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K-40309

This Document Prepared By,
Recording Requested By And
When Recorded Mail To:

Rogers & Wells
200 Park Avenue
New York, New York 10166
Attention: Stephen E. Poltrack, Esq.

ASSIGNMENT OF LANDLORD'S INTEREST IN LEASE

1. By this Assignment, Lepercq Corporate Income Fund II L.P., a Delaware limited partnership ("Assignor"), for value received, hereby assigns to Citibank, N.A., a New York banking corporation ("Assignee"), in connection with and as security for those certain loans evidenced by Assignor's promissory note of even date herewith payable to the order of Assignee in the stated principal amount of Eighteen Million Dollars (\$18,000,000) and all extensions, modifications or replacements thereof (the "Note"), all of Assignor's right, title and interest in that certain lease agreement entered into between Assignor, as Landlord, and Fred Meyer, Inc. ("Lessee"), as Tenant, of even date herewith, a copy of which is attached hereto as Exhibit "A" (the "Lease") covering the real property developed as a shopping center in Klamath Falls, Oregon as more particularly described in Exhibit "B" attached hereto and

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incorporated herein by reference (the "Property"), together with all extensions, renewals, modifications or replacements of the Lease.

2. Assignor's purpose in making this assignment is to relinquish to Assignee its right to collect and enjoy the rents, royalties, issues, profits, income and other monetary benefits at any time accruing by virtue of the Lease (the "Rents and Profits") in partial satisfaction of the outstanding indebtedness of Assignor to Assignee as evidenced by the Note, and to furnish collateral security for the performance of Assignor's obligations contained (i) herein, (ii) in the Note, and (iii) in any other agreement relating to the Note.

3. This Assignment is a present, absolute and unconditional assignment of the Rents and Profits and shall, immediately upon execution, give Assignee the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the Note; and this Assignment is a collateral assignment of Assignor's other rights under the Lease. Notwithstanding anything contained herein to the contrary, Assignee's rights hereunder (other than the right to collect Rents and Profits) are conditioned upon the occurrence of a default by Assignor in the performance of its obligations herein, in the Note, or in any

other agreement relating to the Note, which default is not cured within any applicable grace and/or notice period. Nothing contained herein, nor any collection of Rents and Profits by Assignee or by a receiver, shall be construed to make Assignee a "mortgagee-in-possession" of the Property so long as Assignee has not itself entered into actual possession of the Property.

4. This Assignment shall constitute a direction to and full authority of Lessee to pay all Rents and Profits to Assignee. Assignor hereby irrevocably authorizes Lessee to rely upon and comply with any notice or demand by Assignee for the payment to Assignee of any Rents and Profits due or to become due.

5. Assignor warrants as to the Lease:

(a) that the Lease is in full force and effect;

(b) that to the best of Assignor's knowledge no default or defaults material to the Lease individually or collectively exists on the part of Assignor or Lessee;

(c) that no more than one (1) month's rent has been collected in advance on the Lease;

(d) that neither the Lease nor any interest therein is subject to any other assignment or pledge; and

(e) that to the best of Assignor's knowledge Lessee under the Lease does not have any defense, set-off or counterclaim against Assignor.

6. Assignor agrees with respect to the Lease:

(a) The Lease shall remain in full force and effect despite any merger of the interest of Assignor and Lessee.

(b) That Assignor shall recognize Assignee as a "Mortgagee" as defined in the Lease until such time as a mortgage is recorded against the Property.

(c) Assignor shall not terminate the Lease, or materially modify or amend the Lease or any of the terms thereof, or grant any material concessions in connection therewith or accept a surrender thereof, without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

(d) Assignor shall not discount any future accruing Rents and Profits without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

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(e) Assignor shall not, without the prior written consent of Assignee, execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law, or consent to any assignment of Lessee's interest under the Lease which assignment would relieve Lessee of its obligations thereunder.

(f) Assignor shall not, without the prior written consent of Assignee, request, consent to, agree to, permit or accept a subordination of the Lease to any mortgage, deed of trust or other encumbrance, or any other lease, now or hereafter affecting the Property or any part thereof, or suffer or permit conversion of the Lease to a sublease.

(g) Assignor shall faithfully perform and discharge all of its obligations under the Lease and shall give prompt written notice to Assignee of any notice of Assignor's default received from Lessee or any other person and furnish Assignee with a complete copy of said notice. Assignor shall appear in and defend, at no cost to Assignee, any action or proceeding arising under or in any manner connected with the Lease. If requested by Assignee, Assignor shall enforce the

Lease and all remedies available to Assignor against Lessee in the case of default under the Lease by Lessee.

(h) Assignor shall, subject to and in accordance with the terms of the Lease, deliver to Assignee, promptly upon request, duly executed estoppel certificates from the Lessee as required by Assignee attesting that the Lease is in full force and effect with no defaults thereunder on the part of any party, that no rental has been paid more than one month in advance, and that Lessee claims no defense or offset against the full and timely performance of its obligations under the Lease.

(i) Nothing herein shall be construed to impose any liability or obligation on Assignee under or with respect to the Lease. Assignor shall indemnify and hold Assignee harmless from and against any and all liabilities, losses and damages which Assignee may incur under the Lease or by reason of this Assignment, and of and from any and all claims and demands whatsoever which may be asserted against Assignee by reason or any alleged obligations to be performed or discharged by Assignee under the Lease or this Assignment. Assignor shall have the right to defend, with counsel of its own choosing, any claim against Assignee that is subject to the provisions of this

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indemnification, at Assignor's sole cost and expense. Should Assignee incur any liability, loss or damage under the Lease or under or by reason of this Assignment, Assignor shall immediately upon demand reimburse Assignee for the amount thereof together with all costs and expenses and reasonable attorneys' fees incurred by Assignee. All of the foregoing sums shall bear interest until paid at the lesser of (i) the default rate set forth in the Note or (ii) the highest interest rate then permitted by applicable law to be contracted between Assignee and Assignor. Any Rents and Profits collected in accordance with the rights granted Assignee hereunder may be applied in its discretion in satisfaction of any such liability, loss, damage, claim, demand, cost, expense or fees.

7. Assignor hereby grants to Assignee the following rights, which rights shall be in addition to any other rights or remedies available to Assignor hereunder, under the Note or any document relating thereto, at law or in equity:

(a) Upon default by Assignor hereunder or under the Note, Assignee shall be deemed to be the creditor of Lessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor-relief

proceedings affecting Lessee (without obligation on the part of the Assignee, however, to file timely claims in such proceedings or otherwise pursue rights therein).

(b) Assignee shall have the right to assign all or any portion of its rights hereunder to any subsequent holder of the Note or any participating interest therein, or to any person acquiring title to all or any part of the Property through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Assignee.

(c) Assignee shall have the right (but not the obligation), upon any failure of Assignor to perform any of its non-monetary agreements hereunder, which failure shall continue unremedied for fifteen (15) days after the sending of written notice to Assignor, to take any action as Assignee may deem necessary or appropriate to protect its security, including but not limited to appearing in any action or proceeding and performing any obligations of Assignor under the Lease, and Assignor agrees to pay, on demand, all costs and expenses (including without limitation reasonable attorneys' fees) incurred by Assignee in connection therewith, together with interest thereon at the lesser of (i) the default rate set forth

in the Note, or (ii) the highest interest rate then permitted by applicable law to be contracted between Assignee and Assignor.

(d) Upon any monetary default by Assignor under this Assignment (Assignor agreeing that, without limitation, any default by Assignor under the Lease which adversely affects the Rents and Profits or results in a right on the part of Lessee to terminate the Lease shall be deemed a monetary default hereunder), which default shall continue unremedied for ten (10) days after written notice to Assignor, or upon any default under the Note, subject to the applicable grace and cure period contained therein, if any, and without further notice to or consent of Assignor, Assignee shall have the following rights (none of which shall be construed to be obligations of Assignee or shall cure or constitute a waiver of any default by Assignor or acceleration by Assignee of the indebtedness secured hereby):

(i) Assignee shall have the right to apply the Rents and Profits and any sums recovered by Assignee pursuant to paragraph 7(a) hereof to Assignor's outstanding indebtedness to Assignee secured hereby, as well as to charges for taxes, insurance, improvements, maintenance and other items as Assignor may reasonably deem

necessary or desirable in connection with the operation of the Property, in such manner as Assignee may determine in its sole discretion.

(ii) Assignee shall have the right to take possession of the Property subject to the Lease, manage and operate the Property and Assignor's business thereon, and to take possession of and use all books of account and financial records of Assignor and its property managers or representatives relating to the Property.

(iii) Assignee shall have the right, subject to the terms of the Lease, to execute new leases on any part of the Property.

(iv) Assignee shall have the right to enforce, cancel or alter the Lease in accordance with its terms.

(v) Assignee shall have the authority, as Assignor's attorney-in-fact, such authority being coupled with an interest and irrevocable, to sign the name of Assignor and to bind Assignor on all papers and documents relating to the operation, leasing and maintenance of the Property.

8. Notwithstanding any future modifications of the terms of the Note, this Assignment and the rights and benefits hereby assigned and granted shall continue in favor of Assignee in accordance with the terms of this Assignment.

9. This Assignment shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto (including without limitation, in the case of Assignee, any third parties now or hereafter acquiring any interest in the Note or any part thereof, whether by virtue of assignment, participation or otherwise). The words "Assignor," "Assignee," and "Lessee," wherever used herein, shall include the persons and entities named herein and their respective heirs, legal representatives, successors and assigns, provided that any action taken by Assignee or any successor designated as such by an instrument recorded in the Official Records of the County in which the Property is located referring to this Assignment shall be sufficient for all purposes notwithstanding that Assignee may have theretofore assigned or participated any interest in the Note to a third party. All words and phrases shall be taken to include the singular or plural number, and the masculine, feminine or neuter gender, as may fit the case.

10. Any change, amendment, modification, abridgement, cancellation, or discharge of this Assignment or any term or provision hereof shall be invalid without the written consent of Assignee.

11. Upon payment to Assignee of the full amount of the proceeds of the Note used to purchase the Property, and provided there are no other defaults on the part of Assignor under the Note, this Assignment shall be void and of no further effect. In such event, Assignee agrees to execute any documents reasonably requested by Assignor to make this Assignment void and of no further effect, in recordable form, and to execute at Assignor's request an instruction letter to Lessee to pay all future Rents and Profits as directed by Assignor.

12. Any notice to be given pursuant to this Assignment shall be in writing and shall be delivered personally or by certified or registered mail. Any notice shall be conclusively deemed to have been received by a party hereto and to be effective (i) if delivered by hand, on the day on which delivered to such party at the address specified below (or at such other address as such party shall specify to the other party in writing), or (ii) if sent by certified or registered

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mail, on the third business day after the day on which mailed,
addressed to such party at such address:

To Assignor:

Lepercq Corporate Income Fund II, L.P.
c/o Lepercq Capital Partners
345 Park Avenue
New York, New York 10154
Att'n: James F. Dannhauser, Esq.

With a copy to:

Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153
Att'n: Alan A. Lascher, Esq.

To Assignee:

Citibank, N.A.
399 Park Avenue
12th Floor, Zone 11
New York, New York 10043
Att'n: Michael B. Mauerstein

With a copy to:

Rogers & Wells
200 Park Avenue
New York, New York 10166
Att'n: Joseph H. Levie, Esq.

13. If any provision hereof is determined to be
illegal or unenforceable for any reason, the remaining
provisions hereof shall not be affected thereby.

14. This Assignment shall be governed by and
construed under the laws of the State of New York, except with

respect to the priority of liens on the Property or enforcement of the lien of this Assignment, which shall be governed by the laws of the State of Oregon. Notwithstanding anything to the contrary contained in this Assignment or in any other document described herein, Assignor expressly consents to the applicability of such New York law with respect to any personal liability and any action for a deficiency judgment, whether before or after any exercise of any remedy under this Assignment.

15. Assignor may record this Assignment in the appropriate land records of the county wherein the Property is located, and Assignor shall pay any and all recording fees, documentary stamp taxes and intangible taxes payable in connection with this Assignment and the recording hereof.

16. This instrument shall constitute a security agreement within the meaning of the Uniform Commercial Code with respect to any personal property included within the description of the security. Upon request of Assignee, Assignor shall execute any necessary financing statements in the form required by the Uniform Commercial Code and shall file the statements at Assignor's expense with the Secretary of State for the State of Oregon. Without further authorization from Assignor, Assignee may at any time file photographic or other reproduction copies

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of this instrument as financing statements, which financing statements are effective for a period of ten years from the date of filing.

17. Assignor agrees to execute and deliver to Assignee any further documents reasonably requested by Assignee to make this Assignment valid, enforceable and recordable.

IN WITNESS WHEREOF, the undersigned has executed this Assignment as of the 10th day of March, 1988.

LEPERCQ CORPORATE INCOME FUND II L.P.

By: Secured Property
Associates II L.P.,
General Partner

By: Lepercq Lease Associates II L.P.,
General Partner

By: P.J.K.
Peter J. Kimunen, General Partner

WITNESS

STATE OF OREGON

COUNTY OF Multnomah

SS.

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On March 10, 1988, before me, the undersigned, a Notary Public in and for said state, personally appeared Steve J. Kinnaman, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument as the authorized signatory of Lepercq Lease Associates II L.P., the general partner of Secured Property Associates II L.P., the general partner of Lepercq Corporate Income Fund II L.P., the general partnership that executed the within instrument, and acknowledged to me that he executed the same for and on behalf of Lepercq Lease Associates II L.P., and that Lepercq Lease Associates II L.P. executed the same as such partner of Secured Property Associates II L.P., and that Secured Property Associates II L.P. executed the same or such partner of Lepercq Corporate Income Fund II L.P., and that Lepercq Corporate Income Fund II L.P. executed the same.

WITNESS my hand and official seal.



Steve J. Kinnaman
Notary Public for Oregon
My commission expires 9/16/90

EXHIBIT A

Klamath Falls

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Assignment of Lessor's Interest in Lease

A parcel of land located in the southwest one-quarter of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Commencing at a brass cap marking the southwest corner of Section 34 and running North 00° 28' 30" West 168.83 feet; thence North 89° 31' 30" East 55.00 feet to a point on the easterly right-of-way line of Washburn Way and the Point of Beginning; running thence along said right-of-way line, North 00° 28' 30" West 944.12 feet; thence leaving said right-of-way, North 89° 31' 53" East 588.13 feet; thence South 00° 28' 07" East 1101.80 feet to the northerly right-of-way line of Shasta Way; thence along said right-of-way South 89° 52' 25" West 77.96 feet; thence North 87° 15' 50" West 300.37 feet; thence South 89° 52' 25" West 7.13 feet; thence leaving said right-of-way, North 00° 28' 07" West 159.15 feet; thence South 89° 31' 53" West 172.03 feet; thence 38.10 feet along a 35.00 foot radius curve left, the long chord of which bears South 58° 20' 54" West 36.24 feet to the Point of Beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 11th day of March A.D., 19 83 at 2:57 o'clock P M., and duly recorded in Vol. M88 of Deeds on Page 3428.

FEE \$85.00

Evelyn Biehn, County Clerk
By Sam Smith