

'96 MAR 19 P4:00

After Recording, Return To:
Don K. Lloyd
1001 S.W. Fifth Avenue
Suite 2000
Portland, Oregon 97204

ASSIGNMENT OF LEASE AND RENTS

THIS ASSIGNMENT, made this 8th day of March, 1996, by Mark S. Hemstreet (hereinafter called "Assignor"), to The Bank of Tokyo, Ltd, a bank organized under the laws of Japan and doing business in Portland, Oregon (hereinafter called "Assignee").

WITNESSETH:

WHEREAS, Assignor, to evidence certain indebtedness, has made and delivered to Assignee a Modification of Note of even date herewith in the principal amount of Eight Million Twenty-Five Thousand and No/100 Dollars (\$8,025,000.00) (the "Note"), and Assignor has executed and delivered a Modification of Deed of Trust (the "Deed of Trust"), of even date herewith, to secure said Note on certain real estate in the County of Klamath, State of Oregon, more particularly described in Exhibit A attached hereto and made a part thereof, TOGETHER WITH the improvements now or hereafter thereon and the easements, rights and appurtenances thereunto belonging, all of which with said real estate being hereinafter called the "Premises"; and

WHEREAS, Assignee has required the assignment hereinafter made as a condition to and as additional consideration for making the above loan;

NOW, THEREFORE, Assignor, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby agree with and for the express benefit of the Assignee, its participants, endorsees, successors and assigns as follows:

1. Approval of Leases. Assignor agrees that all leases of the Premises or any portion thereof for a term of more than one year shall be subject to Assignee's prior written approval.
2. Assignment of Leases and Rents. Assignor hereby bargains, sells, transfers, assigns, conveys, sets over and delivers unto Assignee, in consideration of the above-described loan indebtedness and any and all amendments, extensions and renewals thereof, all leases affecting the Premises, or any part thereof, now existing or which may be executed at any time in the future during the life of this Assignment, and all amendments, extensions and renewals of said leases and any of them, all of which are hereinafter called the "Leases", and all rents, room rates, income, revenues, profits, rents room rates, accounts, accounts receivable, contract rights, general intangibles and other income which are now or hereafter

become due under the Leases, or which are derived from the operations conducted on the Premises, and any of them, or on account of the use of the Premises. This assignment is absolute, unconditional and not in the nature of a security interest, it being intended hereby to establish a complete and present transfer of all Leases hereby assigned and all the rents and other income arising thereunder and on account of the use of the Premises unto Assignee, with the right, but without the obligation, to collect all of said rents and other income which may become due during the life of this Agreement.

3. Assignor's Covenants of Title. Assignor hereby represents and warrants to Assignee that Assignor is the sole owner of the entire lessor's interest in each of the presently existing Leases assigned hereby; all Leases are and shall be valid and enforceable and have not been altered, modified or amended in any manner whatsoever except as herein expressly mentioned; that Assignor has not heretofore transferred or assigned said Leases or any of the rents thereunder or any right or interest therein, nor has it collected any of the rents thereunder more than one (1) month in advance; that Assignor is not indebted to the lessees under said Leases in any manner whatsoever so as to give rise to any right of setoff against, or reduction of, the rents payable under said Leases; and that Assignor will perform all of the lessor's obligations under the Leases in accordance with their terms.

4. Assignee's Authority. Assignor hereby appoints Assignee the true and lawful attorney of Assignor with full power of substitution and with power for it and in its name, place and stead, to demand, collect, receipt and give complete acquittance for any and all rents and other amounts herein assigned which may be or become due and payable by the lessees and other occupants of the Premises, and at its discretion to file any claim or take any other action or proceeding and make settlement of any claims, either in its own name or in the name of Assignor or otherwise, which Assignee may reasonably deem necessary or desirable in order to collect and enforce the payment of any and all rents and other amounts herein assigned. Lessees of the Premises, or any part thereof, are hereby expressly authorized and directed to pay all rents and other amounts herein assigned to Assignee or such nominee as Assignee may designate in writing delivered to and received by such lessees, who are expressly relieved of any and all duty, liability or obligation to Assignor in respect of all payments so made. Assignor agrees to deposit with Assignee upon demand such of the Leases as may from time to time be designated by Assignee.

5. Assignee's Enforcement of Leases. Assignee is hereby vested with full power to use all measures, legal and equitable, deemed by it necessary or proper to enforce this Assignment and to collect the rents assigned hereunder, including the right, in person or by agent, employee and court-appointed receiver, to enter upon the Premises, or any part thereof, and take possession thereof forthwith to the extent necessary to effect the cure of any default on the part of Assignor as lessor in any of the Leases or upon Assignor's default under the Note. Assignor hereby grants to Assignee full power and authority to exercise all rights, privileges and powers herein granted at any and all times hereafter, without notice to Assignor, including the right to prorate and manage the Premises, make and amend leases and perform any other acts which are reasonably necessary to protect the value, priority or

enforceability of any security for the Note and use and apply all of the rents and other income herein assigned to the payment of the costs of exercising such remedies, of managing and operating the Property, and of any indebtedness or liability of Assignor to Assignee, including but not limited to the payment of taxes, special assessments, insurance premiums, damage claims, the costs of maintaining, repairing, rebuilding and restoring the improvements on the Premises or of making same rentable, attorneys' fees incurred in connection with the enforcement of this Assignment, and any principal and interest payments due from Assignor to Assignee on said Note and the Deed of Trust, all in such order as Assignee may determine.

6. Assignee's Liability Under Leases. Assignee shall be under no obligation to press any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any of the Leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agrees that it will faithfully perform all of the obligations imposed under any and all of the Leases and hereby agrees to indemnify Assignee and to hold it harmless from and liability, loss or damage which may or might be incurred by it under said Leases or by reason of this Assignment, from any and all claims and demand whatsoever which may be asserted against Assignee by reason of this Assignment, and from any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any of the Leases, except those resulting from the gross negligence or willful misconduct of Assignee after taking possession of this Premises hereunder. It is further understood that this Assignment shall not operate to place responsibility for the control, care, management or repair of the Premises, or parts thereof, upon Assignee nor shall it operate to make Assignee liable for the carrying out of any of the terms and conditions of any of the Leases, or for any waste of the Premises by the lessee under any of the Leases or by any other party, or for any dangerous or defective condition of the Premises or for any negligence in the management, upkeep, repair or control of said Premises resulting in loss or injury or death to any lessee, invitee, licensee, employee or stranger, except as may result from the gross negligence or willful misconduct of Assignee after taking possession of the Premises hereunder.

7. Application of Rents. Assignee may, in its sole discretion, apply any rents which it collects against any sums which are then due under the Note, retain such rents as additional security for the Note, or use such rents to discharge other debts of Assignor which relate to the Note or the Premises. Any amounts collected hereunder by Assignee which are in excess of all liabilities and indebtedness of Assignor to Assignee shall be paid to Assignor without interest.

8. Bankruptcy of Lessees. In the event the Assignee exercised or is entitled to exercise any of its rights or remedies under this Assignment as a result of the default of the Assignor under the Note or any security granted for the Note, and if lessee, sublessee or assignee of the Leases assigned under this Assignment files or has filed against it any petition

in bankruptcy or for reorganization or undertakes or is subject to similar action, the Assignee shall have, and is hereby assigned by the Assignor, all of the rights which would otherwise inure to the benefit of the Assignor in such proceedings, including, without limitation, the right to seek "adequate protection" of its interests, to compel rejection of any such lease, and to seek such claims and awards as may be sought or granted in connection with the rejection of any such lease. Unless otherwise consented to by the Assignee in writing, the Assignee's exercise of any of the rights provided in this paragraph shall preclude the Assignor from the pursuit and benefit thereof without any further action or proceeding of any nature.

9. Collection Expenses. Assignor agrees to reimburse Assignee for all costs, expenses, and reasonable attorneys' fees that Assignee incurs in connection with the enforcement of any obligation contained in this Assignment or the collection of any rents assigned herein, with or without litigation, including without limitation any costs, expenses, and fees incurred: (a) in making demands for and collecting any rents; (b) in any action for rents against Assignor or any lessee; (c) on appeal; (d) in any petition for review; (e) in any arbitration or mediation; (f) in any action contesting or seeking to restrain, enjoin, stay, or postpone the exercise of any remedy in which Assignee prevails; (g) in any bankruptcy, probate, receivership or other proceeding involving Assignor; and (h) in connection with all negotiations, documentation, and other actions relating to any work-out, compromise, settlement or satisfaction relating to this Assignment. All such costs, expenses, and fees shall be due and payable upon demand, shall bear interest from the date incurred through the date of collection at the Default Rate stated in the Note and shall be secured by the Deed of Trust.

10. Notices. All notices to the Assignor or Assignee under this Assignment shall be given in the manner set forth in the Deed of Trust.

11. Release of Assignment. Upon payment in full of the principal sum, interest and other indebtedness evidenced by the Note this Assignment shall be and become null and void; otherwise, it shall remain in full force and effect as herein provided and, with the covenants, warranties and power of attorney herein contained, shall inure to the benefit of Assignee and any subsequent holder of the Note, and shall be binding upon Assignor, and its heirs, legal representatives, and any subsequent owner of the Premises. In the event any portion or portions of the Premises are released from the Deed of Trust, the same shall also be thereby released from the provisions of this instrument, unless otherwise stated in the releasing document, without further action on the part of the Assignee; provided, however, such releases shall in no way affect the terms, covenants and conditions hereof with respect to those portions of the Premises not so selected.

12. Assignor's License to Collect Rents. This Assignment is absolute and effective upon execution by Assignor. Assignee grants to Assignor a revocable license to collect rents under the Leases to the extent attributable to one (1) month of the unexpired Lease term unless and until Assignor is in default under the Note or any security therefor beyond the expiration of any applicable cure period specifically provided for in the Note. All such rents shall be collected and held in trust for Assignee, but until this license is revoked shall be used

to pay the reasonable expenses of owning, maintaining, repairing, operating and renting the Premises. Assignee shall also have the right to revoke such license and collect rents under any Leases if and so long as Assignee reasonably determines that a default if likely to occur and such default will result in any Leases or rental obligations becoming modified, released, compromised or impaired or any rentals becoming improperly collected, waived, attached or embezzled.

IN WITNESS WHEREOF, this Assignment has been duly executed by the Assignor on the date first above written.

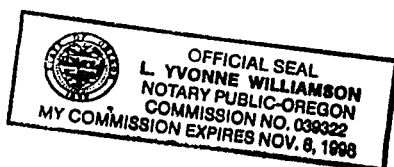
ASSIGNOR:

Mark S. Hemstreet
Mark S. Hemstreet

STATE OF Oregon)
COUNTY OF Multnomah) ss.

On this 8 day of march, 1996, before me personally appeared Mark S. Hemstreet, and acknowledged said instrument to be his free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



[Signature]
Notary Public for Oregon
My Commission Expires: 11-8-98

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

Lots 2, 3, 4, and 5, in Block 3 of Tract 1163, CAMPUS VIEW, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. TOGETHER WITH that portion of vacated Almond Street which inurred thereto as evidenced by Ordinance 6597, recorded July 6, 1990 in Volume M90, page 13373, Microfilm Records of Klamath County, Oregon.

PARCEL 2:

All that portion of the NW1/4 SW1/4 of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, lying Northeasterly of the Eastside Bypass conveyed to the State of Oregon by deed recorded June 18, 1957 in Volume 292 at page 373, Deed Records of Klamath County, Oregon and recorded December 28, 1961 in Volume 334 at page 481, Deed Records of Klamath County, Oregon.

PARCEL 3:

Lots 3, 4, and 5 in Block 4 of TRACT NO. 1163, CAMPUS VIEW, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. TOGETHER WITH that portion of vacated Almond Street which inurred thereto, as evidence by Ordinance 6597 recorded July 6, 1990 in Volume M90, page 13373, Microfilm Records of Klamath County, Oregon.

PARCEL 4:

Lots 1 and 6 in Block 3 of Tract No. 1163, CAMPUS VIEW, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company the 19th day
of March A.D., 19 96 at 4:00 o'clock P M., and duly recorded in Vol. M96
of Mortgages on Page 7448.

FEE \$35.00

By Bernetha G. Letsch, County Clerk
[Signature]