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This instrument prepared by  
and when recorded, return to:

Ajay Raju, Esquire  
Reed Smith LLP  
2500 One Liberty Place  
1650 Market Street  
Philadelphia, PA 19103

ABOVE SPACE FOR RECORDER'S USE

Berkadia Loan No. 99-1091699

### ASSUMPTION AND RELEASE AGREEMENT

THIS ASSUMPTION AND RELEASE AGREEMENT (this "**Agreement**") is entered into and made effective as of the 14 day of March, 2013 (the "**Effective Date**"), by and among BRE/SW ELDORADO HEIGHTS LLC, a Delaware limited liability company, with a mailing address at 3131 Elliott Ave., Suite 500, Seattle, WA 98121 ("**Original Borrower**"), HCP SH ELDORADO HEIGHTS, LLC, a Delaware limited liability company, with a mailing address at 3760 Kilroy Airport Way, Suite 300, Long Beach, CA 90806 ("**New Borrower**"), THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION (SUCCESSOR-IN-INTEREST TO CHASE BANK OF TEXAS, NATIONAL ASSOCIATION), AS TRUSTEE FOR THE BONDHOLDERS OF COMMERCIAL CAPITAL ACCESS ONE, INC., COMMERCIAL MORTGAGE BONDS, SERIES 3 ("**Lender**"), with a mailing address at c/o Berkadia Commercial Mortgage LLC, 118 Welsh Road, Horsham, Pennsylvania 19044 ("**Berkadia**"), BRE/SW HOLDINGS LLC, a Delaware limited liability company, with a mailing address at c/o Emeritus Corporation, 3131 Elliott Avenue, Suite 500, Seattle, Washington 90121 ("**Original Guarantor**" and together with the Original Borrower, the "**Original Indemnitors**"), and HCP, INC., a Maryland corporation, with a mailing address at 3760 Kilroy Airport Way, Suite 300, Long Beach, CA 90806 ("**New Guarantor**" and together with the New Borrower, the "**New Indemnitors**").

### RECITALS:

The following recitals are a material part of this Agreement:

A. Dynex Commercial, Inc., a Virginia corporation ("**Original Lender**"), made a real estate loan (the "**Loan**") to Eldorado Heights, L.L.C., an Oregon limited liability company ("**Eldorado Heights**"), which Loan is evidenced by that certain Promissory Note, dated August

Eldorado Heights  
Assumption Agreement  
Berkadia Loan No. 99-1091699

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31, 1998, from Eldorado Heights in the original principal amount of \$4,000,000.00 (the "Note"). The Loan is evidenced, governed and/or secured by the following agreements and documents, all executed and delivered by Eldorado Heights for the benefit of Original Lender:

1. that certain Deed of Trust and Security Agreement, dated August 31, 1998, and recorded in the mortgage records of Klamath County, Oregon (the "Recorder's Office") on September 1, 1998, in Volume M98, Page 32191, and that certain Corrected Deed of Trust and Security Agreement, dated as of August 31, 1998, recorded in the Recorder's Office on February 24, 1999 in Volume M99, Page 6292, amending Section 4.5 governing the disposition of debt service reserve and tax and insurance reserves, as further amended by the Prior Assumption Agreements (hereinafter defined) (collectively and together with all exhibits and schedules attached thereto, the "Security Instrument"), encumbering the real property described on Exhibit A attached hereto and by this reference incorporated herein and as more particularly described in the Security Instrument (together with all other property, real and personal, encumbered by the Security Instrument, the "Property").

2. that certain Assignment of Leases and Rents, dated August 31, 1998, and recorded in the Recorder's Office on October 1, 1998, in Volume M98, Page 32254 (together with all exhibits attached thereto, the "Assignment of Leases").

3. that certain Assignment of Agreements, Permits and Contracts, dated August 31, 1998 (together with all exhibits and schedules attached thereto, the "Assignment of Agreements").

4. that certain Replacement Reserve and Security Agreement, dated as of August 31, 1998 (together with all exhibits attached thereto, the "Replacement Reserve Agreement").

B. Eldorado Heights Assisted Living Community, LLC ("EHALC"), Smith's Eldorado Heights, LLC ("Smith's"), Howard's Eldorado Heights, LLC ("Howard's"), and Rini Wectawski LLC ("Rini"), each an Oregon limited liability company (EHLAC, Smith's, Howard's, and Rini are referred to herein collectively as "Prior Borrower"), assumed the Loan and the obligations with respect thereto from Eldorado Heights (the "First Assumption"), pursuant to that certain Assignment and Assumption Agreement, dated as of October 15, 2002 (the "First Assumption Agreement"), recorded in the Recorder's Office on October 15, 2002, in Volume M02, Page 58714 and re-recorded in the Recorder's Office on October 29, 2002, in Volume M02, Page 61714. Original Borrower subsequently assumed the Loan and the obligations with respect thereto from Prior Borrower (the "Second Assumption"), pursuant to that certain Assumption and Release Agreement, dated as of November 19, 2010 (the "Second Assumption Agreement") and together with the First Assumption Agreement, the "Prior Assumption Agreements"), recorded on November 24, 2007 as Document No. 2010-013557 in the Recorder's Office. In connection with the Second Assumption, Original Borrower and/or Original Guarantor also executed and delivered, or caused to be delivered, the following agreements and documents for the benefit of Lender:

1. those certain UCC Financing Statements naming Original Borrower as debtor therein, and Lender as secured party therein, and filed in the Recorder's Office and in the records of the Secretary of State of Delaware;

2. that certain Environmental Indemnity Agreement (the "**Original Environmental Indemnity**"), dated November 19, 2010, executed by Original Indemnitors;

3. that certain Guaranty of Obligations of Borrower (the "**Original Guaranty**"), dated on or about November 19, 2010, executed by Original Guarantor; and

4. that certain Assignment of Management Agreement, Consent and Agreement of Manager, dated November 19, 2010, executed by Original Borrower, Emeritus Corporation, a Washington corporation ("**Emeritus**"), as manager, and Lender, for the benefit of Lender.

The agreements and documents set forth in Recital A and Recital B above are hereinafter referred to collectively as the "**Original Borrower's Loan Documents**."

C. On the Effective Date, New Borrower and/or New Guarantor are executing and delivering, or are causing to be delivered, to Lender the following documents, each dated as of the Effective Date:

1. those certain UCC Financing Statements naming New Borrower as debtor therein, and naming Lender, as secured party therein, to be filed in the Recorder's Office and the records of the Secretary of State of Delaware;

2. that certain Environmental Indemnity Agreement from New Indemnitors in favor of Lender (the "**New Environmental Indemnity**");

3. that certain Guaranty of Obligations of Borrower (the "**New Guaranty**"), executed and delivered by New Guarantor in favor of Lender;

4. that certain Subordination Agreement (the "**Subordination Agreement**"), executed by New Borrower and Emeritus, in favor of Lender, with respect to that certain Lease and Security Agreement dated of even date herewith by and between New Borrower and Emeritus (the "**Emeritus Lease**");

5. that certain Certificate of New Borrower executed by New Borrower for the benefit of Lender; and

6. this Agreement.

The agreements and documents set forth in Recital A (as modified by the Prior Assumption Agreements) and Recital C above, together with all other documents evidencing, securing or otherwise pertaining to the Loan now or hereafter executed by New Borrower, New Guarantor and/or Emeritus are hereinafter referred to collectively as the "**Loan Documents**", and individually as a "**Loan Document**".

D. Original Lender assigned, sold and transferred its interest in the Loan and the Loan Documents then in effect to Lender pursuant to certain assignment documents including, without limitation, that certain Assignment of Loan and Loan Documents recorded with the Recorder's Office on September 6, 2002, in Volume M02, Page 50792, and Lender is the current holder of all of Original Lender's interest in the Loan and all Loan Documents.

E. Lender, as the holder of the Note and beneficiary under the Security Instrument, has been asked to consent to (i) the transfer of all computers, consumables and vehicles relating to the Property (collectively, the "**Emeritus Property**") to Emeritus (as lessee under the Emeritus Lease) and the transfer of the Property to New Borrower (collectively, the "**Transfer**"), (ii) the assumption by New Borrower of the obligations of Original Borrower under the Loan Documents as hereinafter provided (the "**Assumption**"), (iii) the replacement of the Original Guarantor with the New Guarantor as a loan party, (iv) the modification of the Original Borrower's Loan Documents as hereinafter provided, and (v) the Emeritus Lease (collectively, the "**Transaction**").

F. Lender, acting by and through its servicer Berkadia, has agreed to consent to the Transaction subject to the terms and conditions stated below, including, without limitation, the execution and delivery of the agreements and documents set forth in Recital C above and such other documents and instruments as may be reasonably required by Lender in connection with the closing of the Transaction.

G. Unless the context requires otherwise, (a) references in this Agreement to Original Borrower's Loan Documents shall be deemed to refer to such documents as amended by this Agreement and as such documents may be further amended, modified, extended or replaced from time to time in accordance with the provisions thereof, (b) references in this Agreement and the other Loan Documents to any Loan Documents shall be deemed to refer to such documents as amended by this Agreement and as such documents may be further amended, modified, extended or replaced from time to time in accordance with the provisions thereof, and (c) references in the other Loan Documents to "Borrower", "Guarantor", "Indemnitor", "Guaranty" or "Environmental Indemnity" shall be deemed to refer to New Borrower, New Guarantor, New Indemnitors, New Guaranty or New Environmental Indemnity, respectively, and (d) references to "Leases" shall be deemed to include the Emeritus Lease.

#### **CONTRACTUAL PROVISIONS:**

NOW, THEREFORE, in consideration of the Recitals, which are incorporated herein as if set forth below in full as a substantive, contractual part of this Agreement, and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Acknowledgement of Debt.**

(a) Lender, Original Borrower and New Borrower confirm and acknowledge that the outstanding principal balance under the Note immediately prior to the Effective Date is **\$2,561,538.24**. New Borrower declares and acknowledges, for the specific

reliance and benefit of Lender, that (i) as of the Effective Date, New Borrower has no right, claim, defense or right of offset of any kind or in any amount with respect to the Note, the Security Instrument or any of the other Loan Documents, and (ii) no amounts paid by New Borrower or Original Borrower to Lender pursuant to or in connection with the execution and delivery of this Agreement shall be applied to or set off against the principal balance of the Note.

(b) The parties acknowledge and agree that Lender shall continue to hold the balances in escrow and reserve accounts, if any, in accordance with the terms of the Loan Documents. Original Borrower and Original Guarantor covenant and agree that the Lender has no further duty or obligation of any nature to Original Borrower or Original Guarantor relating to such escrow and/or reserve balances, all of which Original Borrower does hereby assign, transfer and convey to New Borrower. All escrow and reserve balances held by Lender in connection with the Loan Documents shall, from and after the Effective Date, be for the account of New Borrower.

(c) Based on that certain closing summary dated March 14, 2013 prepared by Berkadia and delivered to New Borrower (the "**Closing Summary**"), Lender, Original Borrower and New Borrower confirm and acknowledge that all payments due under the Loan Documents have been paid through and including March 14, 2013, the accrued and unpaid interest for the current interest period (commencing on March 1, 2013 and ending on March 31, 2013) as set forth in the Closing Summary will be due and payable on April 1, 2013, and the balances of all reserve and escrow accounts required under the Loan Documents are as set forth in the Closing Summary.

## 2. Conditions Precedent; Consent to Transfer.

(a) Original Borrower represents and warrants to Lender as of the Effective Date that Original Borrower has satisfied all requirements in connection with the assumption of the Loan set forth in the Original Borrower's Loan Documents and that certain conditional consent letter issued by Berkadia on January 25, 2013 and executed by Original Borrower and New Borrower.

(b) In reliance upon the representations, warranties and covenants set forth herein by Original Borrower, Original Guarantor, New Borrower and New Guarantor, Lender hereby consents to the Transaction and waives its right to accelerate the Loan pursuant to any provision of the Original Borrower's Loan Documents which might otherwise provide such right to Lender on account of such Transaction. Lender's consent to the Transfer and Assumption is not intended to be and shall not be construed as its consent to any subsequent transfer, assumption or other matter which requires Lender's consent pursuant to the terms of the Security Instrument or any other Loan Document.

(c) New Borrower hereby authorizes the Lender to file any and all UCC financing statements and UCC financing statement amendments as Lender may deem necessary from time to time including, without limitation, financing statements containing the description "all assets of New Borrower" or "all personal property of New Borrower" or similar language.

(d) The Emeritus Lease shall be subordinate in all respects to the Loan and the Loan Documents, subject to and in accordance with the terms and conditions of the Subordination Agreement.

3. Assumption of Obligations. As of the Effective Date, Original Borrower does hereby assign, transfer and convey to New Borrower all of its right, title and interest in and to the Loan Documents, and New Borrower hereby unconditionally assumes the Loan Documents and agrees to comply with all covenants and obligations therein, including, without limitation, the obligation to pay the unpaid balance due and owing on the Loan and all interest thereon, as and when required under the Loan Documents. Without limiting the foregoing, from and after the Effective Date, New Borrower agrees to keep and observe all of the covenants, terms and conditions required to be kept, observed and performed pursuant to the Note, the Security Instrument and all of the other Loan Documents, to the same effect as if New Borrower were the original maker of, and a party to, the Loan Documents including, but not limited to, payment of all sums presently outstanding under the Note, as and when required under the Loan Documents. Subject to the modifications specifically set forth in Section 21 of this Agreement, New Borrower hereby adopts, ratifies and confirms as of the Effective Date all of the representations, warranties and covenants of Original Borrower contained in the Loan Documents. Notwithstanding anything to the contrary contained in the Loan Documents, New Borrower shall not be liable for, or be deemed to adopt, ratify or confirm any representation or warranty of any prior obligor under the Loan Documents that: (i) specifically relate to the organization, authorization, status or other matters specifically related to such prior obligor or its affiliates, (ii) specifically relate to matters relevant only as of the time such representation was made, and/or (iii) specifically relate to financial information or other information provided by any prior obligor as it pertains to any such prior obligor or the Property on/or prior to the Effective Date.

4. Limited Release of Original Borrower and Original Guarantor; Reaffirmation.

(a) In reliance upon the representations, warranties and covenants set forth herein by Original Borrower, Original Guarantor, New Borrower and New Guarantor, Lender hereby releases: (i) Original Borrower from any liability for repayment of the principal and interest under the terms of the Note, the Security Instrument and the other Original Borrower's Loan Documents, and other obligations under the Original Borrower's Loan Documents, to the extent such obligations arise from matters not otherwise caused by it (or them) first occurring from and after the Effective Date; and (ii) Original Guarantor from any liability under the Original Guaranty and the Original Environmental Indemnity to the extent arising from matters not otherwise caused by either of them first occurring from and after the Effective Date. Lender hereby reserves all rights it may have against Original Borrower and Original Guarantor for acts, omissions or events occurring prior to the Effective Date.

(b) The release of Original Borrower and Original Guarantor provided for in Section 4(a) above shall be deemed withdrawn and shall have no effect to the extent that this Agreement is held to be void or is determined to be unenforceable by any court in a final non-appealable order as a result of any action or inaction by or on behalf of Original Borrower or Original Guarantor, or if any representation or warranty by Original Borrower or Original

Guarantor made in connection with this Agreement is false or misleading in any material respect when made. In all cases, Original Borrower and Original Guarantor, as applicable, shall bear the burden of proof on the issue of the time at which an act or event first occurred or an obligation first arose, which is the subject of claimed liability under any of the Original Borrower's Loan Documents.

(c) Notwithstanding anything to the contrary contained herein, and subject to the release contained in Section 4(a) hereof, Original Borrower and Original Guarantor do hereby ratify and confirm their respective obligations under the Original Borrower's Loan Documents to the extent arising or resulting from acts, omissions or events occurring prior to the Effective Date.

5. Representations.

(a) New Borrower represents and warrants to Berkadia and Lender as of the Effective Date that:

(i) New Borrower is duly organized, validly existing and in good standing under the laws of its state of formation or organization and is duly qualified and authorized to conduct business in the State in which the Property is located, and has full power and authority to own the Property, to enter into the Emeritus Lease for the lease and operation of the Property, and to conduct its affairs as now being conducted and as proposed to be conducted;

(ii) New Borrower has full power and authority to enter into, execute, deliver and carry out this Agreement and the Loan Documents to which it is a party, by assumption or otherwise, and to perform its obligations hereunder and thereunder and all such actions have been duly authorized by all necessary actions on its part;

(iii) This Agreement and the other documents executed by New Borrower in connection herewith have been duly executed and delivered by New Borrower. This Agreement and the Loan Documents to which New Borrower is a party, by assumption or otherwise, constitute legal, valid and binding obligations of New Borrower, enforceable against New Borrower in accordance with their respective terms, subject to bankruptcy, insolvency and other similar laws affecting the rights of creditors generally;

(iv) The Emeritus Lease is presently in full force and effect, and constitutes a legal, valid and binding obligation of New Borrower, enforceable against New Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws, and subject, as to enforceability, to general principles of equity;

(v) New Borrower has received and reviewed copies of all of the Loan Documents;

(vi) Neither New Borrower, New Guarantor nor, to New Borrower's knowledge, any person owning an interest in New Borrower or New Guarantor (except that New Borrower's knowledge shall not require any investigation into ownership of publicly traded stock or other publicly traded securities), is a country, territory, individual or entity named on a list maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), or is a Specially Designated National or Blocked Person under the programs administered by OFAC;

(vii) No equity interest in New Borrower has been pledged, hypothecated or otherwise encumbered as security for any obligation, and none of the capital contributed to New Borrower was made in the form of a loan;

(viii) There is no litigation or other proceeding against New Borrower pending or overtly threatened, by written communication to New Borrower, wherein an unfavorable decision might reasonably result in a material adverse change in the financial condition of New Borrower or its ability to legally perform its obligations under this Agreement and the other Loan Documents;

(ix) The execution, delivery and performance of this Agreement, and the performance of New Borrower's obligations under the Loan Documents, (A) do not conflict with or result in a violation of New Borrower's organizational documents or any judgment, order or decree of any court or arbiter in any proceeding to which New Borrower is a party, and (B) do not conflict with, or constitute a material breach of, or constitute a material default under, any contract, agreement or other instrument by which New Borrower is bound or to which New Borrower is a party;

(x) There is no bankruptcy, receivership or insolvency proceeding pending or (to New Borrower's knowledge) threatened against New Borrower; and

(xi) No proceeding is pending for the dissolution or annulment of New Borrower, and all license, income and franchise taxes due and payable by New Borrower have been paid in full.

(b) New Guarantor represents and warrants to Berkadia and Lender as of the Effective Date that:

(i) New Guarantor is duly organized, validly existing and in good standing under the laws of the state of its formation and has full power and authority to conduct its affairs as now being conducted and as proposed to be conducted;

(ii) This Agreement, the New Guaranty, the New Environmental Indemnity and the other documents executed by New Guarantor in connection herewith have been duly executed and delivered by New Guarantor. This Agreement, the New Guaranty, the New Environmental Indemnity and such



other documents constitute New Guarantor's legal, valid and binding obligations, enforceable against New Guarantor in accordance with their respective terms, subject to bankruptcy, insolvency and other similar laws affecting the rights of creditors generally;

(iii) New Guarantor has received and reviewed copies of all of the Loan Documents;

(iv) There is no litigation or other proceeding against New Guarantor pending or overtly threatened, by written communication to New Guarantor, wherein an unfavorable decision might reasonably result in a material adverse change in the financial condition of New Guarantor or its ability to legally perform its obligations under this Agreement and the other Loan Documents to which New Guarantor is a party;

(v) New Guarantor has full power and authority to enter into, execute, deliver and perform this Agreement and the other Loan Documents contemplated herein and such execution, delivery and performance (A) have been duly and validly authorized by all necessary actions on the part of New Guarantor, (B) do not conflict with or result in a violation of New Guarantor's organizational documents or any judgment, order or decree of any court or arbiter in any proceeding to which New Guarantor is a party, and (C) do not conflict with, or constitute a material breach of, or constitute a material default under, any contract, agreement or other instrument by which New Guarantor is bound or to which New Guarantor is a party;

(vi) There is no bankruptcy, receivership or insolvency proceeding pending or (to New Guarantor's knowledge) threatened against New Guarantor; and

(vii) No proceeding is pending for the dissolution or annulment of New Guarantor, and all license, income and franchise taxes due and payable by New Guarantor have been paid in full.

(c) Original Borrower represents and warrants to Berkadia and Lender as of the Effective Date that:

(i) Contemporaneously with the execution and delivery hereof, Original Borrower has conveyed and transferred the Property to New Borrower;

(ii) Contemporaneously with the execution and delivery hereof, Original Borrower has assigned and transferred to New Borrower the Tenant Leases (as hereinafter defined), and Original Borrower has retained no rights therein or thereto;

(iii) Original Borrower has not received a security instrument or security agreement from New Borrower encumbering the Property to secure the

payment of any sums due Original Borrower or obligations to be performed by New Borrower;

(iv) There exist no defenses, offsets or counterclaims by Original Borrower to this Agreement or the Original Borrower's Loan Documents;

(v) There are no defaults by Original Borrower under the provisions of Original Borrower's Loan Documents executed or assumed by Original Borrower, nor are there any conditions which with the giving of notice or the passage of time or both may constitute a default by Original Borrower under the provisions of the Original Borrower's Loan Documents;

(vi) The Original Borrower's Loan Documents are in full force and effect;

(vii) There are no subordinate liens of any kind covering or relating to the Property, nor are there any mechanics' liens or liens for delinquent taxes or assessments encumbering the Property, nor has notice of a lien or notice of intent to file a lien been received;

(viii) To Original Borrower's knowledge, there are no pending or threatened condemnation or annexation proceedings affecting the Property, or any agreements to convey any portion of the Property or any rights thereto not disclosed in this Agreement, including, without limitation, to any governmental agency;

(ix) The certified rent roll for the Property provided to Lender on or about the date hereof, is a true, complete and accurate list of all tenant leases ("**Tenant Leases**" or individually a "**Tenant Lease**") affecting the Property as of the Effective Date hereof;

(x) There is no litigation or other proceeding against Original Borrower or the Property pending or overtly threatened, by written communication to Original Borrower, wherein an unfavorable decision might reasonably result in a material adverse change in the financial condition of Original Borrower or its ability to legally perform its obligations under this Agreement and the Original Borrower's Loan Documents;

(xi) There is no bankruptcy, receivership or insolvency proceeding pending or threatened against Original Borrower;

(xii) No proceeding is pending for the dissolution or annulment of Original Borrower, and all license, income and franchise taxes due and payable by Original Borrower have been paid in full; and

(xiii) Original Borrower has full power and authority to enter into, execute, deliver and perform this Agreement and such execution, delivery

and performance (A) have been duly and validly authorized by all necessary actions on the part of Original Borrower, (B) do not conflict with or result in a violation of Original Borrower's organizational documents or any judgment, order or decree of any court or arbiter in any proceeding to which Original Borrower is a party, and (C) do not conflict with, or constitute a material breach of, or constitute a material default under, any contract, agreement or other instrument by which Original Borrower is bound or to which Original Borrower is a party.

(d) Original Guarantor represents and warrants to Berkadia and Lender as of the Effective Date that:

(i) As of the Effective Date, there is no Event of Default or event which with the passage of time or the giving of notice, or both, would constitute an Event of Default under the Original Borrower's Loan Documents executed or assumed by Original Guarantor;

(ii) The Original Borrower's Loan Documents executed by Original Guarantor are in full force and effect;

(iii) There is no litigation or other proceeding against Original Guarantor pending or overtly threatened, by written communication to Original Guarantor, wherein an unfavorable decision might reasonably result in a material adverse change in the financial condition of Original Guarantor or its ability to legally perform its obligations under this Agreement;

(iv) Original Guarantor has the full power and authority to enter into this Agreement and perform its obligations hereunder. The execution, delivery and performance of this Agreement and the other documents contemplated herein by Original Guarantor (A) have been duly and validly authorized by all necessary action on the part of Original Guarantor, (B) do not conflict with or result in a violation of Original Guarantor's organizational documents or any judgment, order or decree of any court or arbiter in any proceeding to which Original Guarantor is a party, and (C) do not conflict with, or constitute a material breach of, or constitute a material default under, any contract, agreement or other instrument by which Original Guarantor is bound or to which Original Guarantor is a party;

(v) There is no bankruptcy, receivership or insolvency proceeding pending or threatened against Original Guarantor; and

(vi) No proceeding is pending for the dissolution or annulment of Original Guarantor, and all license, income and franchise taxes due and payable by Original Guarantor have been paid in full.

6. Financial Information. New Borrower and New Guarantor hereby each represents and warrants to Lender that all financial information and materials regarding New Guarantor, New Borrower and its affiliates provided by or on behalf of New Borrower and New

Guarantor to Berkadia were true and correct in all material respects as of the date of delivery thereof and remain materially true and correct as of the Effective Date.

7. Addresses. Lender, New Borrower and New Guarantor agree that all notice provisions contained in the Loan Documents are hereby modified to amend the notice address for Lender, New Borrower and New Guarantor, and that from and after the Effective Date, the notice addresses for Lender, New Borrower and New Guarantor, respectively, are as follows, and Section 5.14 of the Security Instrument shall be modified accordingly:

If to Lender:

The Bank of New York Mellon Trust Company, National  
Association (successor-in-interest to Chase Bank of Texas,  
National Association), as Trustee for the Bondholders of  
Commercial Capital Access One, Inc., Commercial Mortgage  
Bonds, Series 3  
c/o Berkadia Commercial Mortgage LLC  
118 Welsh Road  
Horsham, PA 19044  
Attention: Client Relations Manager for Loan No. 99-1091699

If to New Borrower:

HCP SH Eldorado Heights, LLC  
3760 Kilroy Airport Way, Suite 300  
Long Beach, CA 90806

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019  
Attention: Harris B. Freidus

If to New Guarantor:

HCP, Inc.  
3760 Kilroy Airport Way, Suite 300  
Long Beach, CA 90806

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019  
Attention: Harris B. Freidus

8. Release of Berkadia and Lender. Original Borrower, New Borrower, Original Guarantor and New Guarantor hereby each, as to itself only, unconditionally and irrevocably releases and forever discharges Berkadia and Lender and their respective successors, assigns, agents, directors, officers, employees, and attorneys (collectively, the “Indemnitees”) from all Claims, as defined below, and each, as to itself only, agrees to indemnify the Indemnitees, hold the Indemnitees harmless, and defend the Indemnitees with counsel reasonably acceptable to the Indemnitees from and against any and all claims, losses, causes of action, costs and expenses of every kind or character which it may now or hereafter have in connection with the Claims and/or the transfer of the Property in connection with this Agreement. As used in this Agreement, the term “Claims” shall mean any and all possible claims, demands, actions, costs, expenses and liabilities whatsoever, known or unknown, at law or in equity, originating in whole or in part on or before the Effective Date, which Original Borrower, New Borrower, Original Guarantor or New Guarantor or any of their respective directors, partners, principals, affiliates, members, shareholders, officers, agents, employees or successors, may now or hereafter have against the Indemnitees, if any, and irrespective of whether any such Claims arise out of contract, tort, violation of laws, or regulations, or otherwise in connection with the Loan or any of the Loan Documents or the Original Borrower’s Loan Documents, including, without limitation, any contracting for, charging, taking, reserving, collecting or receiving interest in excess of the highest lawful rate applicable thereto and any loss, cost or damage, of any kind or character, arising out of or in any way connected with or in any way resulting from the acts, actions or omissions of any of the Indemnitees, including any requirement that the Loan Documents or Original Borrower’s Loan Documents be modified as a condition to the transactions contemplated by this Agreement. Original Borrower, New Borrower, Original Guarantor and New Guarantor agree that Berkadia and Lender have no fiduciary or similar obligations to Original Borrower, New Borrower, Original Guarantor or New Guarantor or any of them and that their relationship is strictly that of creditor and debtor. This release is accepted by Berkadia and Lender pursuant to this Agreement and shall not be construed as an admission of liability on the part of either of them. Original Borrower, New Borrower, Original Guarantor and New Guarantor each hereby represents and warrants that it is the current legal and beneficial owners of all Claims theretofore held by it, if any, released hereby and has not assigned, pledged or contracted to assign or pledge any such Claim to any other person.

9. Confirmation of Waivers. New Borrower, without limiting the generality of its obligations under the Loan Documents, hereby confirms and ratifies the submission to jurisdiction and waivers set forth in the Loan Documents.

10. Binding Effect. This Agreement shall be binding upon the parties and their respective heirs, executors, administrators, successors, permitted assigns and representatives.

11. Ratification. Lender and New Borrower hereby ratify and affirm all of the Loan Documents and all of its or the other's, as applicable, respective rights, agreements, obligations, priorities, reservations, promises and waivers as made and agreed and contained therein and as assumed pursuant to this Agreement by New Borrower, all of which shall remain in full force and effect as amended hereby.

12. No Impairment of Lien; No Satisfaction. Nothing set forth herein shall affect the priority or extent of the lien of the Security Instrument or any of the other Loan Documents, nor, except as expressly set forth herein, release or change the liability of any party who may now be or after the Effective Date, become liable, primarily or secondarily, under the Loan Documents. This Agreement does not, and shall not be construed to, constitute the creation of new indebtedness or the satisfaction, discharge or extinguishment of the debt secured by the Loan Documents.

13. Third Party Beneficiary Status of Berkadia. New Borrower, Original Borrower, Original Guarantor and New Guarantor hereby each acknowledges and agrees that Berkadia, its successors and assigns, are all intended third party beneficiaries of this Agreement.

14. Bankruptcy Remote Single Purpose Entities. New Borrower is currently a bankruptcy-remote single purpose entity (in accordance with Section 4.2 of the Security Instrument) and will take all necessary company action (including, but not limited to, revising and filing charter and control documents in form, substance and structure as may be reasonably required by Lender) in order for the New Borrower to continue as a bankruptcy-remote single purpose entity (in accordance with Section 4.2 of the Security Instrument).

15. Compliance with Anti-Terrorism, Embargo, Sanctions and Anti-Money Laundering Laws. New Borrower shall comply with all Requirements of Law relating to money laundering, anti-terrorism, trade embargos and economic sanctions now or hereafter in effect. Upon Lender's request from time to time during the term of the Loan, New Borrower shall certify in writing to Lender that New Borrower's obligations under this Section 15 have not been breached. New Borrower shall immediately notify Lender in writing if any of such covenants have been breached or if New Borrower has reasonable basis to believe that they have been breached. In connection with such an event, New Borrower shall comply with all Requirements of Law and directives of Governmental Authorities and, at Lender's request and to the extent permitted by law, provide to Lender copies of all notices, reports and other communications exchanged with or received from Governmental Authorities relating to such an event. New Borrower shall also reimburse Lender any expense incurred by Lender in evaluating the effect of such an event on the Loan and Lender's interest in the collateral for the Loan, in obtaining any necessary license from Governmental Authorities as may be necessary for Lender to enforce its rights under the Loan Documents, and in complying with all Requirements of Law applicable to Lender as a result of the existence of such an event and for any penalties or fines imposed upon Lender as a result thereof. Further, New Borrower shall immediately notify Lender in writing if any future tenant of the Property (a) is identified on the OFAC List, or (b) is a Person with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction or other prohibition of United States law, regulation or Executive Order of the President of the United States. For purposes of this Section 15, the following definitions shall apply:

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any Person exercising executive, legislative, judicial or administrative functions of or pertaining to such government.

“OFAC List” means the list of specially designated nationals and blocked Persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any Requirements of Law including, without limitation, trade embargo, economic sanctions or other prohibitions imposed by Executive Order of the President of the United States. The OFAC List currently is accessible through the internet website [www.treas.gov/ofac/tl1sdn.pdf](http://www.treas.gov/ofac/tl1sdn.pdf).

“Requirements of Law” means with respect to any Person (i) the organizational documents of such Person, and (ii) any law, regulation, ordinance, code, decree, treaty, ruling or determination of an arbitrator, court or other Governmental Authority or any Executive Order issued by the President of the United States, in each case applicable to or binding upon such Person or to which such Person, any of its property or the conduct of its business is subject including, without limitation, laws, ordinances and regulations pertaining to the zoning, occupancy and subdivision of real property.

“Person” means an individual, partnership, limited partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

16. Fees. Original Borrower, New Borrower and Lender have agreed that, simultaneously with the execution hereof, all fees, costs, and charges arising in connection with the execution of this Agreement, including without limitation, all reasonable attorneys' fees, title company fees, title insurance premiums, recording costs, assumption and/or transfer fees and other out-of-pocket closing costs incurred by Lender in connection with this Agreement, will be paid as of the Effective Date, and that Lender shall have no obligation whatsoever for payment thereof. New Borrower acknowledges and agrees that none of the fees, costs, and charges paid in connection with the execution of this Agreement shall be applied to or set off against the principal balance of the Note.

17. Miscellaneous.

(a) Choice of Law. This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State in which the Property is located and shall in all respects be governed, construed, applied and enforced in accordance with such laws without reference to choice of law principles.

(b) Severability. This Agreement is intended to be performed in accordance with and only to the extent permitted by applicable law. If any provisions of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

(c) Modifications. No change or modification of this Agreement shall be valid unless the same is in writing and signed by all parties hereto.

(d) Complete Agreement. This Agreement and the Loan Documents represent the complete agreement among the parties with regard to the items set forth herein, and there are no representations, covenants, warranties, agreements or conditions, oral or written, between the parties not set forth in this Agreement and the Loan Documents.

(e) Headings. Section, paragraph or other headings contained in this Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Agreement.

(f) Counterparts. This Agreement may be executed in any number of counterparts, each of which when taken together shall be deemed an original constituting one and the same document.

(g) Joint and Several Liability. If New Borrower consists of more than one person or entity, each is jointly and severally liable to perform the obligations of New Borrower hereunder, and all representations, warranties, covenants and agreements made by New Borrower are joint and several.

18. Supremacy Clause. It is hereby agreed that the terms and conditions of the Security Instrument, the Note and other Loan Documents, as modified by this Agreement, shall remain in full force and effect and shall be binding upon New Borrower. It is understood and agreed that in the event there are any conflicting or omitted provisions or variations between the terms, conditions, rights, or remedies in the Security Instrument, the Note or any other Loan Document (other than this Agreement) and the terms of this Agreement, those terms, conditions, rights or remedies set forth in this Agreement shall remain in full force and effect and shall prevail. A default under the terms and conditions of this Agreement shall constitute a default under the terms and conditions of the Security Instrument, the Note and other Loan Documents.

19. Waiver of Trial by Jury. ORIGINAL BORROWER, NEW BORROWER, ORIGINAL GUARANTOR AND NEW GUARANTOR HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN, THE APPLICATION FOR THE LOAN, THE NOTE, THE LOAN DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

20. Further Assurances. Original Borrower, Original Guarantor, New Borrower and New Guarantor shall cooperate with Lender and shall execute and deliver, or cause to be executed and delivered, all such other documents and instruments, and shall take all such other action that Lender may request from time to time in order to accomplish and satisfy the provisions and purposes of this Agreement, including such confirmations and/or corrective instruments as Lender reasonably may require.

21. Modifications to Security Agreement. From and after the Effective Date, the Security Instrument is hereby amended as follows:

(a) Books and Records.



(i) Section 3.11(a) is hereby deleted in its entirety and replaced with the following:

- (a) Borrower and any Guarantors (defined in Subsection 10.1(e)) and Indemnitors, if any, shall keep or cause Lessee (as defined in that certain Lease and Security Agreement dated as of March 14, 2013 by and between Borrower and Emeritus Corporation, a Washington corporation (the “Emeritus Lease”)) to keep adequate books and records of account in accordance with generally accepted accounting principles, consistently applied (“GAAP”), or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and shall furnish or cause Lessee to furnish to Lender:

(ii) Section 3.11(a) is hereby further amended by deleting subsection (i) thereof in its entirety and replacing it with the following:

- (i) an annual operating statement of the Property detailing total revenues received, total expenses incurred, total cost of all capital improvements, total debt service and total cash flow, and containing a comparison for such period with the annual budget delivered pursuant to Subsection 3.11(a)(iv), to be prepared and certified by Borrower or Lessee, as applicable, in the form required by Lender, within ninety (90) days after the close of each fiscal year of Borrower and if available, any operating statements prepared by an independent certified public accountant within thirty (30) days of the date the same are made available to Borrower;

(iii) Section 3.11(a) is hereby further amended by deleting subsection (ii) thereof in its entirety and replacing it with the following:

- (ii) a monthly balance sheet, profit and loss statement of Borrower and rent roll, including occupancy and payor mix in the form required by Lender, prepared and certified by Borrower or Lessee, as applicable, within (1) thirty (30) days following the end of each month through and including the last month of the year following the year in which the Note was executed and thereafter (2) a quarterly/annual balance sheet, profit and loss statement of Borrower and rent roll including occupancy and payor mix not later than thirty (30) days following the end of each calendar quarter and ninety (90) days after the close of each fiscal year of Borrower, and, if available, any financial statement prepared by an independent certified public accountant with respect to the Borrower within thirty (30)

days of the date the same are made available to any persons;

(b) Management.

(i) Section 3.13 is hereby amended by (x) deleting in its entirety the opening clause thereof commencing with "The Property" and ending with "to exist thereunder", and (y) deleting "other" in the first line of subsection (a) thereof.

(ii) Section 3.13 is hereby further amended by adding "with respect to a management agreement entered into by Borrower with a manager (the "Manager") for all or substantially all of the Property" immediately after "occurs" in the first line of subsection (b) thereof.

(c) Legal Status and Authority. Section 5.3 is hereby amended by deleting "operate and" from the second sentence thereof.

(d) Litigation. Section 5.5 is hereby amended by (x) replacing "that has not" in the fourth line thereof with "unless the same has" and (y) deleting "not" in the fourth line thereof.

(e) Status of Property.

(i) Section 5.6(b) is hereby amended by adding "and/or Lessee, as applicable" after the term "Borrower" in the 1<sup>st</sup>, 6<sup>th</sup> and 9<sup>th</sup> lines thereof.

(ii) Section 5.6(i) is hereby amended by adding after "other than" in the second line thereof "Lessee's or".

(iii) Section 5.10 is hereby amended by deleting therefrom subclause (a) in its entirety, and replacing the same with the following: "Borrower and/or Lessee, as applicable, hereby represents and warrants to Lender that."

(iv) Section 5.10 is hereby further amended by deleting the 2<sup>nd</sup> sentence thereof in its entirety and replacing it with the following: "Borrower shall not enter, or permit Lessee to enter, into any Lease with respect to all or substantially all of the Property without first obtaining Lender's written consent to the form of the lease, and substance, and the identity of the lessee."

(f) Medical Services. Section 5.19 is hereby amended by deleting "(as opposed to only supportive services)" in the first line thereof.

(g) Assignment of Licenses and Certificates. Section 5.20 is hereby deleted in its entirety and replaced with the following:

5.20 ASSIGNMENT OF LICENSES AND CERTIFICATES. Borrower shall not transfer or assign, or permit Lessee to transfer or assign, any licenses, permits, certifications or

certificates of need rights which are required by law for Borrower and/or Lessee, as applicable, to operate the Property. All licenses and certificates under Medicare and Medicaid programs for the Property shall be issued in the name of Borrower or Lessee, as applicable.

(h) No Reliance on Lender. Section 6.2 is hereby amended by deleting “and operation” in each of the second and fourth lines thereof.

(i) Lender Reliance. Section 8.1 is hereby amended by deleting “and operating” in the first sentence thereof.

(j) Sale/Encumbrance. Section 8.3 is hereby amended by adding at the end thereof the following:

Notwithstanding the foregoing, the following transfers shall not be deemed to be a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Article 8: the issuance, sale, conveyance, transfer or other disposition (each, a “REIT Share Transfer”) of any shares of common stock (the “REIT Shares”) in HCP Inc., a Maryland corporation (the “REIT”), so long as: (A) at the time of the REIT Share Transfer, the REIT Shares are listed on the New York Stock Exchange or another nationally recognized publicly traded stock exchange (any such stock exchange, a “Recognized Stock Exchange”); and (B) the REIT Share Transfer does not result in or cause a change in Control of the REIT or the Borrower. For purposes of this Section 8.3, the term “Control” when used with respect to any specified person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

22. Replacement Reserve Agreement. Notwithstanding anything to the contrary contained in Section 6.II. of the Second Assumption Agreement, the modifications to Section 8 of the Replacement Reserve Agreement shall be of no further force and effect from and after the Effective Date.

23. Grant of Security Interest. Without limiting any of the terms and provisions of the Assignment of Leases, New Borrower hereby pledges and assigns to Lender, and grants to Lender a security interest in all of New Borrower’s right, title and interest in, to and under the Emeritus Lease, including, without limitation, New Borrower’s right, title and interest in and to the Emeritus Property and the other Collateral (as more particularly defined in the Emeritus Lease), as security for payment of the Debt (as defined in the Security Instrument) and the performance by New Borrower of all of New Borrower’s obligations under the Loan Documents.

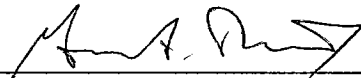
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**LENDER:**

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, NATIONAL ASSOCIATION  
(SUCCESSOR-IN-INTEREST TO CHASE BANK  
OF TEXAS, NATIONAL ASSOCIATION), AS  
TRUSTEE FOR THE BONDHOLDERS OF  
COMMERCIAL CAPITAL ACCESS ONE, INC.,  
COMMERCIAL MORTGAGE BONDS, SERIES  
3

By: Berkadia Commercial Mortgage LLC,  
a Delaware limited liability company

Its: Primary Servicer

By: 

Name: Gary A. Routzahn  
Authorized Representative

[Signatures continue on next page]

COMMONWEALTH OF PENNSYLVANIA )

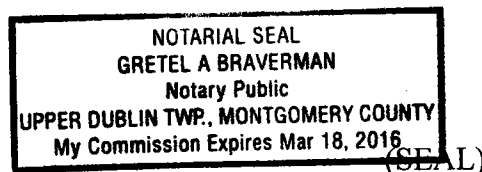
) SS:

COUNTY OF MONTGOMERY )

On this the 13<sup>th</sup> day of March, 2013, before me the undersigned officer, personally appeared Gary A. Routzahn, who acknowledged himself to be an Authorized Representative of Berkadia Commercial Mortgage LLC, a Delaware limited liability company, the Primary Servicer for THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION (SUCCESSOR-IN-INTEREST TO CHASE BANK OF TEXAS, NATIONAL ASSOCIATION), AS TRUSTEE FOR THE BONDHOLDERS OF COMMERCIAL CAPITAL ACCESS ONE, INC., COMMERCIAL MORTGAGE BONDS, SERIES 3 ("Lender") and that he as such Authorized Representative being authorized to do so, executed the foregoing instrument on behalf of Lender for the purposes therein contained.

WITNESS my hand and seal the day and year aforesaid.

  
NOTARY PUBLIC



**ORIGINAL GUARANTOR:**

BRE/SW HOLDINGS LLC,  
a Delaware limited liability company

By: 

Name:

Title:

**ERIC MENDELSON**  
**SVP Corporate Development**

[Signatures continue on next page]

STATE OF Washington

) SS:

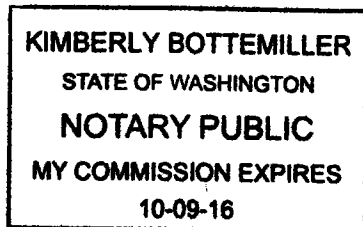
COUNTY OF King )

On this the 12<sup>th</sup> day of March 2013, before me the undersigned officer, personally appeared Eric Mendelsohn, who acknowledged himself/herself to be the SVP Corp Development of BRE/SW HOLDINGS LLC, a Delaware limited liability company, and that he/she as such SVP, being authorized to do so, executed the foregoing instrument on behalf of the limited liability company for the purposes therein contained.

WITNESS my hand and seal the day and year aforesaid.

  
\_\_\_\_\_  
NOTARY PUBLIC

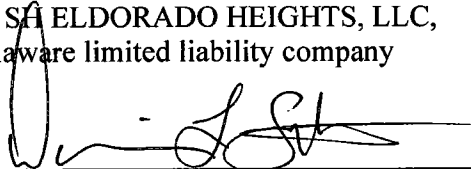
(SEAL)





**NEW BORROWER:**

HCP SHIELDORADO HEIGHTS, LLC,  
a Delaware limited liability company

By:   
Name: Darrin L. Smith  
Title: Senior Vice President

[Signatures continue on next page]

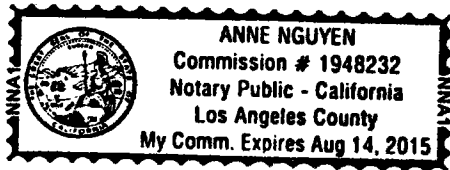
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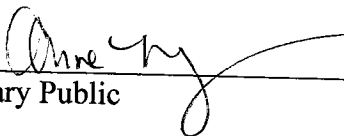
STATE OF CALIFORNIA       )  
  ) SS.  
COUNTY OF LOS ANGELES    )

On March 12, 2013, before me, Anne Nguyen, a Notary Public, personally appeared Darrin L. Smith, 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 executed the same in his authorized capacity, and that by his 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 California that the foregoing paragraph is true and correct

WITNESS my hand and official seal.



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

IN WITNESS WHEREOF, the parties hereto have executed this Assumption and Release Agreement as of the day and year first above written.

**ORIGINAL BORROWER:**

BRE/SW ELDORADO HEIGHTS LLC,  
a Delaware limited liability company

By: 

Name:

**ERIC MENDELSON**

Title:

**SVP Corporate Development**

[Signatures continue on next page]

STATE OF Washington

) SS:

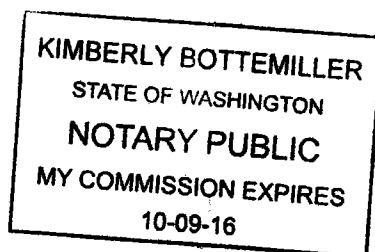
COUNTY OF King )

On this the 12<sup>th</sup> day of March, 2013, before me the undersigned officer, personally appeared Eric Thenderson, who acknowledged himself/herself to be the SVP Corp. Director of BRE/SW ELDORADO HEIGHTS LLC, a Delaware limited liability company, and that he/she as such SVP, being authorized to do so, executed the foregoing instrument on behalf of the limited liability company for the purposes therein contained.

WITNESS my hand and seal the day and year aforesaid.

  
\_\_\_\_\_  
NOTARY PUBLIC

(SEAL)



**NEW GUARANTOR:**

HCP, INC.,  
a Maryland corporation

By: \_\_\_\_\_

Name: Darrin L. Smith

Title: Senior Vice President

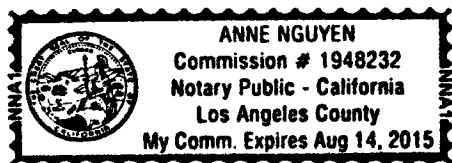
**ACKNOWLEDGMENT**

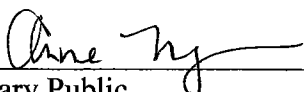
STATE OF CALIFORNIA       )  
  ) SS.  
COUNTY OF LOS ANGELES   )

On March 12, 2013, before me, Anne Nguyen, a Notary Public, personally appeared Darrin L. Smith, 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 executed the same in his authorized capacity, and that by his 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 California that the foregoing paragraph is true and correct

WITNESS my hand and official seal.



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

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

#### **PARCEL 1:**

A parcel of land situated in portions of vacated Blocks 2, 3, 6, 7, 9 and 10, ELDORADO ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point being the most Northerly corner of Lot 2, Block 10, ELDORADO ADDITION TO THE CITY OF KLAMATH FALLS, OREGON; thence along the Northwesternly line of said Lot 2, South 38 degrees 16' 30" West 100.00 feet to the most Westerly corner of said Lot 2; thence along the Southwesterly line of the vacated portion of Blocks 9 and 10 of said Eldorado Addition, North 51 degrees 42' 50" West 170.69 feet; thence leaving said Southwesterly line North 38 degrees 16' 30" East 667.37 feet to the Southerly line of Eldorado Boulevard; thence along said Southerly line of Eldorado Boulevard 182.39 feet along the arc of a 667.34 foot radius curve to the right, the long chord of which bears South 55 degrees 00' 55" East 181.84 feet; thence 29.87 feet along the arc of a 20.00 foot curve to the right, the long chord of which bears South 4 degrees 30' 47" East, to its point of tangency with the Westerly line of Sloan Street; thence along said Westerly line of Sloan Street South 38 degrees 16' 30" West 557.91 feet to the Northeasterly line of said Lot 2; thence along said Northeasterly line North 51 degrees 42' 50" West 29.31 feet to the point of beginning.

#### **PARCEL 2:**

Lot 2, Block 10, ELDORADO ADDITION to the City of Klamath Falls, in the County of Klamath, State of Oregon, EXCEPTION THEREFROM the Southeasterly 19 feet, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

TOGETHER WITH all rights contained in the Cross Easement Agreement recorded with the County Clerk of Klamath Falls, Oregon as Volume M96, page 922, Microfilm Records of Klamath County, Oregon.