leasehold mortgagee.
3. Right of First Refusal to Purchase. Lessor shall notify Lender, or its successor in interest as leasehold mortgagee, of Lessee's failure to exercise any renewal option, as set forth in Section 3.2, or failure to exercise the right of first refusal to purchase, as set forth in Section 17. Further, notwithstanding the expiration of any such renewal or purchase rights, Lender shall have 30 days to exercise such rights of renewal or purchase following receipt of notice from Lessor.
4. Leased Land. The definition of "Land" shall be revised to be the land legally described in Exhibit 1 attached hereto. For further clarification, the diagram attached hereto as Exhibit 2 graphically depicts the legal description in Exhibit 1.
5. Number of Living Units. Lessor and Lessee agree that the number of resident living units in the Building shall be eighty-seven (87).
6. Sublease. Notwithstanding anything to the contrary in the Ground Lease, Lessor hereby agrees that in addition to its sublease of the building, constructed on the Land by Lessee, to Country Meadow Village, Inc., a Washington corporation ("Sublessee"), or a successor entity using the building and Land for purposes the same as or similar to the current use by Sublessee, as acknowledged in Recital C of the Ground Lease, Lessee and Sublessee also have the express authority to enter into sublease agreements with individuals providing services to Sublessee and its tenants; provided, however, this authorization shall not include the further sublease by Sublessee of space in the building to individuals or entities performing activities or services in direct competition with Lessor's currently provided services.
7. Severability. Each provision of this Amendment is hereby declared to be independent of and severable from the remainder of the Amendment. If any provision contained herein shall be held to be invalid or to be unenforceable, such holding shall not affect the validity or enforceability of the remainder of this Amendment.
8. Headings. Paragraph headings used in this Amendment are for convenience only, and shall not affect the construction of this Amendment.
9. Remainder of Lease Unchanged. Except as otherwise expressly set forth in this Amendment, the Ground Lease shall remain unchanged and in full force and effect in accordance with its terms.

[signatures to appear on following page]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Third Amendment to Ground Lease and have delivered the same as of the Effective Date.

LESSOR:

PUBLIC HOSPITAL DISTRICT 304,
a State of Washington municipal corporation

Ted Brockmann
Name: Ted Brockmann
Title: Superintendent/CFO

STATE OF WASHINGTON

COUNTY OF SKAGIT

On this 26TH day of MARCH, 2019, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared TED BROCKMANN, to me known to be the SUPERINTENDENT, of PUBLIC HOSPITAL DISTRICT 304, a State of Washington municipal corporation, the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that PUBLIC HOSPITAL DISTRICT 304 authorized him/her to execute the said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

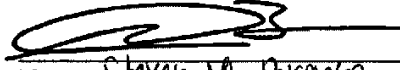
Witness my hand and seal the day and year first above written.

Jk
Notary Public residing at MOUNT VERNON
Printed Name: MARY VOSS
My Commission Expires: 12/22/2020



LESSEE:

COUNTRY CLASS ASSETS, L.L.C.,
a Washington limited liability company

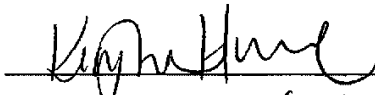

Name: Steven M. Brown
Title: Secretary

STATE OF WASHINGTON

COUNTY OF King

On this 27th day of March, 2019, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared STEVEN M. BROWN, to me known to be a Manager, of COUNTRY CLASS ASSETS, L.L.C., a Washington limited liability company, the limited liability company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that COUNTRY CLASS ASSETS, L.L.C., authorized him to execute the said instrument.

Witness my hand and seal the day and year first above written.


Notary Public residing at Graham, WA
Printed Name: Keasha Herron
My Commission Expires: 9-26-2020

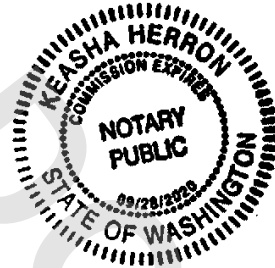


EXHIBIT 1
Legal Description of the Land

TPN P129672

NCS JOB# 19-0014

LEASE AREA

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 04 EAST, OF THE W.M., SKAGIT COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF ABOVE DESCRIBED SUBDIVISION; THENCE S 88°21'23"E ALONG THE NORTH LINE OF SAID SUBDIVISION, 30.00 FEET TO THE EASTERLY RIGHT-OF-WAY OF COLLINS ROAD AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE S 88°21'23"E, 420.00 FEET; THENCE S 00°52'34"W, 393.70 FEET; THENCE N 88°42'00"W, 419.97 FEET TO THE EASTERLY RIGHT-OF-WAY OF COLLINS ROAD; THENCE N 00°52'34"E ALONG SAID RIGHT-OF-WAY, 396.21 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 165,866 SQUARE FEET MORE OR LESS

ATTACHED HERE TO EASEMENT EXHIBIT B.



EXHIBIT 2

Diagram of the Land

