



201912230108

12/23/2019 02:05 PM Pages: 1 of 7 Fees: \$109.50  
Skagit County Auditor

**When Recorded Return To:**

Carrie A. Soli  
OGDEN MURPHY WALLACE, P.L.L.C.  
901 Fifth Avenue, Suite 3500  
Seattle, WA 98164

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

DEC 23 2019

Amount Paid \$   
Skagit Co. Treasurer  
By HB Deputy

ASSIGNMENT OF LEASEHOLD INTEREST IN GROUND LEASE

Reference Number(s)  
of Related Documents:

200603140128

CHICAGO TITLE  
620040416

Grantor:

CHALLENGE DEVELOPMENTS II, L.L.C., a Washington limited liability company

Grantee:

SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 2, a Washington municipal corporation

Legal Description (abbreviated): Ptn. E1/2 SE ¼ Sec. 24-35N-01E

Additional Legal on Exhibit A, page 6

Assessor's Tax  
Account Number:

P31917/350124-0-139-0103

Consideration:

For good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged

**ASSIGNMENT OF LEASEHOLD INTEREST IN GROUND LEASE**

**THIS ASSIGNMENT OF LEASEHOLD INTEREST IN GROUND LEASE** ("Assignment") is entered into as of the 19 day of DEC, 2019 (the "Effective Date"), by and between Challenge Developments II, L.L.C., a Washington limited liability company ("Assignor"), and Skagit County Public Hospital District No. 2, a Washington municipal corporation doing business as Island Hospital ("Assignee"), in its capacity as assignee hereunder and as landlord under the Ground Lease (hereafter defined).

WHEREAS, Assignor and Assignee have entered into that certain Real Property Purchase and Sale Agreement, pursuant to which, in connection with Assignor's sale of Unit 101 of Island Medical Center Condominium to Assignee, Assignor has agreed to assign to Assignee, and Assignee has agreed to assume, all of Assignor's rights, titles and interests as a tenant under that certain Amended and Restated Ground Lease, recorded under Skagit County Auditor's File No. 200603140128 (the "Ground Lease").

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

1. As of the Effective Date of this Assignment, Assignor hereby assigns to Assignee, all of Assignor's rights, titles, interests and obligations in and to the Ground Lease.
2. As of the Effective Date of this Assignment, Assignee hereby assumes all of Assignor's rights, titles, interests and obligations in and to the Ground Lease.
3. As of the Effective Date of this Assignment, Skagit County Public Hospital District No. 2, as landlord, (a) approves of the assignment and assumption hereunder; and (b) releases, waives and forever discharges Assignor from all claims, whether known or unknown, or further obligations arising out of the Ground Lease.
4. As of the Effective Date of this Assignment, Assignor hereby releases, waives and forever discharges Skagit County Public Hospital District No. 2, as landlord, from all claims, whether known or unknown, or further obligations arising out of the Ground Lease.
5. This Assignment 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 Assignment as of the Effective Date set forth above.

**ASSIGNOR:**  
CHALLENGE DEVELOPMENTS II, L.L.C.

  
\_\_\_\_\_  
By: Gerald L. Zavalney  
Its: Managing Member

  
\_\_\_\_\_  
By: Michael E. Ruthford  
Its: Managing Member

**ASSIGNEE:**  
SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 2, in its capacity as Assignee and as landlord under the Ground Lease

\_\_\_\_\_  
By: Charles T. Hall  
Its: Superintendent and CEO

IN WITNESS WHEREOF, the parties have executed this Assignment as of the Effective Date set forth above.

**ASSIGNOR:**  
CHALLENGE DEVELOPMENTS II, L.L.C.

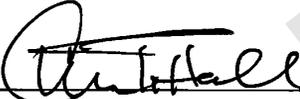
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By: Jerald L. Zavalney  
Its: Managing Member

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By: Michael E. Ruthford  
Its: Managing Member

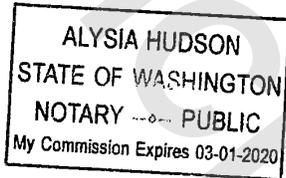
**ASSIGNEE:**  
SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 2, in its capacity as Assignee and as landlord under the Ground Lease

  
By: Charles T. Hall  
Its: Superintendent and CEO

STATE OF WASHINGTON )  
 : ss  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Jerald L. Zavalney is the person who appeared before me and said person acknowledged that he is authorized to execute the instrument and acknowledged it as Managing Member of Challenge Developments II, L.L.C. to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this 19 day of December 2019.

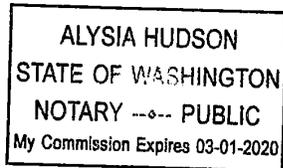


Alysia Hudson  
(Signature of Notary)  
Alysia Hudson  
(Print or stamp name of Notary)  
NOTARY PUBLIC in and for the State of Washington,  
residing at Arington  
My Appointment Expires: 03.01.2020

STATE OF WASHINGTON )  
 : ss  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that Michael E. Ruthford is the person who appeared before me and said person acknowledged that he is authorized to execute the instrument and acknowledged it as Managing Member of Challenge Developments II, L.L.C. to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this 19 day of December, 2019.



Alysia Hudson  
(Signature of Notary)  
Alysia Hudson  
(Print or stamp name of Notary)  
NOTARY PUBLIC in and for the State of Washington,  
residing at Arington  
My Appointment Expires: 03.01.2020

STATE OF WASHINGTON     )  
  : ss  
COUNTY OF SKAGIT        )

I certify that I know or have satisfactory evidence that Charles T. Hall is the person who appeared before me and said person acknowledged that he is authorized to execute the instrument and acknowledged it as Superintendent and CEO of Skagit County Public Hospital District No. 2, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this 20 day of December, 2019.



*[Handwritten Signature]*

(Signature of Notary)

Elizabeth Martin

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,  
residing at Skagit County

My Appointment Expires: 3-29-20

**EXHIBIT A  
LEGAL DESCRIPTION**

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  $0^{\circ}59'30''$  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  $89^{\circ}58'48''$  West, along the South line of 24th Street, 396.27 feet to the true point of beginning;  
thence South  $0^{\circ}01'35''$  East, 264.46 feet;  
thence South  $89^{\circ}58'25''$  West, 358.50 feet to the East line of "M" Avenue;  
thence North  $0^{\circ}01'35''$  West, along the East line of "M" Avenue, 264.50 feet to the South line of 24th Street;  
thence North  $89^{\circ}58'48''$  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 Amended and Restated Ground Lease, recorded under Auditor's File No. 200603140128.

Situate in Skagit County, Washington.