

Please return to
PRESTON GATES & ELLIS LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104
Attention Faith L1 Pettis, Esq



REGULATORY AGREEMENT

Grantors EASTSIDE RETIREMENT ASSOCIATION, doing business as Emerald Heights
(OWNER)

Grantee WASHINGTON STATE HOUSING FINANCE COMMISSION
27700T-TJ (15)
1ST AM

Legal Description
Abbreviated form Parcel 2, LLA LLR-88-22, REC 8901069008

Additional legal on page A-1 of document

Assessor's Property Tax Parcel Account Number(s) 362605-9003-01

Reference number(s) of documents being assigned or released and related documents None

REGULATORY AGREEMENT

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and is not part of the Regulatory Agreement)

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REGULATORY AGREEMENT
Emerald Heights

THIS REGULATORY AGREEMENT (the "Regulatory Agreement") is entered into as of July 1, 2003, between the WASHINGTON STATE HOUSING FINANCE COMMISSION (the "Commission"), a public body corporate and politic and EASTSIDE RETIREMENT ASSOCIATION, doing business as Emerald Heights, a Washington nonprofit corporation (the "Owner")

WITNESSETH

WHEREAS, the Commission is authorized by the Constitution and the laws of the State of Washington, particularly Laws of 1983, Ch 161, codified at Chapter 43 180 RCW, as amended (the "Act"), to assist in the financing of nursing homes licensed under Chapter 18 51 RCW and multifamily housing projects in Washington; and

WHEREAS, the Commission will issue its Variable Rate Demand Nonprofit Housing Revenue and Refunding Revenue Bonds (Emerald Heights Project), Series 2003 in the aggregate principal amount of \$38,460,000, to acquire a portion of a mortgage loan (the "Loan") originated by Bank of America, N A (the "Lender") to refund tax-exempt bonds issued in 1990 for the acquisition, construction and equipping of a continuing care retirement community, to finance the construction, rehabilitation and equipping of an addition to the continuing care retirement community, and to pay costs of issuing the Bonds (collectively, the "Project") on land described at Exhibit A hereto and incorporated herein by this reference (such land, with all buildings, fixtures, equipment and improvements now or hereafter constructed or installed thereon, is herein referred to as, the "Property"), and

WHEREAS, in order to provide such financing, the Commission, the Owner, the Lender, Bank of America, N A (the "Bank") and U S Bank National Association (the "Trustee") have executed a Mortgage Loan Origination and Financing Agreement (the "Financing Agreement") dated as of July 1, 2003, pursuant to which the Lender will make a Loan to the Owner, the Commission will acquire the Loan with the proceeds of the Bonds, and the Owner will deliver a letter of credit issued by the Bank to the Trustee for the benefit of bondowners, and

WHEREAS, the Property is not subject to set-aside requirements under the Code, but the Commission and the Owner intend to restrict the use of the Property in accordance with requirements of the Commission as provided herein in order to provide the Owner with the property tax exemption available to continuing care retirement communities pursuant to RCW 84 36 041 and WAC 458-16A, and

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Commission and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner does hereby impose upon the Property the following covenants, restrictions, charges and easements, which shall run with the land and shall be binding and a burden upon the Property and all portions thereof, and upon any purchaser, grantee, Owner or lessee of any portion of the Property and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators,

devises, successors and assigns of any purchaser, grantee, owner or lessee of any portion of the Property and any other person or entity having any right, title or interest therein, for the length of time that this Regulatory Agreement shall be in full force and effect

Section 1 Definitions Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the terms defined above shall have the meanings set forth above and the following terms shall have the respective meanings set forth below for the purposes hereof Capitalized terms not defined herein shall bear the meaning given them in the Financing Agreement

“Acceleration Default” means an event of default under this Agreement or the Financing Agreement which, in the opinion of Bond Counsel, would be likely to prevent the exclusion from federal income taxation of the interest on the Bonds or a portion thereof in the absence of an acceleration of the Mortgage Note and redemption of the Bonds

“Bank” means Bank of America, N A , as the issuer of the letter of credit, its successors and assigns

“Bond Closing” means July 1, 2003

“Bond Counsel” means Preston Gates & Ellis LLP or an attorney at law or a firm of attorneys at law selected by the Commission of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia; provided, that such attorneys other than Preston Gates & Ellis LLP shall render an unqualified opinion as to exemption of the interest on the Bonds from federal taxation in connection with any opinion given hereunder

“Bondowner” means any owner of the Bonds

“Bonds” means the Variable Rate Demand Nonprofit Housing Revenue and Refunding Revenue Bonds (Emerald Heights Project), Series 2003 in the principal amount of \$38,460,000, of the Commission

“Code” means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final and temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Department of the Treasury or the IRS of the United States All references herein to sections, paragraphs or other subdivisions of the Code or the regulations promulgated thereunder shall be deemed to be references to correlative provisions of any successor code or regulations promulgated thereunder

“Deed of Trust” means the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 1, 2003 and delivered by the Owner as grantor to a trustee for the benefit of the Bank and the Trustee, securing the repayment of the Mortgage Note and the obligations of the Owner to the Bank under the Reimbursement Agreement

“Functionally Related and Subordinate” shall mean and include facilities (other than Units) for use by residents, for example, laundry facilities, parking areas, swimming pools and other

recreational facilities and other facilities which are reasonably required for the Property (including heating and cooling equipment, trash disposal equipment and Units for resident managers or maintenance personnel), provided, that such facilities are of a character and size commensurate with the character and size of the Property

“IRS” means the Internal Revenue Service

“Loan” means the nonrecourse loan, evidenced by the Mortgage Note and secured by the Deed of Trust, to provide financing for the Project.

“Loan Closing,” when used with respect to the Loan, means the acquisition of the Mortgage Note by the Commission

“Moderately Qualified Residents” means and includes individuals and households of low income determined in a manner consistent with determinations of lower-income households under Section 8 of the United States Housing Act of 1937, as amended, except that the percentage of area median gross income which qualifies as low income (computed in the manner prescribed with Section 1.167(k)-3(b)(3) of the Treasury Regulations) shall not exceed 100% of median gross income for the area, and such calculation shall be adjusted for household size. Occupants of a Unit shall not be considered Moderately Qualified Residents if all the occupants are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code. The method of determining low or moderate income in effect on the date of issue will be determinative for the Bonds, even if such method is subsequently changed.

“Mortgage Note” means the promissory note equal to the principal amount of the Bonds executed by the Owner to evidence the Owner’s obligation to repay the Loan.

“Owner” means Eastside Retirement Association, doing business as Emerald Heights, a Washington nonprofit corporation, its successors and assigns

“Property” means the real property described in Exhibit A attached hereto and all buildings, structures, fixtures, equipment and other improvements now or hereafter constructed or located upon thereon

“Qualified Residents” means and includes individuals and households of low income determined in a manner consistent with determinations of lower-income households under Section 8 of the United States Housing Act of 1937, as amended, except that the percentage of area median gross income which qualifies as low income (computed in the manner prescribed with Section 1.167(k)-3(b)(3) of the Treasury Regulations) shall not exceed 80% of median gross income for the area, and such calculation shall be adjusted for household size. Occupants of a Unit shall not be considered Qualified Residents if all the occupants are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code. The method of determining low or moderate income in effect on the date of issue will be determinative for the Bonds, even if such method is subsequently changed.

“Qualified Units” means Units that are occupied by or set-aside for Moderately Qualified Residents and Qualified Residents

“Regulatory Agreement” or “Agreement” means this Regulatory Agreement

“Regulatory Period” means the period described in Section 5 hereof.

“Transfer” means any transaction that results in a change in the ownership entity whether the title to the Property is transferred by a recordable deed or the interests in the ownership entity are transferred

“Transferee” means the entity to whom the Property is sold or transferred

“Treasury Regulations” means the final or temporary regulations of the Department of the Treasury under the Code

“Trustee” means U S Bank National Association, its successors and assigns

“Units” means the living accommodations comprising the Property that are available for occupancy

Section 2 [Reserved]

Section 3 Additional Requirements of the Commission In order to satisfy the requirement of the Commission in issuing bonds, the Owner hereby represents, covenants and agrees as follows

(a) Unit Mix Qualified Units shall be in a range of sizes comparable to those Units which are available to other residents. To the extent practicable, the Unit mix of such Qualified Units will be in the same proportion as the Unit mix for the entire Property and the Qualified Units will be distributed throughout the Property

(b) Reporting To submit to the Commission, pursuant to Section 6 hereof, the required documentation with respect to each Moderately Qualified Resident and Qualified Resident residing in the Property

(c) Records To maintain on file, for at least three years after the expiration of the Regulatory Period, copies of the original documentation required in Section 6 hereof with respect to each Moderately Qualified Resident and Qualified Resident.

(d) Inspection of Records To permit any duly authorized representative of the Commission, the Trustee or the Bank to inspect during regular business hours, upon reasonable notice, the books and records of the Owner pertaining to the incomes of the Moderately Qualified Residents and Qualified Residents who are residing or have resided in the Property including the records pertaining to the Units set-aside pursuant to Section 4(a) hereof. The Owner is obligated to obtain and maintain on file, permit access to and submit to the Commission only that documentation with respect to Moderately Qualified Residents and Qualified Residents necessary to ensure compliance with Sections 3(a) and 4(a) hereof

(e) Deed of Trust The Deed of Trust shall contain language expressing the intention of the Owner as grantor and the Bank and the Trustee, as co-beneficiaries, that such Deed of Trust is and shall be at all times subordinate to this Regulatory Agreement regardless of the order of recording of either document

Section 4 Set Aside Requirements In order to satisfy the requirements of the Code and the Commission in issuing the Bonds, the Owner hereby represents, covenants and agrees as follows

(a) Federal Tax Law Requirements [None required]

(b) State Law Requirements

(1) Additional Low-Income Set-Asides Commencing on December 31, 2003 and continuing at all times during the Regulatory Period, to maintain at least

10% of the available Units in the Property, rounded up to the next Unit, for occupancy by Qualified Residents

15% of the available Units in the Property, rounded up to the next Unit, for occupancy by Moderately Qualified Residents

(c) Compliance Monitoring Requirements For purposes of monitoring compliance with this Regulatory Agreement, and taking into account any rounding necessary to achieve the requirements of Sections 4(a) and (b) hereof, the Property will be in compliance if the following set-asides are met at the times described above in Sections 4(a) and (b)

41 of the available Units in the Property for occupancy by Qualified Residents, and

61 of the available Units in the Property for occupancy by Moderately Qualified Residents

Section 5 Regulatory Period The Regulatory Agreement shall continue in full force and effect until the date which is 15 years after the Bond Closing.

Section 6 Reporting Requirements

(a) Submission of Reports The Owner shall submit copies of such documentation to the Commission upon initial occupancy of a Qualified Unit for all Moderately Qualified Residents and Qualified Residents at the times specified in Section 6(b)

(b) Forms The Owner agrees to prepare and submit the forms and notifications described herein at the times described herein

(1) to the Commission, upon completion of the Property, a Certificate of Occupancy issued by the regulating local government entity

(ii) to the Commission, on or before the 7th day of each January, commencing on January 7, 2004, with respect to the twelve-month period ending December 31 (or such shorter period for the initial report), (i) a Certificate of Continuing Project Compliance (the form of which is available from the Commission), setting forth the information required to be provided in such certification, and (ii) for each Moderately Qualified Resident and Qualified Resident that has commenced occupancy of a Unit in such twelve month period

(1) an Eligibility Certification (in the form of which is available from the Commission),

(2) a Rental Eligibility Application with Rider (the forms of which are available from the Commission),

(3) verification of income (the forms of which are available from the Commission), and

(4) proof of age in a form acceptable to the Commission

(iii) to the Commission each January 7, the Owner's Annual Certification as to its 501(c)(3) status, in the form available from the Commission

Section 7 Property Access

(a) No Discrimination The Owner shall not discriminate in the provision of housing on the basis of race, creed, color, sex, national origin, religion, familial status, marital status, age, disability or source of income, including the receipt of public assistance or housing assistance, provided, that the Owner may take such actions as may be necessary to qualify for or to maintain its qualification for the exemption that relates to housing for older persons under the Fair Housing Amendments Act of 1988 and 24 CFR Part 100, Subpart E

The Owner shall comply with all applicable federal, state and local laws, rules and regulations now provided or which may be hereafter provided, including but not limited to (i) federal housing policy governing nondiscrimination and accessibility, as determined under the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988, Architectural Barriers Act of 1968, Housing and Community Development Act of 1974, Civil Rights Act of 1964, Civil Rights Act of 1968, Age Discrimination Act of 1975, (ii) to the extent applicable, the Housing and Urban Development Act of 1968, the Uniform Relocation and Real Property Acquisition Act of 1970, and the Stewart B McKinney Homeless Assistance Act, and (iii) the State Environmental Policy Act, State Workers Compensation Industrial Insurance Act, Washington Fair Housing Laws, and the Washington State Landlord/Tenant Act

Any failure of the Commission to enforce the requirements of this Section 7(a) shall not constitute a waiver of the Owner's obligations to comply with such requirements

(b) Disabled Access. The Owner covenants and agrees that the number of Units in the Property that are or will be constructed to be "handicapped-accessible," as such term is set forth in state building standards and building codes for serving disabled residents, will be consistent with the applicable building code requirements for the Property

Section 8 Covenants to Run with the Land The Owner hereby declares its express intent that, during the term of this Agreement, the covenants, restrictions, charges and easements set forth herein, all of which touch and concern the land, shall be deemed covenants running with the land and shall, except as provided in Section 14 of this Regulatory Agreement, pass to and be binding upon the Owner's successors in title, including any purchaser, grantee or lessee of any portion of the Property and any other person or entity having any right, title or interest therein. Except as provided in Section 14 of this Regulatory Agreement, each and every contract, deed or other instrument hereafter executed encumbering or conveying the Property or any portion thereof or interest therein (other than a rental agreement or lease for a Unit) shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein, provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument

Section 9 Sale, Transfer or Conveyance of the Property If the Owner sells, transfers or otherwise disposes of the Property or any portion thereof (other than by leasing or renting for individual resident use as contemplated hereunder or upon transfer of title to the Bank upon its foreclosure of the Deed of Trust, provided, that any subsequent Transfer by the Bank shall be in accordance with the requirements of this Section 9) without obtaining the prior written consent of the Commission, an event of default shall occur under the terms of this Regulatory Agreement and the remedies provided for such default in Section 11 herein can be exercised. The Commission's consent shall not be unreasonably withheld but may be conditioned upon

(a) reasonable evidence satisfactory to the Commission that the Owner is not then in default hereunder beyond any applicable grace period or cure period,

(b) reasonable evidence satisfactory to the Commission that the Owner has paid or will pay all fees owing under the Financing Agreement,

(c) agreement of the Owner to provide the Transferee with the files, information and data necessary to comply with the reporting requirements of this Regulatory Agreement,

(d) if required by the Commission, an opinion of counsel for the Transferee, delivered to the Commission and the Trustee, to the effect that the Transferee has assumed in writing and in full all duties and obligations of the Owner under this Agreement and the Financing Agreement and that this Agreement and the Financing Agreement constitute a legal, valid and binding obligations of the Transferee,

(e) a determination by the Commission, with regard to any project of the Transferee financed by the Commission, that

(i) the Transferee is not now in arrears on any payments of fees due and owing to the Commission or in default under a regulatory agreement, beyond any applicable grace period or cure period,

(ii) the Transferee does not have a documented history of repeated instances of noncompliance with nonmonetary provisions of the Regulatory Agreement which are not cured after notice thereof and within the applicable cure period or grace period, and

(iii) the Transferee does not have a documented history of repeated instances of failure to pay fees due and owing to the Commission or the Trustee which are not paid within a reasonable period after notice thereof,

(f) payment to the Commission of the then applicable administrative fee of the Commission to transfer ownership of the Property on its books and records and ensure compliance with this Section 9,

(g) an opinion of Bond Counsel that such Transfer will not cause the interest on the Bonds to lose its exemption from federal income taxation, and

(h) any other conditions which may be reasonably imposed by the Commission or the Trustee, to assure compliance with state law Any sale, transfer or other disposition of the Property in violation of this Section 9 shall be ineffective to relieve the Owner or the Property of obligations under this Regulatory Agreement

Section 10 Uniformity, Common Plan The provisions hereof shall apply uniformly to the entire Property to establish and carry out a common plan for the use, development and improvement of the Property site

Section 11 Non-compliance, Defaults, Remedies. The Owner shall exercise reasonable diligence to comply with the requirements of this Agreement and the Owner shall correct any such noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, or within 60 days after the Owner receives notice of such noncompliance from the Commission, provided, however, that such period for correction may be extended if the Owner is exercising due diligence to correct the noncompliance and upon receipt of an opinion of Bond Counsel that such extension would not cause the interest on the Bonds to be includable in gross income for the purpose of federal income taxation pursuant to Section 103 of the Code

If the Owner shall fail to observe or perform any covenant, condition or agreement contained herein on its part to be observed or performed and if such noncompliance is not corrected as provided for in this Section 11, then such noncompliance shall be considered an event of default and the Commission shall be entitled to bring an action at law or in equity to abate, prevent or enjoin any such violation or attempted violation, to recover monetary damages caused by such violation or attempted violation or to compel specific performance by the Owner of its obligations under this Agreement, it being recognized that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Owner's default No delay in

enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the same or obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times

Notwithstanding the provisions of this Section, if the Owner's noncompliance with the Regulatory Agreement results in an Acceleration Default, the Commission shall declare the unpaid balance of the Loan to be immediately due and payable

Section 12 Enforcement of Terms The benefits of this Agreement shall inure to, and may be enforced by the Commission and its successors and assigns, during the term of this Regulatory Agreement. The requirements set forth in this Regulatory Agreement shall cease to apply to the Property if any of the events specified in Section 14 hereof occurs. The parties hereto agree they will execute and deliver any and all documents and instruments necessary to effectuate the provisions of this Section 12

Violations of the provisions of this Agreement shall be enforceable exclusively against the Owner. The Commission, its successors, designees and assigns, assume no direct or indirect obligation to any former, present or prospective resident for violations of this Agreement. This Agreement is not intended, and shall not be construed, to create a duty or obligation of the Commission to enforce any term or provision of this Agreement on behalf of, at the request of, or for the benefit of, any former, present or prospective resident

Section 13 Term, Amendment, Termination This Regulatory Agreement shall become effective upon its execution and delivery, and shall remain in full force and effect for the Regulatory Period provided herein and shall terminate in its entirety at the end of the Regulatory Period, it being expressly agreed and understood that the provisions hereof may survive the retirement of the Bonds and discharge of the Financing Agreement and the Mortgage Note. When all the Bonds have been paid or deemed paid pursuant to Article XII of the Indenture, the Trustee will no longer have any duties hereunder and all references to the Trustee will thereafter be deemed references to the Commission

The provisions hereof shall not be amended, revised or terminated (except as provided in Section 14 of this Regulatory Agreement) prior to the expiration of the Regulatory Period except by an instrument in writing duly executed by the Commission and the Owner (or their successors in title) and duly recorded. An opinion of Bond Counsel approving the modification of any of the terms of this Regulatory Agreement as herein provided shall become applicable upon the delivery of such opinion to the Commission and the recording of the instrument evidencing the modification in the office of public records in the County where the Property is located

Section 14 Involuntary Termination The requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with this Agreement caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Bond Closing which prevents the Commission and its assigns from enforcing such provisions, or condemnation or a similar event

Upon the termination of this Agreement, the parties hereto agree to execute, deliver and record the appropriate instruments of release and discharge of the terms hereof, provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms. Such release is not subject to satisfaction of any outstanding obligation owed to the Commission.

Section 15 Indemnification The Owner hereby agrees to pay, indemnify and hold the Commission or any other party authorized to enforce the terms of this Agreement harmless from any and all costs, expenses and fees, including all reasonable attorneys' fees which may be incurred by the Commission or any other party in enforcing or attempting to enforce this Regulatory Agreement following any event of default on the part of the Owner hereunder or their successors, whether the same shall be enforced by suit or otherwise, together with all costs, fees and expenses which may be incurred in connection with any amendment to this Regulatory Agreement or otherwise by the Commission at the request of the Owner (including the reasonable fees and expenses of Bond Counsel in connection with any opinion to be rendered hereunder). This agreement to indemnify is a separate agreement, shall survive any foreclosure action, attempted transfer or the like, is a personal obligation of the Owner and action may be brought thereon independently of any other remedy provided for herein.

Section 16 No Conflict with Other Documents The Owner warrants that the Owner has not executed and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

Section 17 Severability The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

Section 18. Notices All notices to be given pursuant to this Regulatory Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

Owner	Eastside Retirement Association, doing business as Emerald Heights 10901 176 th Circle NE Redmond, Washington 98052 Attention: President and CEO
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With a copy to	Stamper Rubens Stocker & Smith P S West 720 Boone, Suite 200 Spokane, Washington 99201
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Commission Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046
Attention Director, Compliance
Bond # 273, Emerald Heights

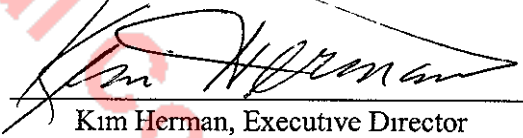
Bank Bank of America, N A
King County Commercial Banking
800 Fifth Avenue, 36th Floor
WA1-501-36-01
Seattle, Washington 98104
Attention Scott Ely

Section 19 Governing Law This Regulatory Agreement shall be governed by the laws of the State of Washington

Section 20. Counterparts This Agreement may be executed in counterparts and each such counterpart shall for all purposes be deemed to be an original and together shall constitute but one and the same instrument

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives, as of the day and year first written above

WASHINGTON STATE HOUSING
FINANCE COMMISSION

By 
Kim Herman, Executive Director

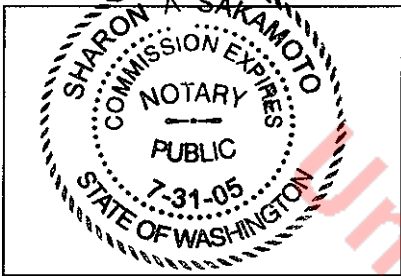
EASTSIDE RETIREMENT ASSOCIATION, doing
business as Emerald Heights, a Washington
nonprofit corporation

By 
Donald C Scott, Chief Executive Officer

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that I know or have satisfactory evidence that KIM HERMAN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Executive Director of the WASHINGTON STATE HOUSING FINANCE COMMISSION, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument

Dated June 27, 2003



(Use this space for notarial stamp/seal)

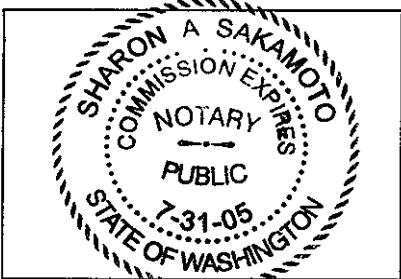
Sharon A. Sakamoto

Notary Public
Print Name Sharon A. Sakamoto
My commission expires 7-31-05

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that I know or have satisfactory evidence that DONALD C SCOTT is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Chief Executive Officer of EASTSIDE RETIREMENT ASSOCIATION, doing business as Emerald Heights, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument

Dated June 27, 2003



(Use this space for notarial stamp/seal)

Sharon A. Sakamoto

Notary Public
Print Name Sharon A. Sakamoto
My commission expires 7-31-05

EXHIBIT A
Legal Description

PARCEL 2 OF CITY OF REDMOND LOT LINE ADJUSTMENT NUMBER LLR-88-22, RECORDED JANUARY 6, 1989 UNDER RECORDING NUMBER 8901069008, IN KING COUNTY, WASHINGTON, BEING A PORTION OF LOTS 1 AND 3 OF KING COUNTY SHORT PLAT NUMBER SP-87-13, ACCORDING TO SHORT PLAT RECORDED AUGUST 4, 1987 UNDER RECORDING NUMBER 8708040810, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION CONVEYED TO THE CITY OF REDMOND BY DEED(S) RECORDED UNDER RECORDING NO 9008312103, 9105101402 AND 9212241893.

Unofficial Copy