

After recording, return to:

BANKAMERICA BUSINESS CREDIT  
55 South Lake Avenue  
Suite 900  
Pasadena, CA 91101  
Attn: Mr. Charles Burtch

LINE OF CREDIT INSTRUMENT

ABSOLUTE ASSIGNMENT OF LEASES AND RENTS

ASSIGNOR: BI-MART CORPORATION, a California corporation

ASSIGNEE: BANKAMERICA BUSINESS CREDIT, INC.,  
a Delaware corporation

Maximum Principal Amount to be Advanced: \$69,406,000

Term or Maturity Date: Three Years

Tax Account Nos.: 3909-4AA-5600 Key (#530991)  
#P-001980 Key (#894)

BI-MART CORPORATION  
220 South Seneca  
P.O. Box 2310  
Eugene, Oregon 97404-0199  
Attn: Marty W. Smith  
Grantor/Assignor

After Recording Return to:

BANKAMERICA BUSINESS CREDIT  
55 South Lake Avenue  
Suite 900  
Pasadena, CA 91101  
Attn: Mr. Charles Burtch

STATE OF OREGON                    )  
                                      ) ss.  
COUNTY OF KLAMATH                )

ABSOLUTE ASSIGNMENT OF LEASES AND RENTS

THIS DOCUMENT SECURES OBLIGATIONS WHICH CONTAIN  
PROVISIONS PROVIDING FOR LINE OF CREDIT ADVANCES

THIS ABSOLUTE ASSIGNMENT OF LEASES AND RENTS, made  
this 19th day of February, 1997, by BI-MART CORPORATION, a  
California corporation whose address is 220 South Seneca, P.O.  
Box 2310, Eugene, Oregon 97404-0199, Attn: Marty W. Smith  
("Assignor") to BANKAMERICA BUSINESS CREDIT, INC., a Delaware  
corporation, having an office at 55 South Lake Avenue, Suite  
900, Pasadena, California 91101, Attn: Mr. Charles Burtch  
(hereinafter referred to as "Assignee").

WITNESSETH THAT:

WHEREAS, Assignor, to evidence and secure a loan  
indebtedness, has made and delivered to Assignee a Term Note  
in the face amount of Seventeen Million Four Hundred and Six  
Thousand Dollars (\$17,406,000) and that certain Loan and  
Security Agreement, both dated of even date herewith  
(hereinafter referred to as the "Note" and "Loan Agreement",  
respectively: terms not defined herein or in the Code -- as

hereinafter defined -- have the meaning set forth in the Loan Agreement) both of even date herewith, payable as in the Loan Agreement and Note provided and finally maturing as in the Loan Agreement and Note provided, with interest as therein expressed, pursuant to which Beneficiary has agreed to make loans in the aggregate principal amount not to exceed Sixty-Nine Million, Four Hundred Six Thousand Dollars (\$69,406,000) at any time outstanding, which sum may include loan advances, whether obligatory or not, and has executed and delivered on the aforesaid date and to secure said Loan Agreement and Note, a Line of Credit Trust Deed, Assignment of Rents, Security Agreement and Fixture Filing ("Mortgage": the Loan Agreement, the Note, and Mortgage are hereinafter collectively called the "Mortgage Instruments") on Assignor's interest in that certain real estate in the City of Klamath Falls, County of Klamath, State of Oregon more particularly described in Exhibit "A" attached hereto and by reference made a part hereof, including the improvements now or hereafter thereon and the easements, rights and appurtenances thereunto belonging (hereinafter collectively called the "Mortgaged Premises");

WHEREAS, Assignor is or will become the lessor under written leases for certain portions of the Mortgaged Premises, and Assignor may hereafter make other leases of the Mortgaged Premises or parts thereof; and

WHEREAS, Assignee has required the assignment hereinafter made as a condition to making the above loan.

NOW, THEREFORE, Assignor, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby BARGAIN, SELL, TRANSFER, ASSIGN, CONVEY, SET OVER and DELIVER unto Assignee, as additional security for the payment of the above described loan indebtedness and the payment and performance of all the terms and conditions of the Mortgage Instruments, and any and all amendments, extensions and renewals thereof, the tenant leases affecting the Mortgaged Premises or any part thereof now existing or any leases 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";

TOGETHER WITH all of the right, power and authority of Assignor to alter, modify or change the terms, conditions and provisions of any or all of the Leases or to surrender, cancel or terminate the same or to accept any surrender, cancellation or termination of same; and



TOGETHER WITH all of the credits, security, deposits, options, rights, powers and privileges of Assignor under any or all of the Leases, whether heretofore or hereafter existing; and

1. All defined terms which are not defined herein shall have the definitions assigned to such terms in the Loan Agreement.

2. Assignor hereby authorizes Assignee or Assignee's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Mortgaged Premises to pay such rents and revenues to Assignee or Assignee's agents; provided, however, that prior to written notice given by Assignee to Assignor of the occurrence of an Event of Default (as defined in the Mortgage), and the Assignee's intent to exercise its rights to such rents and revenues (the "Default Notice"), Assignor shall collect and receive all rents and revenues of the Mortgaged Premises and Assignor shall apply the rents and revenues so collected to the amounts then due and payable in connection with the Mortgage Instruments with the balance, so long as no unrescinded Default Notice has been delivered, to the account of Assignor, it being intended by Assignor and Assignee that this assignment of rents constitutes an absolute present assignment and not an assignment for additional security only.

3. Upon delivery of the Default Notice by Assignee to Assignor, and without the necessity of Assignee entering upon and taking and maintaining full control of the Mortgaged Premises in person, by agent or by a court-appointed receiver, Assignee shall immediately be entitled to receive all rents and revenues of the Mortgaged Premises as specified in this Assignment as the same become due and payable, including but not limited to rents then due and unpaid, and all such rents and revenue then held by Assignor or thereafter delivered to Assignor shall, immediately upon delivery of the Default Notice, be held by Assignor as trustee for the benefit of Assignee only. Assignor agrees that commencing upon delivery of the Default Notice each tenant of the Mortgaged Premises shall make such rents payable to, and shall pay such rents directly to Assignee or Assignee's agents on Assignee's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Assignor. Assignor shall execute any and all writings and letters reasonably required by Assignee, to be delivered to such tenants, to effectuate the intent of this paragraph.

4. Assignor hereby represents, warrants and covenants that Assignor has not executed any prior assignment of said rents which is still in force and effect, that Assignor has not performed, and will not perform, any acts or has not executed, and will not execute, any instrument which would prevent Assignee from exercising its rights under this Assignment, or which would give rise to any right of set-off against, or reduction of, the rents payable under the Leases, and that at the time of execution of this Assignment there has been no anticipation or prepayment of any of the rents of the Mortgaged Premises for more than one month prior to the due dates of such rents. Assignor covenants that Assignor will not hereafter collect or accept payment of any rents of the Mortgaged Premises more than one month prior to the due dates of such rents. Assignor further covenants that Assignor will execute and deliver to Assignee such further assignments of rents and revenues of the Mortgaged Premises as Assignee may from time to time reasonably request.

5. Upon an Event of Default, Assignee may, in person, by agent or by a court-appointed receiver, regardless of the adequacy of Assignee's security, enter upon and take possession of and maintain full control of the Mortgaged Premises in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of Leases, the collection of all rents and revenues of the Mortgaged Premises, the making of repairs to the Mortgaged Premises and the execution or termination of contracts providing for the management or maintenance of the Mortgaged Premises; all on such terms as are deemed best to protect the security of this instrument. In the event Assignee elects to seek the appointment of a receiver for the Mortgaged Premises upon an Event of Default, Assignor hereby expressly consents to the appointment of such receiver upon ex parte applications without notice. Assignee or the receiver shall be entitled to receive a reasonable fee for so managing the Mortgaged Premises. Nothing contained herein nor any collection of rents, payments or other sums by Assignee, or by a receiver, shall be construed to make Assignee a "mortgagee-in-possession" of the Mortgaged Premises so long as Assignee has not itself entered into actual possession of the Mortgaged Premises.

6. All rents and revenues collected by Assignee subsequent to delivery of the Default Notice by Assignee to Assignor shall be applied first to the reasonable costs, if any, of taking control of and managing the Mortgaged Premises and collecting the rents, including, but not limited to, reasonable attorneys' fees, receiver's fees, premiums on

insurance policies, taxes, assessments and other charges on the Mortgaged Premises, and the costs of discharging any obligation or liability of Assignor as lessor or landlord of the Mortgaged Premises and then to the sums secured by the Mortgage Instruments. Assignee or the receiver shall have access to the books and records used in the operation and maintenance of the Mortgaged Premises and shall be liable to account to Assignor only for those rents and revenues actually received. Assignee shall not be liable to Assignor, anyone claiming under or through Assignor or anyone having an interest in the Mortgaged Premises by reason of anything done or left undone by Assignee under this Assignment.

7. If the rents of the Mortgaged Premises are not sufficient to meet the costs, if any, of taking control of and managing the Mortgaged Premises and collecting the rents, any funds expended by Assignee for such purposes shall become obligations of Assignor to Assignee secured by the Mortgage Instruments. Unless Assignee and Assignor agree in writing to other terms of payment, such amounts shall be payable upon notice from Assignee to Assignor requesting payment thereof and shall bear interest from the date of disbursement until paid, at the default rate set forth in the Note.

8. Any entering upon and taking and maintaining of control of the Mortgaged Premises by Assignee or the receiver, and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Assignee under applicable law or provided herein. This Assignment shall terminate at such time as the obligations secured by the Mortgage Instruments are paid in full.

9. Except as may be permitted by the Loan Agreement, Assignor will not (i) execute an assignment of the rents or any part thereof from the Mortgaged Property unless such assignment shall provide that it is subject and subordinate to the assignment contained in this Assignment, and any additional or subsequent assignment executed pursuant hereto, or (ii) except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any material Lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made or (iii) modify any such Lease or give consent to any assignment or subletting without Assignee's prior written consent, which such consent shall not be unreasonably withheld or delayed, or (iv) accept prepayments of any installments of rent or additional rent to become due under such Leases, except prepayments in the nature of security for the performance of the lessee's obligations thereunder, or (v) in any other manner impair the value of the Mortgaged Property or the



security of the Trustee or Assignee for the payment of the indebtedness secured hereby, or (vi) enter into any Lease prohibited under the provisions of the Loan Agreement.

10. Except as may be permitted by the Loan Agreement, Assignor will not execute any Lease of all or a substantial portion of the Mortgaged Premises without the prior written consent of Assignee. All tenants must take actual occupancy of the Mortgaged Premises and Assignor will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all Leases of the Mortgaged Premises now or hereafter existing, on the part of the lessor thereunder to be kept and performed. If any such Lease provides for the giving by the tenant of certificates with respect to the status of such Leases, Assignor shall exercise its right to request such certificates within five (5) days of any demand therefor by Assignee.

11. Assignor shall furnish to Assignee, within fifteen (15) days after a request by Assignee to do so, a written statement containing the names of all tenants for the Mortgaged Premises, the terms of their respective Leases, the spaces occupied, the rentals paid and any security therefor.

12. In addition to the assignment granted herein, Assignor shall, from time to time upon request of Assignee, specifically assign to Assignee, by an instrument in writing in such form as may be approved by Assignee, all right, title and interest of Assignor in and to any and all Leases now or hereafter on or affecting the Mortgaged Premises, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Assignor to collect the rentals under any such Lease. Assignor shall also execute and deliver to Assignee any notification, financing statement or other document reasonably required by Assignee to perfect the foregoing assignment or the assignment granted herein as to any such Lease.

13. Each Lease of the Mortgaged Premises or of any part thereof entered into after the date hereof shall provide that, in the event of the enforcement by the Trustee or Assignee of the remedies provided for by law or by this Assignment, any person succeeding to the interest of Assignor as a result of such enforcement shall not be bound by any payment of rent or additional rent for more than one (1) month in advance, provided, however, that nothing herein set forth shall affect or impair the rights of Assignee to terminate any one or more of such Leases in connection with the exercise of its remedies hereunder.

14. Any notice hereunder by either party hereto to the other shall be given as provided for in the Loan Agreement.

15. Assignor hereby agrees to indemnify and hold the Assignee harmless against and from (a) any and all liability, loss, damage and expense, including reasonable attorneys' fees, which it may or shall incur or which may be asserted under or in connection with this assignment or any of the Leases, or by reason of any action taken by the Assignee (including without limitation any action which Assignee in its discretion may take to protect its interest in the Mortgaged Premises), and (b) any and all claims and demands whatsoever which may be incurred by or asserted against Assignor by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants and conditions contained in any of the Leases.

16. Should Assignee incur any such liability as described in Paragraph 15, the amount thereof, together with interest thereon at the lower of the highest rate permitted by law or the Default Rate under the Loan Agreement shall be payable by Assignor to Assignee immediately upon demand, or at the option of Assignee, Assignee may reimburse itself therefor out of any rents, issues or profits of the Mortgaged Premises collected by Assignee.

17. Nothing contained herein shall operate or be construed to obligate Assignee to perform any of the terms, covenants or conditions contained in any Lease, or to take any measures, legal or otherwise, to enforce collection of any of said rents or other payments, or otherwise to impose any obligation upon Assignee with respect to any Lease, including but not limited to, any obligation arising out of any covenant of quiet enjoyment therein contained, in the event that any lessee shall have been joined as a party defendant in any action to foreclose the Mortgage and the estate of such lessee shall have been thereby terminated.

18. Prior to actual entry into and taking possession of the Mortgaged Premises by Assignee, this assignment shall not operate to place upon Assignee any responsibility for the operation, control, care, management or repair of the Mortgaged Premises, and the execution of this assignment by the Assignor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Premises is and shall be that of Assignor prior to such actual entry and taking of possession.



19. Upon payment in full of the principal sum, interest and other indebtedness evidenced by the Mortgage Instruments, 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 representations herein contained, shall bind Assignor and all subsequent owners of the Mortgaged Premises and inure to the benefit of Assignee and all subsequent holders of the Mortgage Instruments. The term "Assignee," as used herein shall be construed to mean as of any time the holder for the time being of the Mortgage Instruments and all rights, options, powers, authority and remedies herein granted to Assignee may be exercised or executed at any and all times or from time to time by any holder for the time being of the Mortgage Instruments. This Assignment may not be changed or terminated orally, but only by an instrument in writing, signed by the party against whom enforcement of any waiver, change, modification, termination or discharge is sought.

IN WITNESS WHEREOF, Assignor has caused this instrument to be executed as of the date first above written.

"ASSIGNOR"

BI-MART CORPORATION, a California corporation

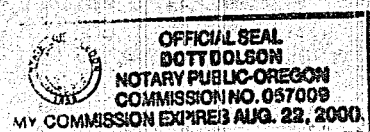
By Marty W. Smith  
Marty W. Smith, its President

STATE OF OREGON

COUNTY OF MULTNOMAH

ss.

This instrument was acknowledged before me on  
February 19, 1997, ~~1997~~, by Marty W. Smith as President of Bi-  
Mart Corporation. <sup>RD</sup>



Dotti Dolson  
Notary Public for Oregon  
My commission expires 8/22/2000

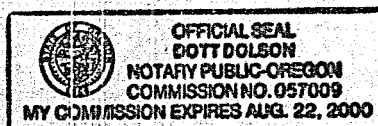


EXHIBIT A

The following described real property situated in Klamath County, Oregon:

A tract of land being a portion of Tract 805 of Enterprise Tracts, situated in the Northeast quarter of Section 4, Township 39 South, Range 9 East, Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 5/8 inch iron pin with aluminum cap being on the South line of said Tract 805, said iron pin being South 89°51'00" West 20.00 feet from the Southeast corner of said Tract 805, and on the Westerly right of way line of Washburn Way; thence North 00°03'30" East, along the Westerly right of way line of Washburn Way (North 00°00'30" East of M73, Page 3750) 238.00 feet; thence North 55°46'50" West (North 55°50" West by M73, Page 3750) 257.48 feet; thence North 34°13'10" East (North 34°09'30" East by M73, Page 3753) 25.00 feet; thence North 55°46'50" West (North 55°50'30" West by M73, Page 3753) 50.00 feet; thence North 34°13'10" East (North 34°09'30" East by M73, Page 3753) 110.00 feet to the Southwesterly right of way line of South Sixth Street; thence North 55°46'50" West, along said South Sixth Street (North 55°50'30" West by M73, Page 3753 and North 55°50" West by M73, Page 3750) 50.00 feet; thence South 34°13'10" West (South 34°09'50" West by M73, Page 3753 and South 34°10' West by M73, Page 3750) 400.00 feet; thence South 55°46'50" East (South 55°50'30" East by M73, Page 3753 and South 55°50' East by M73, Page 3750) 27.00 feet; thence South 00°34'05" East 205.84 feet (South, 205 feet, more or less, by M73, Page 3750) to the South line of said Tract 805; thence North 89°51'00" East, along said South line (North 89°47' East by M73, Page 3750) 420.00 feet to the point of beginning.

5632KMB  
BABC/Bi-Mart  
B0660-0029  
Site 611

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0471546

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 24th day  
of February A.D. 19 97 at 2:45 o'clock P. M., and duly recorded in Vol. M97  
of Mortgages on Page 5437

FEE \$60.00

Bernetha G. Letsch, County Clerk

by Kathleen Ross