

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

SHEPPARD, MULLIN, RICHTER & HAMPTON
Four Embarcadero Center
Seventeenth Floor
San Francisco, California 94111
Attention: Martin M. Fleisher

MTL-20579

ASSIGNMENT OF CONTRACT AND WARRANTY DEED

This ASSIGNMENT OF CONTRACT AND WARRANTY DEED (the "Assignment") is made as of December 28, 1988, by REDWOOD THEATRES INCORPORATED, a Nevada corporation ("Redwood"), successor by merger to KLAMATH THEATRES, INC., an Oregon corporation, which is the successor-in-interest to PONY PASS MOTEL, INC., an Oregon corporation ("Assignor"), in favor of COM REALTY, INC., a Delaware corporation ("Assignee").

1. Recitals. This Assignment is made with reference to the following facts:

1.1 Under that certain Contract of Sale dated December 31, 1980 (the "Contract"), a memorandum of which was recorded December 30, 1980, at volume M80, page 25098 of the Official Microfilm Records of Klamath County, Oregon, Assignor agreed to sell to Carrie B. Weiser, individually, and Carrie B. Weiser as Conservator of the Conservatorship of Catherine Weiser ("Buyer") that certain real property and improvements located in the State of Oregon, County of Klamath, City of Klamath Falls, more particularly described in the Contract (the "Property"). A copy of the Contract is attached hereto as Exhibit "A" and incorporated herein by this reference.

1.2 Pursuant to a certain Settlement Agreement dated of even date herewith (the "Settlement Agreement") among Redwood, Richard Mann, Household Finance Corporation, a Delaware corporation, Household Finance Realty Corporation of Nevada, a Delaware corporation, Household Bank, f.s.b. and Assignee, Redwood has agreed to grant to Assignee all of its right, title and interest in the Property and Assignor has agreed to assign to Assignee all of its right, title and interest in the Contract, as set forth particularly herein.

2. Warranty Deed. For value received, and in consideration of the recitals set forth herein and in the Settlement Agreement, Redwood hereby grants, bargains, sells and conveys unto Assignee with Property with the tenements,

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hereditaments and appurtenances thereto, to have and to hold unto Assignee and Assignee's successors and assigns forever. Redwood hereby covenants to and with said Assignee and Assignee's successors and assigns, that Redwood is lawfully seized in fee simple of the Property, and to the best of Redwood's knowledge, the Property is free from all encumbrances except those title matters referred to in Exhibit "B" attached hereto and incorporated herein by reference, and that Redwood will warrant and forever defend the Property and every part and parcel thereof against the lawful claims and demands of all persons whomsoever, except those claiming under the above described encumbrances.

Assignor's liability for any of the foregoing representations and warranties shall be limited to any deficiency remaining after the application of title insurance policy proceeds to any claim made by Assignee based on such representations and warranties and insured by such title insurance policy acquired by Assignee, provided, however, that such limitation on Assignor's liability shall not be applicable if Assignee in good faith determines that it must first bring suit against the title insurer to satisfy such claim. In such event, Assignee may proceed against Assignor and/or such title insurance company for the full amount of its claim. Any claims against Assignee shall be deemed satisfied to the extent of any recovery actually obtained against title insurer; provided, however, that the foregoing clause shall not require Assignee to bring suit against any such title insurer as a condition to seeking recovery from Assignor.

3. Assignment of Contract. Assignor hereby absolutely, irrevocably and unconditionally grants, transfers and assigns to Assignee all of Assignor's right, title, estate and interest in and to the Contract, together with any modifications, extensions and renewals thereof, all security and guaranties therefor and deposits held in connection therewith, and together with all of Assignor's right, title, estate and interest in all monies due and to become due thereon, including, without limitation, those monies due from Buyer, as defined herein, for the payment of the November 1988 monthly installment and the taxes past due on the Property.

4. Consideration for Assignment. The true and actual consideration for this Assignment, stated in dollars, is \$1,000.00. Pursuant to the Settlement Agreement, Redwood, among other things, has agreed to this Assignment. The foregoing recital of consideration is true as Assignor verily believes.

5. Escrow Deposit. Redwood's predecessor in interest has deposited in escrow Number K-34046 (the "Escrow") at Klamath County Title Company of Klamath Falls ("Escrowee") (a) a Warranty Deed (the "Warranty Deed")

conveying the Property to Buyer; (b) a Bill of Sale (the "Bill of Sale") conveying the personal property described in the Contract; and (c) a Retirement of Assumed Business Name "Pony Pass Motel" (the "Retirement") with instructions to deliver the Warranty Deed, Bill of Sale and Retirement to Buyer upon full payment of the principal and interest provided for in the Contract. Assignee shall execute and deposit in escrow (a) a quitclaim deed (the "Quitclaim Deed") conveying the Property; provided, however, that Assignee shall execute and deposit in escrow a warranty deed if and only if Assignee can verify that it has good and marketable title thereto, and Buyer demands a warranty deed; (b) a bill of sale (the "Redwood Bill of Sale") conveying the personal property described in the Contract; and (c) a retirement of the assumed business name "Pony Pass Motel" (the "Redwood Retirement") in substitution for the Warranty Deed, Bill of Sale and Retirement with instructions to deliver the Quitclaim Deed, Redwood Bill of Sale and Redwood Retirement to Buyer upon full payment of the principal and interest provided for in the Contract, the payment of all other amounts due from Buyer to Assignor or Assignee, including without limitation payment of the November 1988 monthly installment and the taxes past due on the Property, and satisfaction of all conditions set forth in the Contract. To implement this Assignment, Assignor hereby absolutely, irrevocably and unconditionally grants transfers and assigns to Assignee all of Assignor's right, title and interest in and to the Escrow, together with any modifications, extensions, and renewals thereof, all security and guaranties therefor and deposits held in connection therewith.

6. Representations and Warranties. Assignor hereby represents and warrants to Assignee that a true, correct, complete and accurate copy of the Contract is attached hereto as Exhibit "A" and that as of the date of this Assignment:

(a) There have been no modifications, supplements, amendments, assignments or extensions, oral or written, of the Contract;

(b) To the best of Redwood and Mann's knowledge, Carrie B. Weiser ("Buyer") has the exclusive right, title and interest of the buyer under the Contract and no other individuals or entities have any such right, title and interest, including, without limitation, Catherine Weiser or her conservatorship.

(c) Buyer has defaulted in the performance of the terms and provisions of the Contract by failing to pay the November 1988 monthly installment, the real property taxes due on the Property for the fiscal year 1984-1985 through the date of this Assignment and the

personal property taxes due on the Property for the year 1985 through the date of this Assignment.

(d) The principal amount of \$ 236,760.94 *g* remains due and owing to Assignor under the Contract. Payments under the Contract are paid current through October, 1988, and are due and payable in equal monthly installments of not less than \$2,980.00 on the first day of each month.

(e) The remaining balance of the purchase price of the Property is due and payable on December 31, 1990.

Assignor's liability for any of the foregoing representations and warranties shall be limited to any deficiency remaining after the application of title insurance policy proceeds to any claim made by Assignee based on such representations and warranties and insured by such title insurance policy acquired by Assignee, provided, however, that such limitation on Assignor's liability shall not be applicable if Assignee in good faith determines that it must first bring suit against the title insurer to satisfy such claim. In such event, Assignee may proceed against Assignor and/or such title insurance company for the full amount of its claim. Any claim against Assignee shall be deemed satisfied to the extent of any recovery actually obtain against title insurer; provided, however, that the foregoing clause shall not require Assignee to bring suit against any such title insurer as a condition to seeking recovery from Assignor.

7. Further Assurances. Assignor shall execute and deliver to Assignee such other and further instruments and documents as may be reasonably requested by Assignee to carry out the terms of this Assignment.

8. Miscellaneous.

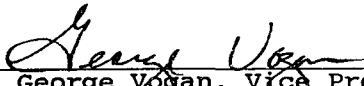
8.1 This Assignment and any other documents executed in connection with this Assignment shall be governed by and construed in accordance with the laws of the State of California without regard to its conflict of laws principles.

8.2 This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8.3 All of the representations, warranties and covenants contained in this Assignment shall survive the execution and performance of this Assignment.

"ASSIGNOR"

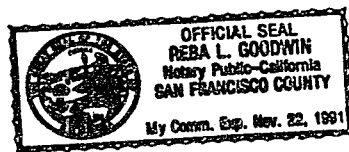
REDWOOD THEATRES INCORPORATED,
a Nevada corporation, successor by
merger to KLAMATH THEATRES, INC.,
an Oregon corporation, which is the
successor-in-interest to PONY PASS
MOTEL, INC., an Oregon corporation

By 
George Vogan, Vice President

STATE OF CALIFORNIA)
) ss.
 COUNTY OF SAN FRANCISCO)

On December 28, 1988, before me, the undersigned, a Notary Public in and for said County and State, personally appeared George Vogan ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the Vice President of Redwood Theatres Incorporated, a Nevada corporation, the corporation that executed the within instrument and acknowledged to me that he executed the within instrument as Vice President of Redwood Theatres Incorporated, a Nevada corporation, and that said corporation executed the same pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



My commission expires:

Reba L. Goodwin
 Notary Public in and for
 said County and State

November 22, 1991

CONTRACT OF SALE

THIS AGREEMENT, made and entered into this ____ day of December, 1980, between REDWOOD THEATRES INCORPORATED, a Nevada corporation, and successor by merger to KLAMATH THEATRES, INC., an Oregon corporation and PONY PASS MOTEL, INC., an Oregon corporation, hereinafter referred to as "Sellers", and CARRIE A. WEISER, individually, and CARRIE B. WEISER as Conservator of the CONSERVATORSHIP OF CATHERINE WEISER, hereinafter referred to as "Buyers".

R E C I T A L S:

A. The Sellers are the owners of a parcel of real property situate in Klamath County, Oregon, described as:

Lots 1, 2, and 3 and the Easterly 58.5 feet of Lot 4, Block 21, Original Town of Linkville, now City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Also Lot 1 and the Easterly 24 feet of Lot 2 of Block 22; also that part of Closed Center Street lying between Lot 1 of Block 22 and Lot 4 of Block 21, being the South-easterly one-half of Closed Center Street; also the Westerly 8 feet of Lot 4, Block 21; all being part of Original Town of Linkville, now City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

TOGETHER WITH those items of personal property as set forth in the inventory in "Exhibit A" attached hereto.

upon which is situated the Pony Pass Motel. KLAMATH THEATRES, INC., an Oregon corporation, is the fee owner of the real property and KLAMATH THEATRES, INC. has been succeeded by merger with REDWOOD, INCORPORATED, and PONY PASS MOTEL, INC., an Oregon corporation, owns all of the personal property situated on the premises, which is a part of this sale.

B. The Buyers desire to acquire the real and personal real property above mentioned and to operate the same as the Pony Pass Motel.

1. CONTRACT OF SALE

EXHIBIT A

AGREEMENT

The purchase price of the property which the Purchaser agrees to pay shall be the sum of Four Hundred Twenty-Five and No/100ths (\$425,000.00) DOLLARS, which shall be allocated as follows:

REAL ESTATE	\$400,000.00
PERSONAL PROPERTY:	<u>25,000.00</u>
TOTAL:	\$425,000.00

The sale shall be part for cash and part for credit. The purchase price of \$425,000.00 shall be payable as follows:

- a) \$123,250.00 in cash, receipt of which is hereby acknowledged;
- b) The balance of \$301,750.00 to be paid to Sellers with interest thereon from December 31, 1980 at the rate of 10% per annum, at the dates and in the amounts as follows:
 - (i) Not less than \$2,980.00 per month, including interest at 10% per annum; first payment to be made on the 1st day of February, 1981, and a like amount on the 1st day of each and every month thereafter; until the 31st day of December 1990 when the remaining balance due is to be paid in full.
 - (ii) Buyer shall have the right at any time to prepay any part or all of the balance due hereunder, without penalty of interest. In the event Buyer shall prepay part of said balance, she shall be excused from the regular monthly payments due hereunder to the extent of such prepayments.

Buyers shall be entitled to possession of said premises as of December 31, 1980.

Buyer warrants that she has purchased the property solely upon her own inspection and personal knowledge and in its present actual condition and has not relied upon any warranties or representations made by the Sellers or by any agent of the Sellers.

Sellers warrant and represent to the Buyer that they are lawfully seised in fee simple of the above-premises free from all encumbrances.

Sellers specifically warrant and covenant that Buyer shall be entitled to peaceful and uninterrupted possession of the above-described premises so long as the Buyer complies with her obligations under this contract.

It is understood and agreed between the parties hereto that

should there be any contract, mortgages, liens, judgments or other encumbrances outstanding which Sellers have entered into or incurred during or prior to this contract, Buyer shall have the right, upon default by Sellers in payment thereof, to make such payments and to apply the payments as part payment of this contract.

It is agreed between the parties that all the taxes, if any, shall be prorated as of the date of this contract.

It is further agreed that all the buildings now erected on said premises will be kept insured by the Buyer in favor of the Seller against loss or damage by fire in an amount equal to the full insurable value of the improvements located upon the aforementioned premises; in a company or companies satisfactory to the Sellers; and the Buyer shall have all policies of insurance on said property made payable to the Sellers as their interests may appear; and Buyer will deliver all policies of insurance on said premises to the Sellers as soon as insured.

The Buyer, in consideration of the premises, hereby agrees that she will pay all public and municipal liens which may hereafter lawfully be imposed upon said premises, promptly and before the same or any part thereof becomes past due. In the event that the Buyer shall allow the taxes or other assessments upon said property to become delinquent or shall fail to remove any lien or liens imposed upon said property, the Sellers, without obligation to do so, shall have the right to pay the amount due and to add said amount so paid to the principal remaining due under this agreement, to bear interest thereon at the rate provided herein.

All improvements placed on the premises shall remain, and shall not be removed before final payment is made for the said above-described premises.

Sellers agree to furnish Buyer with a Purchaser's Policy of Title Insurance upon the execution of this agreement showing good and merchantable title in the Sellers as of the date of this contract.

3. AGREEMENT

In case the Buyer, her legal representatives or assigns, shall pay the several sums of money aforesaid punctually and at the times above specified, and shall strictly and literally perform all and singular the agreements and stipulations aforesaid, according to the true intent and tenor thereof, then the Sellers shall give unto Buyer, her heirs or assigns, upon request, a good and sufficient warranty deed of conveyance conveying the said premises in fee simple free and clear of encumbrances as of the date of this contract.

Buyers shall maintain inventory of personal property in good condition, and shall replace such items as may be lost, destroyed, or worn out during the course of this contract forthwith, and they shall maintain the signs for the business in good condition.

Buyers agree that all improvements now located or which shall hereafter be placed upon the premises shall remain a part of the real property and shall not be removed at any time prior to the expiration of this agreement without the written consent of Sellers. Buyer shall not commit or suffer any waste of the property or any improvements thereon or alterations thereof, and shall maintain the property and all improvements thereon and all alterations thereof in good condition and repair. Buyer shall not otherwise make or cause to be made any improvements or alterations to the property without first obtaining the written consent of Sellers.

Time is of the essence in this contract and the Buyer covenants to promptly make all payments of principal and interest when due and to otherwise fully and promptly perform her obligation under this contract, and in the event of default by the Buyer upon any of the terms and conditions contained herein, Sellers may, upon thirty (30) days written notice to the Buyer, and providing said default continues during said thirty (30) day period, declare this contract terminated and at an end, and upon such termination, all of the

Buyer's right, title and interest in and to the described property shall immediately cease. Sellers shall be entitled to the immediate possession of the described property, they may forcibly enter and take possession of said property, removing the Buyer and her effects, and all payment theretofore made by Buyer to Sellers and all improvements or fixtures placed on the described property shall be retained by the Sellers as liquidated damages, (OR)

Sellers may, at their option, foreclose this contract by strict foreclosure in equity, and upon the filing of such suit, all of the Buyer's right, title and interest in and to the above-described property shall immediately cease, Sellers shall be entitled to the immediate possession of said property, they may enter forcibly and take possession of said property, removing the Buyer and her effects, and all payments theretofore made by Buyer to Sellers and all improvements or fixtures placed upon the described real property shall be forfeited to the Sellers as liquidated damages. Such right to possession in the Sellers shall not be deemed inconsistent with the suit for strict foreclosure but shall be in furtherance thereof, and in the event Buyer shall refuse to deliver possession upon the filing of such suit, Buyer, by the execution of this contract, consents to the entry of an interlocutory order granting possession of the premises to the Sellers immediately upon the filing of any suit for strict foreclosure without the necessity of the Sellers posting a bond, or having a receiver appointed; (OR)

Sellers shall have the right to declare the entire unpaid principal balance of the purchase price, with interest thereon, at once due and payable, and in such event, Sellers may either bring an action at law for the balance due, thereby waiving the security, or in the alternative, may file suit in equity for such unpaid balance of principal and interest and have the property sold at judicial sale, with the proceeds thereof applied to the court costs, attorney's

lawyer's fees, and the balance due the Sellers and may recover a deficiency judgment against the Buyer for any unpaid balance remaining thereon.

In addition to the aforementioned remedies, Sellers shall have any and all other remedies under the law.

In case suit or action is instituted to enforce any of the provisions of this contract, the prevailing parties shall be entitled to such sums as the Court may adjudge reasonable at attorney's fees in said suit or action, in addition to costs and disbursements provided by statute.

The Buyer further agrees that failure by the Sellers, at any time, to require performance by the Buyer of any provision hereof shall in no way affect the Seller's right hereunder to enforce the same, nor shall any waiver by said Seller of the breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

It is understood and agreed by and between the parties hereto that neither this contract nor any interest in such contract, or in the above-described property, shall be assigned, conveyed or transferred in any manner whatsoever, directly or indirectly, by the Buyer without the written consent of the Sellers, nor may possession or control of the premises or any part thereof or interest therein be transferred by the Buyer without the written consent of the Sellers.

As soon as practicable following the execution of this Agreement, Sellers shall deliver in escrow to Klamath County Title Company, 422 Main Street, Klamath Falls, Oregon:

- a) A Warranty Deed to the property, free and clear of all encumbrances, except expressly specified therein, said deed to be executed by Seller with Buyer as grantee.
- b) An executed copy of this Agreement.

- c) A Bill of Sale covering the above-described personal property.
- d) Retirement of assumed business name "Pony Pass Motel" executed by Buyer

Expenses of said escrow shall be shared equally between Sellers and Buyer.

The parties hereto hereby instruct said escrow agent to receive for Seller's account the balance of the installment payments provided for herein. Upon full payment of the principal and interest provided for herein, the escrow agent shall deliver to Buyer the instruments specified above. If Buyer fails to pay any installments before the expiration of thirty (30) days after the due date thereof, the escrow agent is authorized to surrender to Sellers, upon demand and without notice to Buyers, all of the documents specified in the preceding paragraphs, thereby terminating the escrow.

The covenants, conditions and terms of this Agreement shall extend to and be binding upon and inure to the benefit of the heirs, administrators, executors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first hereinabove written.

REDWOOD THEATRES INCORPORATED, a
Nevada corporation, and successor by
merger to KLAMATH THEATRES, INC.,
an Oregon corporation

By: _____ President

By: *W. M. Linn* Secretary

PONY PASS MOTEL, an Oregon
corporation,

By: _____ President

By: *W. M. Linn* Secretary

EXHIBIT B

PERMITTED ENCUMBRANCES

1. Taxes for the fiscal year 1985-1986, delinquent.
Amount: \$856.81, plus interest
Account No.: 3809 032BD 06900
Key No.: 475514
Amount: \$7,009.94, plus interest
Account No.: 3809 032BD 06800
Key No.: 475505
2. Taxes for the fiscal year 1986-1987, delinquent.
Amount: \$892.22, plus interest
Account No.: 3809 032BD 06900
Key No.: 475514
Amount: \$7,299.69, plus interest
Account No.: 3809 032BD 06800
Key No.: 475505
3. Taxes for the fiscal year 1987-1988, delinquent.
Amount: \$993.35, plus interest
Account No.: 3809 032BD 06900
Key No.: 475514
Amount: \$8,127.05, plus interest
Account No.: 3809 032BD 06800
Key No.: 475505
4. Taxes for the fiscal year 1988-1989, a lien, not yet due and payable.
Amount: \$1,028.49, plus interest, if any
Account No.: 3809 032BD 06900
Key No.: 475514
Amount: \$8,414.56, plus interest, if any
Account No.: 3809 032BD 06800
Key No.: 475505
5. Personal Property Taxes for the year 1985, delinquent.
Amount: \$1,284.76, plus interest
Account No.: P 017670
Key No.: 686877
6. Personal Property Taxes for the year 1986, delinquent.
Amount: \$1,196.29, plus interest
Account No.: P 017670
Key No.: 686877
7. Personal Property Taxes for the year 1987, delinquent.
Amount: \$721.85, plus interest
Account No.: P 017670
Key No.: 686877

8. Personal Property Taxes for the year 1988, not yet due and payable.
 Amount: \$778.40, plus interest, if any
 Account No.: P 017670
 Key No.: 686877
9. Easement for existing public utilities in vacated street area and the conditions imposed thereby.
 Reserved by vacating order entered: February 25, 1958 in Volume 297, page 591, Deed Records of Klamath County, Oregon.
10. An easement created by instrument, subject to the terms and provisions thereof,
 Dated: October 10, 1960
 Recorded: October 11, 1960
 Volume: 324, page 525, Deed Records of Klamath County, Oregon
 In Favor of: F. W. McReynolds and Dorothy S. McReynolds
 For: An easement for a 4 inch sanitary sewer across lots 1 and 2
11. Existence of an underground sewer line from the Southeasterly line of Lot 6 of said Block under Lot 3 of said Block to Main Street, as disclosed by Warranty Deed recorded March 25, 1968 in Volume M68, page 2291, Microfilm Records of Klamath County, Oregon.
12. Real Estate Contract, subject to the terms and provisions thereof,
 Dated: December 31, 1980
 A memorandum of which was:
 Recorded: December 30, 1980
 Volume: M80, page 25098, Microfilm Records of Klamath County, Oregon
 Vendor: Redwood Theatres Incorporated, a Nevada corporation, and successor by merger to Klamath Theatres, Inc., an Oregon corporation and Pony Pass Motel, Inc., an Oregon corporation
 Vendee: Carrie B. Weiser, individually, and Carrie B. Weiser as Conservator of the Conservatorship of Catherine Weiser
13. A judgment for the amount herein stated and any other amounts due:
 Case No.: 86-116 TJ
 Entered: June 26, 1986
 Amount: \$939.30, plus interest, if any
 Debtor: Carrie Weiser
 Creditor: Dr. Wally F. Dean

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112388/DLB

Exhibit B
Page 2 of 2

[HFCCR-REDWOOD]

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 3rd day of Jan. A.D., 19 89 at 12:33 o'clock PM., and duly recorded in Vol. M89 of Deeds on Page 49.

Evelyn Biehn - County Clerk

FEE \$78.00

By D. Andrew Mendenhall