

# Bagby Law Firm LLC

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10260 SW Greenburg Rd. Suite 400 Portland, OR 97223 | 503.621.2774 | angie@bagbylegal.com

February 10, 2016

*L.C.*

Kevin Tredway  
Antoni Albus, LLP  
11836 W. Pico Boulevard  
Los Angeles, California 90064

RE: LOAN IN THE AMOUNT OF \$794,136.00 ("LOAN") FROM MUTUAL OF OMAHA BANK ("LENDER") TO AMHURST COMMONS CONDOMINIUM ASSOCIATION, A WASHINGTON NONPROFIT CORPORATION ("BORROWER")

Dear Mr. Tredway:

We have acted as counsel for Borrower in connection with the Loan. In the course of our representation and for purposes of this opinion, we examined copies of the following documents to be executed by the Borrower at the closing of the Loan (collectively, "Loan Documents"):

1. Secured Promissory Note from Borrower to Lender in the original principal amount of the Loan ("Note");
2. Loan and Security Agreement;
3. Assignment of Assessments and Lien Rights ("Assignment");
4. Corporate Resolutions for Association Loan ("Resolution");
5. Borrower's Affidavit ("Affidavit");
6. Closing Statement; and
7. UCC-1 Financing Statement.

Furthermore, we examined Borrower's Governing Documents, which are comprised of the following:

1. Declaration of Covenants, Conditions, Restrictions, and Reservations for Amhurst Commons Condominium recorded on December 5, 2003, in Clark County, Washington No. 3763225;

2. Amendment to Condominium Declaration recorded on December 18, 2003, in Clark County, Washington No. 3768268;
3. Second Amendment to Condominium Declaration recorded on March 4, 2004, in Clark County, Washington No. 3796309;
4. Third Amendment to Condominium Declaration recorded on May 20, 2004, in Clark County, Washington No. 3830649;
5. Fourth Amendment to Condominium Declaration recorded on June 17, 2004, in Clark County, Washington No. 3842756;
6. Restated Third Amendment to Condominium Declaration recorded on June 17, 2004, in Clark County, Washington No. 3842761;
7. Fifth Amendment to Condominium Declaration recorded on August 23, 2004, in Clark County, Washington No. 3872095;
8. Sixth Amendment to Condominium Declaration recorded on October 22, 2004, in Clark County, Washington No. 3897741;
9. Seventh Amendment to Condominium Declaration recorded on December 3, 2004, in Clark County, Washington No. 3915685;
10. Eighth Amendment to Condominium Declaration recorded on January 3, 2005, in Clark County, Washington No. 3928224;
11. Ninth Amendment to Condominium Declaration recorded on January 25, 2005, in Clark County, Washington No. 3937514;
12. Tenth Amendment to Condominium Declaration recorded on February 14, 2005, in Clark County, Washington No. 3945261;
13. Eleventh Amendment to Condominium Declaration recorded on April 1, 2005, in Clark County, Washington No. 3967359;
14. Bylaws of Amhurst Commons Condominium Association (undated, unrecorded);  
and
15. Articles of Incorporation filed November 10, 2003.

The documents referenced above are referred to collectively herein as "Governing Documents." We also examined such other affidavits, certificates and instruments as we determined to be necessary for the purpose of giving this opinion.

## ASSUMPTIONS

This opinion assumes:

- A. That Lender has all necessary legal authority to enter into and to consummate the Loan transaction; and,
- B. That the proceeds of the Loan are in fact used for the intended purpose of repairing the Condominium's common elements.

## OPINIONS

Based upon our review of the Loan Documents, the Governing Documents, such other instruments, and applicable law, we are of the opinion that:

A. Borrower is duly organized and incorporated, validly existing and in good standing under the laws of the State of Washington and has the power and authority to carry on its business as such business is now being conducted in every jurisdiction where it is being conducted, and Borrower has the power and authority to execute and deliver the Loan Documents.

B. Borrower's execution and performance of the Loan Documents: (i) have been duly authorized by all requisite corporate action, and do not require the consent or approval of any other person or entity to be effective; (ii) will not violate any provision of federal or state law, or the corporate charter of Borrower, or its Bylaws, each as amended to the date hereof; and (iii) will not violate or be in conflict with, result in a breach of, or constitute a default under any indenture, agreement or other instrument known to the undersigned to which Borrower is a party or by which Borrower or its properties are bound, or any order, writ, injunction or decree of any court of governmental institution.

C. The Loan Documents, when executed and delivered by Borrower, will constitute legal, valid and binding obligations of Borrower under the laws of the State of Washington, enforceable by Lender in accordance with their respective terms, subject to general equitable principles and any applicable bankruptcy, reorganization, insolvency or other laws affecting the enforcement of creditors' rights generally. Specifically, Borrower has the power to assign its lien rights to Lender, as provided for in the Assignment, and in the event of a default by the Borrower under any of the Loan Documents, Lender could successfully petition a court having jurisdiction to appoint a receiver, who could then impose assessments and lien individual units or lots owned by Borrower's members, and foreclose such liens if necessary to pay amounts due under the Note.

D. To the best of our knowledge, Borrower is not a party to any agreement, contract, indenture, document or instrument, nor is there any law or regulation or decree of any court, governmental authority, bureau or agency, which would be contravened by Borrower's execution and delivery of the Loan Documents or by the performance of any term, provision, covenant, condition, agreement or obligation of the Borrower contained therein.

E. There is no threatened or pending litigation or administrative or governmental

action of any nature which would: (i) prohibit Borrower from entering into the Loan and executing the Loan Documents; (ii) affect the validity or enforceability of the Loan Documents; or (iii) adversely affect Lender's rights or remedies under the Loan Documents. In 2014, the Association had a payment dispute with a contractor (Willco). Willco recorded a lien against the units on September 2, 2014. Pursuant to RCW 60.04.141, the lien could only bind the property for eight calendar months. Willco allowed the lien to expire without filing a lawsuit, and has not made any further demands to the Association since that time.

F. While the Loan Documents require that Borrower establish a line item annually in its operating budget to provide for payment of the Loan, we have not yet reviewed the minutes of any meeting at which such action has occurred. To the extent this action may occur in the future, we opine that Borrower has the power to accomplish such act.

G. On December 29, 2015, in compliance with applicable law and the Governing Documents, Borrower's Board of Directors passed a \$153 per unit per month serial assessment supporting the Loan.

H. This opinion is given for the benefit of, and may be relied upon by, Mutual of Omaha Bank.

#### **DISCLAIMER**

The opinions herein expressed are specifically subject to and qualified by the following:

- A. This opinion is limited to the laws of Washington and to applicable federal laws.
- B. This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. This opinion is limited to the matters expressly stated herein, and no other opinions may be implied or inferred.
- C. We express no opinion as to any matter whatsoever relating to:
  - (1) the value of the collateral;
  - (2) the adequacy of the consideration for the Loan;
  - (3) the accuracy or completeness of any financial, accounting or statistical information furnished to Lender;
  - (4) the accuracy or completeness of any representations made by the Association to Lender;
  - (5) the financial status of the Association or any unit owners;

- (6) the ability of the Association to meet its obligations in connection with the Loan or the ability of any unit owner to pay assessments levied by the Association;
- (7) the state of the title to any personal property or the attachment, perfection, or priority of any liens thereon or security interests therein;
- (8) the adequacy or accuracy of descriptions of personal property;
- (9) whether Lender is doing business in the State of Washington; or
- (10) matters under or involving the laws of any jurisdiction other than the laws of the State of Washington.

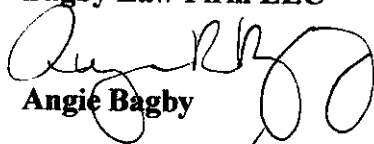
#### MISCELLANEOUS

This opinion is rendered as of the date set forth above, and we disclaim any obligation to advise you of any changes in the circumstances, laws, or events that may occur after this date or to otherwise update this opinion. By issuing this opinion to Lender, this law firm does not consent to the jurisdiction of any state other than the State of Washington, and any claim or cause of action arising out of the opinions expressed herein must be brought in the State of Washington.

This opinion has been rendered to you in connection with the transaction described herein solely for your information and is not to be quoted in whole or in part or otherwise referred to, used, or relied upon, by any person or entity other than you, your legal counsel, and your successors and assigns, including subsequent holders of the Note and any participants in the Loan.

Sincerely,

**Bagby Law Firm LLC**

  
**Angie Bagby**

cc: Client



# **LOAN AND SECURITY AGREEMENT**

## LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement (“Agreement”) is made and entered into by and between MUTUAL OF OMAHA BANK, a federal thrift chartered bank organized under the laws of the United States (“Lender”), and AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation (“Borrower”). Lender and Borrower are collectively referred to as the “Parties.”

### RECITALS

A. Borrower is the governing entity for the common interest development known as Amhurst Commons, located in Vancouver, Washington (“Project”). The Project is subject to a set of “Governing Documents,” which are fully described in Borrower counsel’s attorney opinion letter as provided to Lender.

B. Borrower has requested that Lender loan to Borrower an amount up to \$794,136.00, for the purpose of building envelope repairs, reconstruction of deck railing and guard wall assemblies, reimbursement of completed work, contingency, soft costs, closing costs and other related costs, within the Project. Loan funds may only be used for this purpose.

C. Lender desires to make the loan to Borrower, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower and Lender agree as follows:

1. Loan. Upon the terms, provisions, covenants and conditions set forth in this Agreement, Lender shall loan to Borrower an amount of \$794,136.00, for the purpose stated in Recital “B” above. The Loan funds will be available until February 20, 2017 (“Draw Period”), for disbursement to Borrower in one or more “Advance(s)” pursuant to the terms of Section 6 below. During the Draw Period, Borrower will make monthly interest-only payments to Lender, as set forth in the Secured Promissory Note of even date herewith (“Note”). After the Draw Period ends: (a) Loan funds will no longer be available for disbursement; and (b) Borrower will make monthly principal and interest payments as set forth in the Note.

2. Obligation to Pay. The Loan shall be evidenced by a Secured Promissory Note (“Note”) to be executed by Borrower in favor of Lender concurrently with the execution of this Agreement. Borrower shall pay Lender all debts and all costs, fees, charges and expenses for which this Agreement shall stand as security in accordance with the terms of the Note.

3. Security for Loan. For the purpose of securing payment of Borrower’s indebtedness to Lender described in this Agreement, Borrower grants to Lender a security interest (“Security Interest”) in all of Borrower’s right, title and interest in and to the following collateral (collectively, the “Collateral”):

All money, accounts and deposit accounts of Borrower, all rights of Borrower to levy and collect all assessments, including but not limited to assessments levied by Borrower against each of the units/lots in the Project for payment of the Loan by Borrower; all rights of Borrower to receive payments from owners, present or future, of units/lots within the Project; all rights of Borrower to enforce the payment of assessments by lien with power of sale and in any other manner authorized by Borrower's Governing Documents and by applicable law; all rents, tax refunds, insurance proceeds, condemnation awards, and/or litigation claims, settlements or judgments due to, asserted on behalf of, or hereinafter awarded to Borrower; and all proceeds of the foregoing in whatever form.

The Collateral is hereby pledged, assigned and transferred, and a continuing security interest therein and in Borrower's lien rights against the units/lots in the Project is hereby granted and pledged to Lender as security for the timely and complete payment of all sums due or to become due under the Note or by virtue of or in connection with any default under the "Loan Documents" (defined below).

4. Loan Documents. Lender's Security Interest in the Collateral shall be evidenced by Borrower executing this Agreement, an Assignment of Assessments and Lien Rights, and concurring in a UCC-1 Financing Statement to be recorded on or about the same date of this Agreement. These documents, together with the Note, Corporate Resolutions for Association Loan, Closing Statement, Borrower's Affidavit, and any and all other documents that Lender may require to consummate the Loan, are collectively referred to as the "Loan Documents." Each of the Loan Documents shall be in form and have content satisfactory to Lender and Lender's counsel, and shall not be subject to any liens or exceptions, other than exceptions approved and accepted by Lender in writing. The Loan Documents shall also include all other documents which may now or hereafter secure the indebtedness, together with all amendments, supplements, extensions and renewals of the foregoing.

5. Additional Obligations. The Security Interest granted in this Agreement shall also secure the timely and complete payment of any and all other monies heretofore, now or hereafter loaned or advanced by Lender to Borrower and of all obligations heretofore, now or hereafter due or owing to Lender from Borrower arising out of the Loan or the terms or conditions of any of the Loan Documents ("Additional Obligations"). The Security Interest and this Agreement shall be a continuing security for all Additional Obligations and any extension or renewal thereof, and for all costs, fees, charges, and expenses which may be due or owing in connection therewith, until each and all of the same have been fully paid, satisfied and discharged. Any default in the timely and complete payment, satisfaction and discharge, as and when due, of any Additional Obligations or of any of the aforesaid costs, fees, charges or expenses, shall be deemed an "Event of Default" under this Agreement. Upon the occurrence of an Event of Default, Lender shall have and may exercise all of the rights and remedies contained within this Agreement in the same manner, and with the same force and effect, as though any other Event of Default specified in this Agreement had occurred. No Collateral shall be released to Borrower unless and until all Additional Obligations, and all of the related costs, fees, charges and expenses, have been fully paid, satisfied and discharged.



6. Procedure for Loan Advances. To obtain an Advance of the Loan hereunder, Borrower shall comply with the following procedure:

(a) Borrower shall submit to Lender a written "Draw Request" for each Advance, which Draw Request shall bear the signature of: (i) one designated individual who is either a member of Borrower's Board or duly authorized by Borrower to request Advances; and (ii) either a project manager or consultant, each as may be specified in writing from time to time. The Draw Request shall identify in reasonable detail the products and/or services to be purchased with such Advance and shall be accompanied by original invoices or paid receipts of the party claiming payment due. Upon Lender's approval of the form and content of a Draw Request, Lender will disburse the amount requested to Borrower. Borrower shall provide evidence of: (i) signed construction contracts; or (ii) bids in writing, signed and acceptable to Lender prior to Lender's approval of a Draw Request. If Lender determines that the Advance requested or any part thereof is not to be made, Lender will inform Borrower of the reason(s) for not making the Advance. Each Advance shall be made by credit transfer to Borrower. Advances are limited to twice a month. Borrower shall also provide proof of any prepaid serial assessments applied to the project prior to Lender making an Advance, which may be evidenced by paid invoices or pay records on a draw form applied to the project.

(b) Each Draw Request submitted shall constitute a representation by Borrower to Lender that: (i) the products and/or services for which payment is requested were ordered and received by Borrower; (ii) the products and/or services have the value stated in the Draw Request; (iii) each of the representations and warranties set forth in Paragraph 8 below continue to be true, complete and correct in all material respects; and (iv) no event has occurred nor does any condition exist which, with the giving of notice where applicable or the expiration of applicable cure period, would constitute an Event of Default hereunder or under any of the other Loan Documents.

(c) Lender, at Lender's sole option, may require third party inspection reports at Borrower's reasonable expense at the time of the final Draw Request by Borrower, confirming to Lender's satisfaction that the subject project has been completed.

(d) A final, unconditional lien waiver will be required at completion of the Project.

7. [Intentionally Blank.]

8. Borrower's Representations and Warranties. To induce Lender to make the Loan and knowing that Lender shall rely upon the following, Borrower represents and warrants that:

(a) Authority. Borrower has full legal power and authority to enter into this Agreement and to carry out its obligations created hereunder to the full extent stated herein.

(b) No Adverse Claims. Upon closing of the Loan, the Collateral shall not be subject to any adverse claim, lien, default, defense, condition precedent, security interest,

encumbrance or any other legal right, title or interest of any other entity and/or individual, other than the Security Interest granted to Lender herein.

(c) Further Assurances. Borrower shall concur in the filing of a UCC-1 Financing Statement which, upon closing of the Loan and when filed by Lender, shall constitute a valid first lien against the Collateral. Upon Lender's request at any time, Borrower shall make, execute and deliver all such additional assurances and instruments and perform such additional acts as Lender may require to fully and completely vest in and assure Lender of its rights hereunder in and to the Collateral. At the time the Loan is closed, the common areas of the Project are not subject to any mortgage or other lien other than mortgages or liens granted by Borrower's members to their lenders in respects to their units/lots.

Even though the Loan Documents that are executed and delivered at closing for the Loan are intended to be complete and correct, there might be the need to make certain corrections to the Loan Documents. In consideration for the Loan, and as a material inducement of Lender to make and fund the Loan, Borrower shall, at all times that the Loan is in effect and upon Borrower being given notice by the Lender, make, execute and deliver or cause to be made, executed and delivered to Lender and, where appropriate, shall cause to be recorded or filed and thereafter to be re-recorded or re-filed, at such time and in such place as directed by Lender, in its discretion, any and all such further notes, instruments, certificates, amendments, and any other documents as Lender may consider necessary to effectuate, complete, perfect, continue and preserve the obligations of the Borrower under the Note and to comply with all federal and state governmental regulations applicable to this transaction.

(d) No Further Liens. Borrower hereby covenants with Lender not to create, grant or permit to exist, either voluntarily or involuntarily, any other security interest, lien or encumbrance upon the Collateral or any portion thereof (except in favor of Lender) without the prior written consent of Lender, and Borrower shall, at all times, keep the Collateral free and clear from the same. Borrower shall not execute, concur in, or permit, either voluntarily or involuntarily, any financing statement or any other filing which could cause a lien or claim on or in the Collateral, except for the Security Interest being granted hereunder, without the prior written consent of Lender. All invoices and bills for work within the Project shall be timely paid, and Borrower shall dispose of or bond around all liens on the common areas of the Project within 20 days after any such liens are filed.

(e) Correctness of Documents. The documents furnished to Lender in support of the Loan and all Loan Documents furnished and/or to be furnished to Lender in accordance with this Agreement, are true and correct and accurately set forth the facts contained therein. The financial statements and operating budget furnished to Lender in support of the request for the Loan were prepared in accordance with generally accepted accounting principles consistently applied, and are true, correct and complete and fairly represent Borrower's current financial position.

(f) Applicable Laws. Borrower is not in default or violation with respect to any valid regulation, order, writ, judgment or decree of any court or other governmental instrumentality which may adversely affect its operation and its ability to levy and collect the

assessments constituting the Collateral, and Borrower is not in default under or in material breach of any agreement or instrument to which it is a party or by which it may be bound. The execution and delivery of the Note, this Agreement, the other Loan Documents, and the consummation of the transactions contemplated by this Agreement, do not conflict with nor shall they result in any violation of any valid regulation, order, writ, judgment, injunction or decree of any court or governmental instrumentality or result in the breach of or default under any indenture, contract, agreement or other instrument to which Borrower is a party or by which it may be bound. Neither the execution and delivery of the Note, this Agreement or the other Loan Documents will result in the creation or imposition of, nor be the cause for the imposition of, any lien, charge or encumbrance of any nature whatsoever upon any of the receivables securing the Loan or upon any other assets of Borrower, other than those created, imposed or required by this Agreement or by the other Loan Documents.

(g) Existence. Borrower shall maintain its existence as a Washington nonprofit corporation in good standing under the laws of the State of Washington.

(h) Financial Statements. Borrower will deliver to Lender (i) within 150 days of each December 31<sup>st</sup> Fiscal Year End (“FYE”) during the loan term, CPA Audited Financial Statements, plus the budget in place for the year after the just-completed FYE with year-to-date results of income and expenses and any other financial documents requested by Lender, all prepared in accordance with GAAP; (ii) a copy of a serial assessment report showing the outstanding balances (including the monthly payment amounts) and the remittance of any prepaid serial assessments within forty-five (45) days of each quarter end during the Draw Period and 150 days after the close of each FYE; and (iii) annually within 60 days of each FYE, an Accounts Receivable Aging report showing the status of all assessment payments by name, unit number, amounts due listed as being in excess of 30, 60, and 90 days past due and any other reserve studies or documentation as Lender may reasonably request, plus copies of any additional existing records of financial information Lender requests. Failure to provide any of the foregoing within thirty (30) days of written request shall be an Event of Default hereunder.

(i) Lender’s Right to Appear in Litigation; Borrower’s Defense or Appearance in Litigation. Upon the occurrence of an Event of Default (defined below) by Borrower, Lender shall have the right to appear in or to defend itself in any action or proceeding (whether a civil action, arbitration, administrative hearing, or the like) purporting to affect the rights or duties of the Parties hereunder, and if such rights affect the priority, perfection or security of the Collateral. Upon the occurrence of an Event of Default by Borrower and in the event of any action or proceeding purporting to affect the rights or duties of the Parties hereunder, and if affecting the priority, perfection or security of the Collateral, Borrower shall defend or appear therein upon the written request of Lender. Borrower shall not and may not prosecute or defend any action or proceeding or take any other action in the name of Lender without Lender’s prior written consent. In connection with this paragraph and notwithstanding anything contained within any of the Loan Documents to the contrary, Lender may, but shall not be obligated to, advance funds in excess of the face amount of the Note to pay legal expenses and other necessary expenses in connection with payment of the Loan, and Borrower shall repay such advances hereunder or in connection with payment of the Loan. Legal expenses shall include court costs and reasonable attorneys’ fees, including those incurred in appellate

proceedings, together with all costs and expenses reasonably incurred for professionals and consultants (including expert witnesses) hired by Lender in its reasonable discretion.

(j) **Compliance with Laws and Regulations.** Borrower shall comply at all times with all Legal Requirements materially affecting the use and operation of the Project. "Legal Requirements" means all laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of, and agreements with, all governmental agencies, departments, commissions, boards, courts, authorities, officials and officers, foreseen or unforeseen, ordinary or extraordinary, and any restrictions, or any part thereof including, but without limiting the generality of the foregoing, all zoning, building and land use, noise abatement, occupational health and safety and other governmental requirements relating to health, safety, welfare, hazardous waste and environmental protection or otherwise.

To the best of Borrower's knowledge, any common area or other portions of the Project which Borrower is responsible to maintain, repair or replace have not been used, are not presently being used, and will not in the future be used, for the handling, storage, transportation, or disposal of hazardous or toxic waste or materials other than materials commonly and lawfully used in the operations of the Project and similar projects in the county where the Project is located. Borrower shall forever indemnify, defend and hold Lender harmless from and against any claim, loss, liability or damage to Lender (including, without limitation, attorneys' fees and costs and expenses of any kind, including expert fees) arising from or related to any such past, present or future use, handling, storage, transportation, or disposal of hazardous or toxic waste or materials on or adjacent to the common areas or other portions of the Project which Borrower is responsible to maintain, repair or replace.

(k) **Notice of Default.** Borrower shall deliver to Lender, within five (5) business days after Borrower shall become aware of the occurrence of any applicable Event of Default involving a bankruptcy court or third party claim, a written notice of such Event of Default, specifying what actions have been taken by Borrower and the creditor and the number of days after the service of any process or other service upon Borrower or its agents, together with a copy of such service of process or similar notice of judicial, quasi-judicial, administrative or other action against or involving Borrower or the common areas of the Project.

(l) **Other Information.** Borrower shall deliver to Lender, from time to time, such other information regarding the business affairs and financial condition of Borrower as Lender may reasonably request.

(m) **Inspection of Books and Records.** Whenever Lender, in its reasonable discretion, deems it necessary, Borrower shall permit Lender or any agent designated by Lender, at the expense of Borrower, to: (i) inspect Borrower's books and records; and (ii) take copies and extracts from such books and records. Notwithstanding the foregoing, Borrower's obligation to bear the expense of Lender's inspection and copying shall be limited to document copy requests, unless an Event of Default has occurred. The foregoing limitation on Borrower's costs shall not apply to disclosures, reports, records and other documentation that Borrower is otherwise obligated to provide to Lender under the terms of this Agreement and the other Loan Documents.

(n) Lender's Project Inspection Rights. Whenever Lender, in its sole discretion, deems it necessary, Lender, Lender's agents, and Lender's professionals and consultants, shall be given access during normal business hours to inspect the common areas of the Project and, to the same extent permitted to Borrower under the Governing Documents, any other areas of the Project (including owners' units/lots) which Borrower is obligated to maintain, repair or replace and/or on or for which work is being performed with Loan funds. Upon an Event of Default under this Agreement or under any of other Loan Documents, such inspections, and the cost of all professionals and consultants hired by Lender and deemed commercially reasonable under the circumstances, shall be at Borrower's expense and paid for by Borrower within twenty (20) days after request for payment is made. All inspections and other services rendered or rights exercised on behalf of Lender, whether or not paid for by Borrower, shall be rendered solely for Lender's protection and benefit. Lender shall not be responsible to Borrower or to any other party for failure to cause any inspection permitted or required hereunder or for failure to notify or protect Borrower from any negligence or malfeasance of Borrower, or of any other party, whether or not such negligence or malfeasance is or should have been actually discovered by any such inspection. Borrower hereby acknowledges and agrees that Lender assumes no risk and Borrower assumes all risk with respect to work Borrower has or seeks to have performed within the Project, and Borrower shall indemnify, defend and hold Lender harmless from and against any claims, damages, suits, proceedings, or liabilities, arising from or related to Lender's inspections (except to the extent of Lender's intentional misconduct).

(o) Insurance. Borrower shall, at its sole expense, maintain the following insurance at limits acceptable to Lender: (i) Comprehensive general liability coverage protecting Lender and Borrower against liability incidental to the use of, or resulting from, an accident occurring on or about the common areas of the community, including coverage for explosion, collapse and underground hazards, and completed operations; (ii) workers' compensation insurance to the extent and in amount required by Washington law; (iii) if required by law, federal flood insurance in an amount satisfactory to Lender; (iv) fire and broad form extended coverage insurance for 100% of the full insurable replacement cost of any improvements on the community which Borrower is responsible to insure, insuring the improvements from loss due to fire, demolition, windstorm, collapse, explosion, underground hazards, and for code upgrades to allow damaged improvements, upon repair or reconstruction, to conform to any legal requirements; and (v) any other insurance coverage as and to the extent required by applicable law and/or by Borrower's governing documents. Borrower shall furnish evidence of any other insurance coverage Lender may reasonably require during the term of the loan. Borrower shall include Lender as a certificate holder on Borrower's insurance policies. All policies shall provide Lender with mandatory written notice of cancellation or material change from the insurer not less than 30 days prior to any such cancellation or material change, and all such policies shall be written by insurance companies satisfactory to Lender.

The certificate of Insurance must state the Project's physical address, not the address of Borrower's property management firm or other external address.

(p) Continuing Obligation to Update Corporate Information. Borrower shall have a continuing, affirmative duty to provide written notice to Lender immediately upon any

addition, deletion or other change in any of the officers, directors and/or address of Borrower. Such written notice shall be accompanied by a resolution of Borrower's board of directors specifying the names and phone numbers of all of the authorized signatories with respect to Borrower's deposit accounts with Lender. Borrower understands that Lender may rely on the most recent information actually received by Lender.

(q) Minimum Assessment Level. Effective prior to the Loan closing, and during the entire term of the Loan, Borrower must maintain Cash Flow Coverage of not less than 1.05 times. "Cash Flow Coverage" is defined as cash flow from all assessments plus other eligible recurring income including interest income and other operating income, divided by Borrower's normal and customary operating expenses plus the principal and interest requirements of all bank debt. Borrower shall adjust its assessment income level annually to meet this minimum Cash Flow Coverage requirement. During the entire term of the Loan, Borrower shall not reduce any assessment obligations of its members, whether by Board vote or otherwise, without prior notice and consent of Lender not to be unreasonably withheld. Breach of this covenant shall be an Event of Default.

(r) [Intentionally Blank.]

(s) Serial Assessment. On December 29, 2015, in compliance with applicable law and the Governing Documents, Borrower's members or Board of Directors passed a \$153 per unit per month serial assessment supporting the Loan. Borrower shall report periodically on any collected prepayments of the serial assessment.

(t) Survival. Each of the foregoing representations and warranties shall be true at all times and shall survive the closing of the Loan and the disbursement of the proceeds of the Loan, through payment in full of the Loan and satisfaction of all of Borrower's obligations under the terms of the Loan Documents.

9. Application of Proceeds. Nothing contained in this Agreement or in any of the other Loan Documents shall impose upon Lender any obligation to see to the proper application of any disbursements made pursuant to the Loan. Lender shall not be required to segregate the Loan funds or designate such funds in any manner. The sole obligation of Lender shall be to disburse the funds as provided in the Closing Statement or otherwise set forth herein, provided there exists no default under this Agreement, under the Note or under any of the other Loan Documents.

10. Indemnification. In addition to and without limitation of any other obligation of Borrower hereunder, or under any of the other Loan Documents, Borrower shall indemnify, defend and hold Lender harmless from and against all claims, injury, damage, loss and liability of any and every kind arising out of, or in connection with: (i) any construction or other work performed at or for the Project, whether with regard to the common areas or the units/lots; (ii) the operation of the Project or maintenance of units/lots, or common areas within the Project; (iii) any hazardous waste which may be located on or affecting the common areas of the Project; (iv) Legal Requirements affecting the use and operation of the Project; (v) challenges to Borrower's execution of this Agreement or any other Loan Documents; (vi) all monies owed associated with

the Note and this Agreement, and (vii) any action or inaction by, or matter which, is the responsibility of Borrower under this Agreement. The indemnity and defense provided in this paragraph shall survive and remain a binding obligation of Borrower to Lender after satisfaction of Borrower's other obligations under the Loan Documents, and shall include all court costs and reasonable attorneys' fees (including those incurred in appellate proceedings and whether or not suit is instituted), as well as Lender's costs and expenses reasonably incurred in hiring professionals and consultants (including expert witnesses) as Lender deems reasonably necessary in the circumstances.

11. Event of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement and under the Loan Documents, should such Event of Default not be cured within ten (10) days from the date Lender provides Borrower written notice of such Event of Default:

(a) A breach of any terms and/or conditions of this Agreement and/or of any of the Loan Documents;

(b) A material misrepresentation or misstatement in connection with, material noncompliance with, or material nonperformance of, any of Borrower's obligations under this Agreement and/or any of the Loan Documents;

(c) Borrower's failure to pay on a timely basis any sums due under the Note;

(d) The filing by or against Borrower of a petition in bankruptcy or the commencement of any proceedings under the bankruptcy laws by or against Borrower, or if a receiver of Borrower or of its property shall be appointed, or if Borrower shall make or attempt to make an assignment for the benefit of creditors or shall generally not be paying its debts as they become due. The 10-day cure period shall not be available in this circumstance without the written consent of Lender;

(e) If a judgment is obtained against Borrower that is, in Lender's discretion, material given Borrower's other assets and sources of income. The 10-day cure period shall not be available in this circumstance without the written consent of Lender;

(f) If Borrower commences any effort to dissolve, wind up its affairs, or terminate its existence as a corporation; or

(g) If the number of delinquent units/lots in the Project, greater than sixty (60) days past due, represents more than ten percent (10%) of the total number of units/lots at any time during the term of the Loan.

12. Lender's Rights and Remedies Upon Default. Upon the occurrence of any Event of Default as listed in the immediately preceding paragraph, Lender may, at its option:

(a) Seek any and all remedies contained in this Agreement and/or any other Loan Documents;

(b) Declare the entire Loan immediately due and payable and institute legal proceedings to enforce the Security Interests granted hereby, including exercising all rights and remedies available to Lender under the Uniform Commercial Code;

(c) Make demand under, realize upon, collect, receive or enforce upon all or any portion of the Collateral;

(d) File any claims, commence, maintain or discontinue any actions, suits or other proceedings deemed by Lender necessary or advisable for the purpose of collecting or enforcing payment of all or any portion of the debt secured by the Collateral;

(e) Execute any instrument or document and do any and all other things necessary and proper to protect and preserve and realize upon the Collateral and the other rights contemplated hereby;

(f) Require Borrower to submit to Lender a full accounting of the Collateral and/or transmit to Lender all proceeds received by Borrower from its collections, to hold the same in trust for Lender;

(g) Implement any default rate of interest as provided for in the Note;

(h) Setoff and apply against any sums due under the Note any amount owing from Lender to Borrower, and said right of setoff may be exercised by Lender against Borrower or against any trustee in bankruptcy, borrower in possession, assignee for the benefit of creditors, receiver, or any execution, judgment or attachment creditor of Borrower, or against anyone else claiming through or against Borrower or any such person. Lender agrees to promptly notify Borrower after such setoff, provided that the failure to give such notice shall not affect the validity of such setoff; and/or

(i) Cease making any further Advances hereunder and terminate any further obligation to make Advances

All rights and remedies of Lender hereunder shall be cumulative and shall be in addition to any rights and remedies which Lender may have under the laws of the State of Washington, and the exercise of any one right or remedy by Lender against Borrower will not deprive Lender of any other right or remedy against Borrower.

13. No Waiver. The acceptance of any payments by Lender after maturity, or the acceptance of a partial payment by Lender, or the waiver by Lender of any breach or default, shall not constitute a waiver of any other or subsequent breach or default or prevent Lender from immediately pursuing any or all of its available remedies.

14. Attorneys' Fees and Expenses; Other Professionals. If Lender retains counsel or other professionals or consultants (including expert witnesses), in Lender's reasonable discretion, for the purpose of collecting any monies which may be due under or be secured in any manner



by this Agreement or to protect its interest herein by reason of an Event of Default by Borrower, then in accordance with applicable law all such reasonable fees and disbursements shall become an additional lien upon the Collateral, and shall be payable by Borrower on demand with interest at the interest rate applicable under the Note. In any action brought by either party to enforce the Agreement or any of the Loan Documents, the prevailing party shall be awarded reasonable attorney's fees and costs (including expert witnesses) as determined by a court of law.

15. **Waiver of Jury Trial.** EXCEPT AS PROHIBITED BY LAW, LENDER AND BORROWER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT THAT EITHER MAY HAVE TO A JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER, OR IN CONNECTION WITH THE LOAN.

16. **Standing.** This Agreement and the Loan Documents are made for the sole benefit and protection of Borrower and Lender and Lender's successors and assigns, and no other person or entity shall have any right of action hereunder.

17. **Notices.** All notices and statements provided for hereunder may be given by hand (or courier) delivery, or by certified or registered mail (return receipt requested), addressed to the appropriate party at the address set forth below:

Lender: Mutual of Omaha Bank  
Cotton Corporate Center  
4950 S. 48th Street  
Phoenix, Arizona 85040

Borrower: Amhurst Commons Condominium Association  
c/o Laura Goulet  
Bluestone & Hockley Real Estate Services  
9320 SW Barbur Blvd., Suite 300  
Portland, OR 97219

or to such other address as one party may designate in writing to the other. Notice shall be deemed complete upon the earlier of actual delivery or three (3) business days after depositing the notice with the United States Postal Service, addressed to the party with the proper amount of postage affixed thereto. Actual receipt of notice shall not be required to effect completion of any notice mailed hereunder.

18. **Governing Law; Venue.** This Agreement and the Loan Documents shall be governed by the laws of the State of Washington. In the event of any litigation to enforce the terms of this Agreement or any other Loan Documents, such litigation shall be brought in the County where the Project is located.

19. **No Oral Modification.** No provision of this Agreement or the Loan Documents shall be amended, waived or modified except by an instrument in writing executed by all Parties.

20. Severability. The inapplicability or unenforceability of any provision of this Agreement shall not limit or impair the operation or validity of any other provision of this Agreement.

21. Interpretation. Should any provision of this Agreement or of any of the Loan Documents require judicial interpretation, the Parties agree that the court interpreting the same shall not construe such document against one party more strictly than against the party which itself or through its agent prepared the same, it being agreed that the agents of all Parties have participated in preparing this Agreement and the Loan Documents, and that each party had an opportunity to consult with legal counsel prior to the execution hereof.

22. Headings. The descriptive section headings have been inserted into this Agreement for convenience of reference only, and shall not be deemed to limit or otherwise affect the construction or interpretation of any provision herein.

23. Counterparts; Fax and Email Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Furthermore, fax or email copy versions of signatures shall be construed as originals.

24. Loan Commitment Letter. The terms and conditions of the Loan Commitment Letter and attachments thereto executed by Lender, addressed to Borrower and dated December 17, 2015, are incorporated herein by reference and shall survive the closing of the Loan. In the event of any conflict between the Loan Commitment Letter and this Agreement and/or any of the Loan Documents, the document in question in the highest priority beginning with the first document listed hereinafter shall prevail (as to any such conflicting matter) over any later listed document: this Loan Agreement, Note, UCC-1 Financing Statement, Assignment of Assessments and Lien Rights, then the Loan Commitment Letter.

25. Assignment. Borrower may not assign this Agreement or any portion of any advance to be made hereunder without the prior written consent of Lender, which consent may be withheld in Lender's sole discretion. The rights of Lender under this Agreement shall be assignable in whole or in part, and any assignee of Lender shall succeed to and possess the rights of Lender hereunder to the extent of the assignment made. Lender shall have the right to discount, sell, pledge, negotiate or otherwise dispose of the Note and all amendments, restatements and other modifications thereto, without in any manner prejudicing or affecting the rights of Lender, or the terms and conditions of this Agreement.

26. Cross Default and Cross Collateralization of Loan. The Loan shall be cross-defaulted and cross-collateralized with each other and any future loan between Borrower and Lender. Upon the occurrence of an Event of Default with respect to the Loan, a default shall be deemed to accrue under each of them and any other loan between Borrower and Lender. The collateral securing any other loan between Borrower and Lender shall likewise secure this Loan.

///

27. Filings; Other Costs and Fees. Borrower shall pay all filing fees and documentary stamps and all other costs and expenses of Lender in memorializing the Loan.

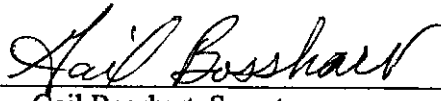
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the dates written below.

BORROWER:

AMHURST COMMONS CONDOMINIUM  
ASSOCIATION, a Washington nonprofit  
corporation

By:   
Donna Anderson, President

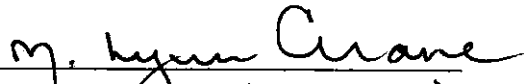
Date: February 10, 2016

By:   
Gail Bosshart, Secretary

Date: February 10, 2016

LENDER:

MUTUAL OF OMAHA BANK, a federal thrift  
chartered bank organized under the laws of the  
United States

By:   
Its: Exec. Vice President

Date: 2/12/16



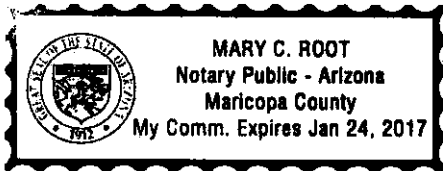
CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF ARIZONA                    )  
  ) ss.  
COUNTY OF Maricopa            )

On 2-12-16, before me, Mary C. Root, Notary Public,  
personally appeared M. Lynn Crane,  
who proved to me on the basis of satisfactory evidence to be the person whose name is  
subscribed to the within instrument and acknowledged to me that he/she executed the same in  
his/her authorized capacity, and that by his/her signature on the instrument the person, or the  
entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the  
foregoing paragraph is true and correct

WITNESS my hand and official seal.



Mary C. Root  
Notary Public

# **SECURED PROMISSORY NOTE**

## SECURED PROMISSORY NOTE

\$794,136.00  
Loan No. 1701510-001

February 10, 2016

In the installments described below, for value received, AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation ("Borrower"), promises to pay to MUTUAL OF OMAHA BANK, a federal thrift chartered bank organized under the laws of the United States ("Lender"), or order, in lawful money of the United States, at Cotton Corporate Center, 4950 S. 48<sup>th</sup> Street, Phoenix, AZ 85040 or at such other place as Lender may designate in writing, the sum of Seven Hundred Ninety-Four Thousand, One Hundred Thirty-Six and 00/100 Dollars (\$794,136.00), together with interest from February 10, 2016, on unpaid principal at the rate or rates hereinafter set forth, calculated on the basis of a 360 day year but with interest due for the actual number of days elapsed ("Loan").

1. Interest Rate and Payments. Until and including February 20, 2026, the Annual Percentage Rate of interest for this Loan shall be fixed for the initial 120 months of the Loan at a rate of 4.70% ("Interest Rate"), which represents the greater of 4.70% or the daily yield curve rate on United States Treasury 10 year constant maturity rates in effect on February 3, 2016 (1.88%), plus 2.45%. The Interest Rate may change on February 20, 2026 ("Change Date"). On the Change Date, the Interest Rate shall be reset to an Annual Percentage Rate equal to the greater of 4.70% or the 5 year U.S. Treasury Constant Maturity rate, plus 2.45%.

Until and including February 20, 2017, on the 20th day of each calendar month commencing with the first payment on March 20, 2016, interest only shall be payable monthly on the unpaid principal balance of the Loan at the Interest Rate set forth above. Interest hereunder shall be calculated on the basis of a 360 day year but interest shall be due for the actual number of days elapsed.

Lender will debit Borrower's designated account on each payment due date via the Automatic Clearing House ("ACH") by Borrower's separate written authorization to debit the account.

After February 20, 2017, principal and interest due hereunder shall be payable by 168 successive monthly payments of principal and interest on the 20th day of the month, commencing with the first payment on March 20, 2017, and continuing monthly thereafter until the whole of said principal sum and interest shall have been fully paid, except that, if not sooner paid, the entire unpaid principal balance together with accrued and unpaid interest thereon shall be due and payable February 20, 2031 ("Maturity Date"). The initial principal and interest payment to be paid hereunder shall be calculated by taking the entire unpaid principal balance that is outstanding on February 20, 2017, and determining the monthly principal and interest payment that will be sufficient to repay said balance by the Maturity Date based on the Interest Rate provided herein. On

the Change Date(s), Lender shall determine, after calculation of the Interest Rate as set forth above, the amount of the new principal and interest payment sufficient to repay the then unpaid principal balance of this Note by the Maturity Date. The result of this calculation shall be the new principal and interest payment due beginning on the next scheduled payment due date. Interest hereunder shall be calculated on the basis of a 360 day year but interest shall be due for the actual number of days elapsed.

2. **Credit of Payments.** Each payment by Borrower under the terms of this Note shall be credited first to the payment of any costs, fees, late charges, or other charges incurred in connection with the indebtedness evidenced by this Note, next to interest then due, and the remainder, if any, to principal. Immediately upon payment of each monthly installment of the Loan, interest shall cease on the principal so credited.

3. **Prepayment and Reamortization.** Additional principal payments may be made with any monthly installment, but prepayments made due to a refinance from another institution will be subject to a charge of 1.00% of the principal balance at time of payoff.

At any time during the term of the loan, Borrower may request to re-amortize the loan balance (one time per year for free and if additional requests are received during the year, the fee will be \$100 for each additional request) over the remaining loan term, if currently in compliance with all loan terms and conditions. This feature allows the Borrower to lower monthly payments based upon additional principal reductions that may occur throughout the loan term.

4. [Intentionally Blank.]

5. **Security.** This Note and the indebtedness arising from this Note are secured as provided by the terms of the Loan and Security Agreement of even date herewith ("Loan Agreement"), the terms and remedies of which are incorporated in this Note by this reference and made a part hereof. The holder of this Note shall be entitled to the benefits of the security provided in the Loan Agreement and will have the right to enforce the terms and conditions contained therein.

6. **Default.** Should default be made in payment of any installment when due or in Borrower's performance of any of the terms, provisions, conditions and covenants contained in this Note and in the Loan Agreement which results in an Event of Default (defined in the Loan Agreement) and that is not cured within the cure period (if any) required by the Loan Agreement, Lender shall have the right to terminate any obligation Lender might otherwise have under the Loan Documents (as defined in the Loan Agreement) to extend any further credit or to advance any further funds to Borrower and, further, the whole sum of unpaid and outstanding principal and accrued and unpaid interest shall become immediately due and payable at Lender's option. Failure by Lender to exercise this option at any time shall not constitute a waiver of the right to exercise this option in the event of a subsequent Event of Default. Lender shall have the right, at its sole option, to continue to accept interest and/or principal payments due under this Note



after Borrower's default, and any such acceptance shall not be deemed to constitute a waiver of any default or any rights and remedies of Lender in the event of a default nor shall such acceptance be deemed to result in any extension of time for the timely performance of any obligations of Borrower under the Loan Documents or any extension of the Maturity Date, except to the extent that Lender may otherwise agree in writing. The provisions of this Paragraph shall not be deemed to affect or limit in any way Lender's right to exercise any additional rights and remedies in the event of any default by Borrower as are provided for in the Loan Agreement or in any other Loan Documents.

7. Cross Default and Cross Collateralization with Other Loans. This Loan shall be cross-defaulted and cross-collateralized with any other loan between Borrower and Lender. Upon the occurrence of any Event of Default, a default shall be deemed to accrue under any other loan between Borrower and Lender. The collateral securing any other loan between Borrower and Lender shall likewise secure this Loan.

8. Late Payment; Default Rate. If Borrower fails to make any required payment on or before the 20<sup>th</sup> day following the date on which it becomes due, Borrower will pay, at Lender's option, a late charge equal to five percent (5%) of the amount of the delinquent payment. Furthermore, from and after the Maturity Date, or an earlier date on which all sums owing hereunder become due by acceleration or otherwise, or after the occurrence of an Event of Default, all sums owing under this Note will immediately bear interest until paid in full (or until such time as the Event of Default is cured) at a default rate equal to the lesser of: (i) five percent (5%) per annum in excess of the interest rate specified above; or (ii) the maximum rate allowed by applicable law.

9. Attorneys' Fees and Expenses; Other Professionals. If Lender retains counsel or other professionals or consultants (including expert witnesses), in Lender's reasonable discretion, for the purpose of collecting any monies which may be due under or be secured in any manner by this Note or to protect its interest herein by reason of an Event of Default by Borrower then in accordance with applicable law all such reasonable fees and disbursements shall become an additional lien upon the Collateral, and shall be payable by Borrower on demand with interest at the interest rate applicable under this Note. In any action brought by either party to enforce the Note or any of the Loan Documents, the prevailing party shall be awarded reasonable attorney's fees and costs (including expert witnesses) as determined by a court of law.

10. No Offset or Deduction. Borrower will pay to Lender all sums owing under this Note without deduction, offset, or counterclaim of any kind. The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and neither the loan evidenced by this Note nor any of the terms and provisions of any of the Loan Documents will in any manner be deemed to make Lender the partner or joint venturer of Borrower.

11. Purpose of Loan; Governing Law. The proceeds of the Loan are to be used by Borrower for the purpose described in the Loan and Security Agreement between Borrower and Lender of even date herewith. The terms and provisions of this Note and

the other Loan Documents shall be governed by and construed in accordance with the law of the State of Washington.

Executed as of the date first written above.

AMHURST COMMONS  
CONDOMINIUM ASSOCIATION, a  
Washington nonprofit corporation

By: *Donna Anderson*  
Donna Anderson, President

By: *Gail Bosshart*  
Gail Bosshart, Secretary

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF WASHINGTON            )  
  ) ss.  
COUNTY OF CLARK            )

On FEB. 10, before me, SHERRI HEDGER, Notary Public, personally appeared DORVA ANDERSON and GAIL BOSSHART, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Washington that the foregoing paragraph is true and correct

WITNESS my hand and official seal.

*Sherrri Hedger*  
Notary Public

**SHERRI HEDGER**  
Notary Public, State of Washington  
My Commission Expires  
**April 15, 2017**

# **CLOSING STATEMENT**

**CLOSING STATEMENT**

LENDER: Mutual of Omaha Bank, a federal thrift chartered bank organized under the laws of the United States

BORROWER: AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation

CLOSING DATE: February 10, 2016 (estimated)

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LOAN PROCEEDS WILL BE DISBURSED AND MADE AVAILABLE AS FOLLOWS:

	<u>DEBIT</u>	<u>CREDIT</u>
1. PRINCIPAL AMOUNT OF LINE OF CREDIT		\$794,136.00
2. FEES PAYABLE TO MUTUAL OF OMAHA BANK:		
a. Loan Fee (0.50%)	\$3,970.68	
3. COSTS PAYABLE TO LENDER'S COUNSEL (ANTONI ALBUS, LLP) (Filing fees, recording fees, UCC, FedEx)	\$200.00	
TOTAL	\$4,170.68	
TOTAL AMOUNT AVAILABLE FOR ADVANCES:		<u>\$789,965.32</u>

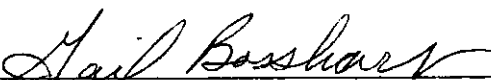
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THIS CLOSING STATEMENT IS HEREBY APPROVED

Executed on February 10, 2016.

AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation

By:   
Donna Anderson, President

By:   
Gail Bosshart, Secretary



# **BORROWER'S AFFIDAVIT**

## **BORROWER'S AFFIDAVIT**

The undersigned is/are the President and Secretary, respectively, of AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation ("Borrower"). Borrower has applied for a loan (the "Loan") with MUTUAL OF OMAHA BANK, a federal thrift chartered bank organized under the laws of the United States ("Lender"), for the purpose set forth in Recital "B" of the Loan and Security Agreement of even date herewith ("LSA"). Lender approved the Loan in an amount up to \$794,136.00.

To induce Lender to make the Loan to Borrower, I/we declare on behalf of and for Borrower, as follows:

1. **Board of Directors.** The following individuals constitute Borrower's Board of Directors ("Board"):

Donna Anderson, President  
Mike Eaton, Vice President  
Cheryl Hubler, Treasurer  
Gail Bosshart, Secretary  
Darryl Morrow, Member-at-Large

2. **Business Purpose of Loan.** The Loan is an extension of credit primarily for business purposes, and it is Borrower's intent to use the Loan proceeds for the purpose set forth above.

3. **Budget.** Exhibit "A" attached hereto is a true and correct copy of Borrower's current operating budget, which budget has been adopted by the Board and is currently in effect.

4. **Governing Documents.** The Project (as defined in the LSA) is subject to a set of "Governing Documents," which are fully and accurately described in Borrower counsel's attorney opinion letter given to Lender in connection with the Loan.

5. **Approvals.** Borrower has obtained from its members all approvals for the Loan to the extent approvals are required by Borrower's Governing Documents and applicable law. Furthermore, on December 29, 2015, in compliance with the Governing Documents and applicable law, Borrower's members or Board of Directors passed a serial assessment set at a minimum amount necessary to fully amortize the loan.

6. **Work Performed.** That: (a) any contractors employed, engaged or utilized in any way by Borrower, whether for work performed with the proceeds of the Loan or in the event of future advances of Loan proceeds from Lender, are and will be independent of Lender; (b) Lender has not in any manner guaranteed or assured the performance of any contractor and does not in any manner warrant the work that might be performed by any contractor; (c) Borrower shall rely solely upon any separate contract it makes with any contractor for performance of any work; and (d) Lender's sole interest in connection therewith is in making and funding the Loan.



7. **No Claims.** There are no claims, demands, actions, proceedings and/or judgments of any kind or nature before or issued by any court or governmental department or agency or otherwise, which are pending against Borrower, brought by the Borrower, and/or are otherwise existing except for claims/judgments/actions brought by Borrower in the normal course of business to collect past due assessments.

8. **Solvency.** As of the date of this Affidavit, Borrower is solvent, able to pay its debts as they mature, and has capital sufficient to carry on the business in which it is engaged. Borrower will not be rendered insolvent or incapable of paying its debts as they mature by virtue of executing, delivering and performing under the Loan Documents (defined below). Borrower does not intend to and we do not believe that Borrower will incur debts beyond its ability to pay as they mature.

9. **Authority to Execute Loan Documents; First Lien.** The Board has authorized me/us, on behalf of Borrower, to execute various documents to consummate the Loan closing and the transaction contemplated thereby (with the UCC-1 Financing Statement, collectively the "Loan Documents"), including: a Secured Promissory Note; an Assignment of Assessments and Lien Rights; the LSA; a Closing Statement; Corporate Resolutions for Association Loan; this Affidavit; and any and all other instruments and documents as Lender requires to consummate the Loan. All the Loan Documents were executed and delivered by Borrower in good faith and in exchange for fair equivalent consideration, and my/our signature(s) thereon are binding on Borrower.

The Board has further authorized the undersigned, on Borrower's behalf, to concur in a UCC-1 Financing Statement, which shall constitute a valid first lien against all assessments of Borrower and Borrower's members among other personal property, as further described in the Loan Documents.

10. **Prior Assessments.** Borrower has not assessed more than three (3) special assessments in the prior calendar year, and not more than three (3) special assessments in the current calendar year.

11. **Address.** Borrower's current mailing address and contact information is the address and information listed in the Loan and Security Agreement.

12. **Information Provided.** All the information furnished by Borrower to Lender in connection with the application for the Loan and Lender's Loan Commitment Letter for this Loan, and all information furnished by Borrower subsequent thereto has been, at all times, true, accurate and complete.

13. **Purpose of Affidavit.** This Affidavit is made for the purpose of inducing Lender to make and fund the Loan to Borrower in accordance with the terms of the Loan Documents.

I/we hereby state that I/we am/are familiar with the nature of an oath and with the penalties associated with the commission of perjury as provided by the laws of the State of Washington for stating under oath false information in an instrument of this nature.

I/we further certify I/we have read all of the facts stated herein, that I/we ratify and understand said facts, and that all statements made herein are true.

Executed on February 10, 2016.

AMHURST COMMONS  
CONDOMINIUM ASSOCIATION, a  
Washington nonprofit corporation

By: *Donna Anderson*  
Donna Anderson, President

By: *Gail Bosshart*  
Gail Bosshart, Secretary

EXHIBIT A

Pro Forma Budget for year 2016

**Amhurst Commons**  
**2016 Budget - Approved**

GL Code	GL Code Description	2015	2015 Actuals	2016	2016
		Budget	YTD Actuals 1/1/2015- 10/31/2015	Budget	Budget Per door per month
	Monthly Assessments per unit	\$ 225.00			
	Total Number of Units	65			
	% increase	0%			
<b>INCOME</b>					
3110	Assessments	175,500	141,836	175,500	225.00
<b>TOTAL INCOME</b>		<b>175,500</b>	<b>141,836</b>	<b>175,500</b>	<b>225.00</b>
<b>EXPENSES-Administrative</b>					
5100	Management Fee	16,380	13,650	16,380	21.00
5150	Insurance	19,514	24,544	39,902	51.16
5160	Legal Services	3,000	1,762	2,000	2.56
5170	License/Permits/Taxes	310	55	150	0.19
5180	Financial Review	1,600	1,520	1,600	2.05
5185	Bank Charges	266	160	278	0.36
5205	Printing/Copying/Postage	484	397	538	0.69
5240	Administrative - Misc.	233	198	200	0.26
5255	Reserve Study	1,010	1,010	1,600	2.05
<b>Total Administrative Expense</b>		<b>42,797</b>	<b>43,295</b>	<b>62,648</b>	<b>80.32</b>
<b>Maintenance</b>					
5600	Maintenance	2,160	163	8,000	10.26
5610	Building Maintenance	6,000	5,967	0	0.00
5625	Roof/Gutter Cleaning	2,400	2,170	7,525	9.65
5655	Chimney & Dryer	4,250	1,675	4,000	5.13
5680	Window Washing	0	0	-	0.00
5700	Landscape Contract	15,917	11,590	16,317	20.92
5705	Landscape Extra	850	271	500	0.64
5715	Landscape - trees & shrubs	0	1,740	1,800	2.31
5720	Landscape Irrigation	1,950	1,068	1,200	1.54
5780	Maintenance - Insurance Claim	0	2,539	-	0.00
<b>Total Maintenance Expense</b>		<b>33,527</b>	<b>27,183</b>	<b>39,342</b>	<b>50.44</b>
<b>Utilities</b>					
5305	Water & Sewer	3,123	3,645	5,302	6.80
5310	Electricity	625	600	700	0.90
5345	Reserve Repayment - Water	4,000	2,925	1,075	1.38
<b>Total Utilities</b>		<b>7,748</b>	<b>7,170</b>	<b>7,077</b>	<b>1.38</b>
<b>Operating Expenses (before reserve transfer)</b>		<b>84,072</b>	<b>77,648</b>	<b>109,067</b>	<b>132.13</b>
5800 Reserves		71,875	76,190	66,433	85.17
<b>TOTAL EXPENSES</b>		<b>155,947</b>	<b>153,838</b>	<b>175,500</b>	<b>217.30</b>
(Operating Expenses + Reserves)					
<b>NET</b>		<b>19,553</b>	<b>(12,002)</b>	<b>(0)</b>	<b>7.70</b>
<b>CAPITAL PROJECTS / RESERVE TRANSFER</b>					
<b>Capital Projects Review - 2016</b>					
	Building repairs			1,045,000	
	Roof repairs - one time project			15,000	
	Exterior Surface North - Clean			6,200	
	Exterior Surface S/W/E			8,100	
	Vent Repairs - one time			11,000	
<b>TOTAL CAPITAL PROJECTS</b>				<b>1,085,300</b>	



**CORPORATE RESOLUTIONS FOR  
ASSOCIATION LOAN**

## **CORPORATE RESOLUTIONS FOR ASSOCIATION LOAN**

The undersigned officer(s) of AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation ("Borrower"), hereby certify(ies) that the following resolutions have been adopted by Borrower's Board of Directors ("Board") and, as applicable, Borrower's members:

RESOLVED, that Borrower shall be authorized to borrow a sum of up to \$794,136.00 ("Loan") from MUTUAL OF OMAHA BANK, a federal thrift chartered bank organized under the laws of the United States ("Lender"), in accordance with the Loan Commitment Letter issued by Lender to Borrower for the Loan. The Loan funds will be used within Borrower's "Project," as defined in the Loan and Security Agreement of even date herewith ("LSA"), for the purpose as set forth in Recital "B" of the LSA. The Project is subject to a set of "Governing Documents," which are fully and accurately described in Borrower counsel's attorney opinion letter given to Lender in connection with the Loan. The owners of units/lots within the Project are Borrower's members and are governed by the Governing Documents.

FURTHER RESOLVED, that the Loan shall be evidenced by a Secured Promissory Note ("Note") and be subject to a Loan and Security Agreement, Assignment of Assessments and Lien Rights, Borrower's Affidavit, Closing Statement, and other documents as Lender may require for the Loan (collectively, the "Loan Documents"), all executed by the Borrower in favor of the Lender. The Loan is further evidenced by a UCC-1 Financing Statement, which shall constitute a valid first lien against all assessments of the Borrower and Borrower's members among other personal property, as further described in the Loan Documents.

FURTHER RESOLVED, that the Board has, prior to closing the Loan, obtained from its members the approval for the Loan to the extent such approval is required by Borrower's Governing Documents and applicable law. Furthermore, on December 29, 2015, in compliance with the Governing Documents and applicable law, Borrower's members or Board of Directors passed a serial assessment set at a minimum amount necessary to fully amortize the Loan.


FURTHER RESOLVED, that Borrower's President and Secretary are duly authorized and directed to execute the Note and all other Loan Documents on Borrower's behalf, and take any other action reasonably necessary to consummate the Loan closing.

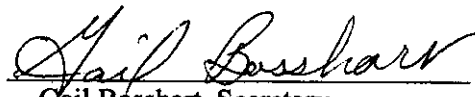
[SIGNATURE PAGE TO FOLLOW]

IT IS HEREBY CERTIFIED that the foregoing resolutions were duly adopted at a meeting of the Board held in accordance with the Governing Documents and applicable law. It is further certified that the Board has full power and authority to bind Borrower in accordance herewith and that the foregoing resolutions are in full force and effect as of this date, that the resolutions have not been altered, amended, modified or rescinded, and that the same shall be true, valid and binding upon Borrower at and after the closing of the Loan.

Executed on February 10, 2016.

AMHURST COMMONS  
CONDOMINIUM ASSOCIATION, a  
Washington nonprofit corporation

By:   
Donna Anderson, President

By:   
Gail Bosshart, Secretary





# **ASSIGNMENT OF ASSESSMENTS AND LIEN RIGHTS**

Recording Requested By, and When  
Recorded Mail to:

Mutual of Omaha Bank  
c/o Mary Root  
Cotton Corporate Center  
4950 S. 48<sup>th</sup> Street  
Phoenix, AZ 85040

### **ASSIGNMENT OF ASSESSMENTS AND LIEN RIGHTS**

This Assignment of Assessments and Lien Rights ("Assignment") is made by AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation ("Assignor"), in favor of MUTUAL OF OMAHA BANK, a federal thrift chartered bank organized under the laws of the United States ("Assignee").

### **RECITALS**

- A. Assignor is the entity charged with managing the common interest development known as Amhurst Commons, located in Vancouver, Washington ("Project").
- B. The Project is subject to a set of "Governing Documents," which are fully described in Borrower counsel's attorney opinion letter as provided to Lender.
- C. The owners of units/lots within the Project are Assignor's members and subject to the Governing Documents. As more fully set forth in the Declaration, Assignor has the power to levy regular and special assessments ("Assessments") for common expenses and to collect and enforce such Assessments by the exercise of lien rights against individual units/lots within the Project and the personal obligation of owners of such units/lots.
- D. Pursuant to applicable law, including the Revised Code of Washington, Chapters 64.32 and 64.34, as applicable, Assignor further possesses the power and authority to levy Assessments sufficient to meet its obligations, enforce its assessment rights by liens secured against individual units/lots within the Project and the personal obligation of owners of such units/lots and assign such lien and collection rights to a lender.
- E. Concurrently with this Assignment, Assignor executed a Secured Promissory Note in the sum of Seven Hundred Ninety-Four Thousand, One Hundred Thirty-Six and 00/100 Dollars (\$794,136.00) ("Loan"), in favor of Assignee.
- F. The approval of Assignor's members, to the extent required under the Governing Documents and Washington law, was secured, authorizing Assignor to borrow

money and to enter into the Loan, which Loan is to be secured by, among other things, the following "Collateral:"

All rights of Assignor to levy and collect all assessments, including but not limited to assessments levied by Assignor against each of the units/lots in the Project for payment of the Loan by Assignor; all rights of Assignor to receive payments from owners, present or future, of units/lots within the Project; all rights of Assignor to enforce the payment of Assessments by lien with power of sale and in any other manner authorized by Assignor's Governing Documents and by applicable law (collectively, "Lien Rights"); and all proceeds of the foregoing in whatever form.

G. As security for the timely and complete payment and performance of Assignor's obligations evidenced by the Note, Assignor has agreed to assign, convey and set over unto Assignee all of Assignor's right, title and interest in and to the Collateral.

NOW THEREFORE, for value received, Assignor does hereby assign, convey, set over, and deliver to Assignee all of Assignor's rights to the Collateral, for the benefit and protection of Assignee as payee and holder of the Note and for the benefit and protection of Assignee under the Loan and Security Agreement ("Loan Agreement") executed by Borrower and Lender of even date herewith, and under any of the Loan Documents (as defined below). This assignment is a present assignment, not an assignment for security purposes only, subject to the license granted herein by Assignee to Assignor to collect and receive all Assessments and exercise all Lien Rights. This Assignment shall remain in full force and effect until all indebtedness evidenced by the Note is fully paid and satisfied.

To protect this assignment, Assignor covenants and agrees as follows:

1. License. Assignee confers on Assignor a license ("License") to collect and retain Assessments as they become due and to exercise all Lien Rights until the occurrence of an Event of Default as set forth in the Note, this Assignment and the other Loan Documents. Upon an Event of Default under any of the Loan Documents, Assignee may at its discretion revoke this License upon written notice or demand to Assignor, after which Assignee may exercise any remedy authorized in this Assignment and may collect and retain Assessments.

2. Assignor's Representations and Warranties. All representations and warranties of Assignor set forth in the Loan Agreement are hereby incorporated herein by this reference and affirmed. Assignor further represents and warrants that:

(a) Assignor has good title to the Collateral and has good right to assign it, and no other person or entity has any right, title, or interest in it;

(b) Any Assessments due and issuing from the Project or from any part of it for any period subsequent to the date of this Assignment have not been collected

and payment of them has not otherwise been waived, released, discounted, set off, or otherwise discharged or compromised, except as otherwise disclosed and acceptable to Assignee; and

(c) No owner of a unit/lot is delinquent in the payment of Assessments, except as otherwise disclosed and acceptable to Assignee.

3. Covenants of Assignor. All covenants of Assignor set forth in the Loan Agreement are hereby incorporated herein by this reference and affirmed. Assignor further covenants and agrees as follows:

(a) To duly observe, perform, and discharge all obligations, terms, covenants, conditions, and warranties set forth in the Loan Agreement and other Loan Documents and to give prompt notice to Assignee of any failure of Assignor to observe, perform, and discharge any of them;

(b) To appear in and defend any action or proceeding in any manner connected with the Declaration which has or may have an adverse effect on Assignee's security or the obligations of Assignor to Assignee under the Loan Documents;

(c) To levy and collect Assessments sufficient to tender timely payment of all indebtedness evidenced by the Note;

(d) To use all funds collected by Assignor to the maximum extent necessary for the purpose of satisfying the interest, principal and other sums due under the Note;

(e) At Assignor's sole cost, to:

(i) Enforce all remedies available to Assignor in the event of delinquency by owners of units/lots within the Project in their payment of Assessments;

(ii) Prosecute and defend any action, arbitration, or other dispute relating to the imposition or collection of Assessments; and

(iii) Give Assignee prompt notice of any delinquency in the payment of Assessments, delinquency in this case meaning more than sixty (60) days past due; and

(f) Except with Assignee's prior written consent, not to:

(i) Execute any other assignment relating to the collection or enforcement of Assessments;

(ii) Except in the ordinary course of business, grant concessions, forgiveness, forbearance or other relief from the obligation of the owners of units/lots within the Project to pay Assessments or other sums due; or

(iii) Discharge the owners of units/lots from any obligation to pay Assessments.

Violation of any of these covenants shall constitute an Event of Default under this Assignment.

4. Effect of Assignment. This assignment will not impose on Assignee any duty to impose or collect Assessments, exercise any Lien Rights, or cause Assignee to be responsible for performing any of Assignor's obligations in its capacity as an association created to manage the Project, for any dangerous condition(s) of the Project, or for any negligence of management, upkeep, repair or control of the Project.

Assignee shall not be liable to Assignor or any other party as a consequence of the exercise of the rights granted to Assignee under this Assignment or the failure of Assignee to perform any obligation of Assignor arising under the Declaration or by virtue of applicable law.

5. Emergency Assessments. If the Assessments imposed by Assignor are not sufficient to enable Assignor to tender when due any of the payments required under the Note, then Assignor shall to the greatest extent permitted by law levy further Assessments on an emergency basis.

6. Remedies. In addition to any other remedies in the Note, this Assignment or any other Loan Document, on or after the date of the Loan closing, Assignee will have the following rights and remedies upon the occurrence of an Event of Default:

(a) To receive Assessments and any other amounts arising under the Declaration or from the Project, whether accruing prior to or following execution of the Note and this Assignment;

(b) To collect, sue for, settle, compromise, and give releases for Assessments and pursue any remedies for the enforcement of Assessments or Assignor's rights thereto permitted by law or in the Declaration;

(c) To the same extent and in the same manner as Assignor, to enforce the obligation of the projects, parcels and/or owners of units/lots to pay Assessments. Upon Assignee's request, Assignor shall deliver to Assignee all proceeds realized from any Assessments levied on or after the Loan closing date and from Assignor's collection activity, and shall execute and deliver to Assignee or file any further documents or assignments necessary to perfect the transfer of such funds and to enable Assignee to enforce liens by Assignor's power of sale or by suit for foreclosure or to collect Assessments in any other manner permitted by law;

(d) To cause Assignor's Board of Directors ("Board") to impose Assessments, including but not limited to additional Assessments on an emergency basis, to the maximum extent permitted by law without a vote of Assignor's members; and

(e) As a matter of right, to apply to any court having jurisdiction to appoint a receiver to take financial control of Assignor's operations. The receiver shall collect all Assessments and other sums due to Assignee and shall apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the State of Washington. In all events, Assignor shall be liable for all reasonable costs and expenses of collection and enforcement hereof, including court costs, attorneys' fees and expert fees, whether or not suit is instituted, and including all costs and fees of appellate proceedings.

7. Agents and Employees in Collection. Assignee may, after the occurrence of an Event of Default, from time to time appoint and dismiss such agents or employees, including professionals, as shall be necessary for the collection and enforcement of Assessments and to do all acts relating to the collection of the Assessments by exercise of the Lien Rights. Assignee shall have the sole control of such agents or employees, and such agents or employees shall be paid from the proceeds of the Assessments as a cost of collection. Assignor hereby expressly releases Assignee from any liability to Assignor for the acts of such agents or employees so long as they exercise reasonable care. The costs and expenses of any agents utilized by Assignee shall be borne exclusively by Assignor.

8. Waiver. Assignee's collection and application of the proceeds of the Assessments to the indebtedness evidenced by the Note shall not constitute a waiver of any default which might, at the time of application or thereafter, exist under the Note, this Assignment or the other Loan Documents, and the payment of the indebtedness may be accelerated in accordance with the terms of the Note, notwithstanding such application.

9. Rights Cumulative. Nothing in this Assignment shall be construed to limit or restrict in any way the rights and powers granted to Assignee in the Loan Agreement or any other Loan Document executed by Assignor in favor of Assignee to evidence or further secure payment of the Note, and the rights herein shall be in addition thereto.

10. Cross Default. This Assignment is executed to secure payment of the indebtedness evidenced by the Note and by the other Loan Documents. Assignor's default under any of the Loan Documents shall be and constitute a default under this Assignment. Conversely, a default under this Assignment shall be and constitute a default on the part of the Assignor under the terms, conditions and provisions of each of the other Loan Documents.

11. No Amendment without Written Consent of Assignee. As long as this Assignment remains in effect and if any such modification, amendment, change or

release would negatively affect Assignee's rights under this Assignment, Assignor agrees as follows:

(a) The Board's resolutions, including representations as to notice and approval of the Loan, may not be modified, amended or changed nor may any liability be released or any changes made in connection with payment terms or any other changes, amendments or modifications made of any kind whatsoever, without the prior written consent of Assignee; and

(b) Assignor shall not amend or modify the terms and provisions of the Governing Documents if such amendment would adversely affect in any manner the rights of Assignee under this Assignment without the consent of Assignee, which consent shall not be unreasonably withheld. If Assignee does not respond to Assignor's request for such consent within sixty (60) days following delivery to Assignee by certified mail or other form of delivery evidencing Assignee's receipt of Assignor's request, such consent shall be deemed to have been granted.

12. Notices. Any notice, demand, request or other communication given hereunder or in connection with this Assignment shall be deemed sufficient if in writing and either hand delivered or sent by registered or certified mail, postage prepaid, return receipt requested, addressed to the party to receive such notice at such address as each party has provided to the other as set forth in the Loan Agreement. Notice shall be deemed received when delivered if by hand delivery or three (3) business days after sent postage prepaid, certified mail, return receipt requested. Notwithstanding the foregoing, routine communications required by this Assignment, such as ordinary distribution checks, copies of documents, etc., may be sent by ordinary first class mail or facsimile.

13. Successors and/or Assigns. This Assignment shall inure to the benefit of Assignee and its successors and assigns and shall be binding upon the successors and assigns of Assignor.

14. Applicable Law; Severability; Captions; Plurality. This Assignment is being delivered and is intended to be performed in the State of Washington and shall be construed and enforced in accordance with and be governed by the laws of such State. In the event of any inapplicability or unenforceability of any provision of this Assignment, then such inapplicability or unenforceability shall not affect, limit or impair the validity or operation of all other provisions of this Assignment. The captions used herein are used for convenience only and shall not affect the interpretation of this Assignment. At all times, any word used in the singular herein shall also include the plural, and vice versa.

15. Enforcement. If Assignee engages an attorney to enforce or construe any provision of this Assignment or due to any Event of Default, with or without the filing of any legal action or proceeding, then Assignor will immediately pay to Assignee on demand all attorneys' fees and other costs reasonably incurred by Assignee (including expert fees), together with interest from the date of the demand until paid at the default rate (as set forth in the Note). In any action brought to enforce this Assignment or any of



the Loan Documents, the prevailing party shall be awarded reasonable attorneys' fees and costs.

16. Waiver of Right to Jury Trial. **EXCEPT AS PROHIBITED BY LAW, ASSIGNOR AND ASSIGNEE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT THAT EITHER MAY HAVE TO A JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS LOAN.**

Executed this 10th day of February 2016.

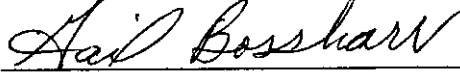
AMHURST COMMONS CONDOMINIUM  
ASSOCIATION, a Washington nonprofit  
corporation

By:



Donna Anderson, President

By:



Gail Bosshart, Secretary



**DESIGNATION OF AGENT(S) FOR  
LOAN ADVANCES**

**DESIGNATION OF AGENT(S) FOR LOAN ADVANCES**

AMHURST COMMONS CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation ("Borrower"), hereby designates the following individual(s) as authorized agent(s), to request and receive advances of loan funds pursuant to that certain Secured Promissory Note of even date herewith, from Borrower to Mutual of Omaha Bank, a federal thrift chartered bank organized under the laws of the United States ("Lender").

Designated Individual(s):

Laura Goulet, Property Manager

Project Manager/Consultant (Minimum of one per Project required):

Brian Hays, Hays Consulting

1206 NE 75th Avenue

Portland, OR 97213


(503) 757-3286

Lender is hereby authorized and directed to honor any request for advance made by the designated individual(s), and to make payment thereon or any advance thereon. A request for an advance made by the designated individual(s) shall be prima facie proof that the construction services and/or materials paid for by such advance, are accepted by Borrower as completed in accordance with any contracts governing such services. Signatures of two (2) of the above Designated Individuals shall be required for any advances, unless otherwise directed by Lender.

Executed on February 10, 2016.

AMHURST COMMONS  
CONDOMINIUM ASSOCIATION, a  
Washington nonprofit corporation

By:   
Donna Anderson, President

By:   
Gail Bosshart, Secretary

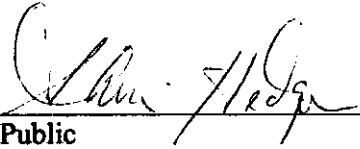
CERTIFICATE OF ACKNOWLEDGMENT

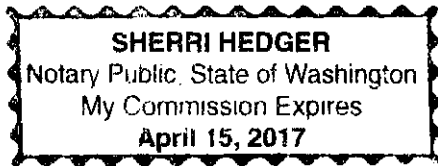
STATE OF WASHINGTON            )  
  ) ss.  
COUNTY OF CLARK            )

On FEB. 10, before me, SHERRI HEDGER, Notary Public, personally appeared DONNA ANDERSON and GAIL BOSSHART, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Washington that the foregoing paragraph is true and correct

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Notary Public



# **UCC-1 FILING**

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Paul Albus 310-954-8020</b>
B. E-MAIL CONTACT AT FILER (optional) <b>strange@aallp.net</b>
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <b>Paul Albus 310-954-8020 Antoni Albus, LLP 11836 W. Pico Boulevard Los Angeles CA USA 90064</b>

**Date of Filing : 02/11/2016**  
**Time of Filing : 03:02:00 PM**  
**File Number : 2016-042-7869-1**  
**Lapse Date : 02/11/2021**

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME <b>Amhurst Commons Condominium Association</b>				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
<i>e/o Laura Goulet, Bluestone &amp; Hockley Real Estate Services, 9320 SW Barbur Blvd., Suite 300</i>	<b>Portland</b>	<b>OR</b>	<b>97219</b>	<b>USA</b>

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>Mutual of Omaha Bank</b>				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
<b>Cotton Corporate Center, 4950 S. 48th Street</b>	<b>Phoenix</b>	<b>AZ</b>	<b>85040</b>	<b>USA</b>

4. COLLATERAL: This financing statement covers the following collateral:

**See Exhibit A**

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  
 Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:  
 Agricultural Lien  Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

**EXHIBIT "A" TO UCC FINANCING STATEMENT**

<u>DEBTOR:</u> Amhurst Commons Condominium Association	<u>SECURED PARTY:</u> Mutual of Omaha Bank
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Capitalized terms used herein without definition have the meanings given them in that certain Loan and Security Agreement made by and between Debtor and Secured Party.

Debtor ("Borrower") hereby irrevocably and unconditionally grants a security interest to Secured Party ("Lender"), which Debtor now has or may later acquire, in and to the following property:

All money, accounts and deposit accounts of Borrower, all rights of Borrower to levy and collect all assessments, including but not limited to assessments levied by Borrower against each of the units/lots in the Project for payment of the Loan by Borrower; all rights of Borrower to receive payments from owners, present or future, of units/lots within the Project; all rights of Borrower to enforce the payment of assessments by lien with power of sale and in any other manner authorized by Borrower's Governing Documents and by applicable law; all rents, tax refunds, insurance proceeds, condemnation awards, and/or litigation claims, settlements or judgments due to, asserted on behalf of, or hereinafter awarded to Borrower; and all proceeds of the foregoing in whatever form. (As used herein, "Project" means the common interest development known as Amhurst Commons, located in Vancouver, Washington, as more particularly identified in the Loan and Security Agreement.)