

CONDITIONAL  
ASSIGNMENT OF LEASES AND RENTS

DATED: December 20, 1988

FROM: Waggoner Plaza Limited Partnership  
whose address is:  
c/o Viking Financial Services, Inc.  
1985 SW 6th Avenue  
Portland, OR 97201

ASSIGNOR

TO: OREGON PUBLIC EMPLOYEES' RETIREMENT FUND  
159 State Capitol Building  
Salem, OR 97310

ASSIGNEE

FOR VALUABLE CONSIDERATION, paid by Assignee to Assignor, Assignor hereby assigns unto Assignee all of the right, title and interest of Assignor in, under or by virtue of each of the leases described in attached Exhibit B, affecting the real property ("Real Property") described in attached Exhibit A, together with any renewals or extensions thereof and together with all rents, income and profits arising therefrom.

This assignment shall include any and all other leases or rental agreements that may now be in effect, as well as any future or additional leases or rental agreements, and any renewals or extensions of such leases or rental agreements, that may be entered into by Assignor for the lease or rental of the Real Property, or any part thereof (collectively, "Leases"), and Assignor herein agrees to execute and deliver such other and further assignments of the Leases as Assignee herein may require.

TO HAVE AND TO HOLD the same unto Assignee, and to its successors and assigns, as security for the payment of the principal and interest provided to be paid in that certain promissory note ("Note") made by Assignor, dated December 20, 1988, in the principal sum of ONE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,200,000.00) and interest, and for the performance of the covenants contained in the deed of trust or mortgage ("Deed of Trust") bearing even date therewith encumbering the Real Property.

RESERVING, HOWEVER, unto Assignor, a license to collect and retain the rentals as they become due, but not in advance, under the Leases so long as there is no default in any of the terms, covenants or provisions of the Note, the Deed of Trust or this Assignment. In the event of any such default, Assignee is hereby empowered to collect the rents, income and profits as they come due as well as all past due rents, income and profits which are yet uncollected by Assignor under the Leases and apply the net amount of same after payment of all charges, expenses and fees, on account of the indebtedness for which this Assignment is security; and, further, Assignee may at its option enter and take possession of the Real Property, or any part thereof, and exercise all the rights and privileges of Assignor with respect thereto, including the right to let or relet the Real Property, or any part thereof, and to collect the rents, income and profits under any such new lease in accordance with the foregoing. Assignee shall only be accountable for money actually received pursuant to this Assignment.

Assignor hereby authorizes Assignee, at its election, to perform any of Assignor's obligations to any lessee under any of the Leases, exercise any of Assignor's rights, powers or privileges under the Leases, modify any of the Leases, and execute a new lease on all property covered by any of the Leases.

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Notwithstanding the above-granted authorization, whereby Assignee may perform any of Assignor's obligations, Assignee may, at its election, subsequent to any default by Assignor under any of the Leases and by the giving of written notice to Assignor, assume any of the obligations of Assignor or its assigns to the lessee under any of the Leases.

Whether Assignee acts as agent of Assignor (in performance of Assignor's obligations) or under an express assumption of Assignor's obligations, or in the exercise of any of the rights, powers or privileges accorded Assignee hereunder, Assignor will reimburse Assignee and the receiver for any expenses or liabilities incurred. Assignor shall reimburse Assignee and any receiver for expenses and liabilities so incurred on demand with interest thereon at the interest rate under the Note from time to time, but not in any event at a rate higher than the maximum rate permitted by law, from the date of expenditure until repaid. Furthermore, a failure to reimburse Assignee and the receiver shall constitute a default under this instrument whereby the Assignee may apply all rents, income or profits as they become due as well as all past due yet uncollected rents, income or profits toward the payment of such expenses. Furthermore, the above mentioned rents, income or profits shall be first applied toward the payment of such expenses whether or nor any other debts secured by this assignment have accrued.

The rights and remedies of Assignee under this Assignment are cumulative, are not in lieu of but are in addition to, and the exercise or the failure to exercise the same shall not constitute a waiver of, any other rights and remedies which the Assignee shall have under the Note or the Deed of Trust. The rights and remedies of Assignee hereunder may be exercised from time to time and as often as such exercise is deemed expedient.

Except as otherwise provided herein, this Assignment shall not operate to place responsibility for the control, care, management or repair of the Real Property, or any part thereof, under Assignee, nor for the carrying out of any of the terms and conditions of the Leases, unless such responsibility is specifically assumed by Assignee in writing; nor shall it operate to make Assignee responsible or liable for any waste committed on the Real Property by the lessee or any other party, or for any dangerous or defective condition of the Real Property, or for any negligence in the management, upkeep, repair or control of the Real Property resulting in loss or injury or death to any lessee, licensee, employee or stranger. Assignor agrees to indemnify and hold Assignee harmless of and from any and all liability, loss or damage which Assignee may incur under any of the Leases or by reason of this Assignment and of and from any and all claims whatsoever which may be asserted against Assignee by reason of any alleged obligation or undertaking to be performed or discharged by Assignee under any of the Leases or this Assignment; provided, Assignor will not be required to indemnify Assignee or be responsible for Assignee's own negligence or wrongful conduct. Except as otherwise expressly stated, nothing herein contained shall be construed to bind Assignee to the performance of any of the terms and provisions contained in any of the Leases, or otherwise to impose any obligation on Assignee, including, without limitation, any liability under the covenant of quiet enjoyment contained in any of the Leases in the event that any lessee shall have been joined as party defendant in any action to foreclose the Deed of Trust, and shall have been barred and foreclosed thereby of all right, title and interest and equity of redemption in any part of the Real Property.

No security deposited by any lessee with the Assignor under the terms of any of the Leases has been transferred to



Assignee, and Assignee assumes no liability for any security so deposited.

Assignor further covenants that so long as any indebtedness secured hereby remains unpaid, Assignor will obtain and maintain at its expense not less than twelve months' full rental value insurance coverage with respect to the Leases.

Assignor further covenants not to cancel, accept surrender or terminate any of the Leases which are for a period of one year or longer, or change, alter or modify the rent schedule or accept prepayment of rent to become due thereunder or make any subsequent assignment of any of the Leases or consent to the assignment, subletting or subordination of the interests of lessees in the Leases, or any of them, without the prior written consent of Assignee, and any of said acts, if done without the written consent of Assignee, shall be null and void.

Upon payment in full of the entire indebtedness secured hereby or recorded reconveyance of the Deed of Trust (or recorded satisfaction or release, if a mortgage), this Assignment shall be void and of no further force or effect and no instrument of reassignment, release of satisfaction of this Assignment shall be necessary.

All covenants and agreements herein contained shall extend to and inure to the benefit of and be binding upon the respective successors and assigns of the parties below.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed as of the day and year first above written.

ASSIGNOR: Waggoner Plaza Limited Partnership,  
a limited partnership

By: Viking Financial Services, Inc.,  
General Partner

By: Hjalmer J. Rathe

STATE OF OREGON )

County of Multnomah ) ss.

This instrument was acknowledged before me on  
Dec. 20, 1988, by Hjalmer J. Rathe for Viking Financial Services, Inc.,  
General Partner of Waggoner Plaza Limited Partnership, a limited partnership

Beverly S. Wiseman  
Notary Public for OREGON

My commission expires: 2/2/91

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Co. the 22nd day  
of Dec. A.D., 19 88 at 3:40 o'clock P.M., and duly recorded in Vol. M88  
of Mortgages on Page 21849

FEE \$18.00

Return: A.T.C.

Evelyn Biehn - County Clerk

By Pauline Millender