

Recording requested by:

Klamath County Title

#51292-D

When recorded return to:

Owens Financial Group, Inc.

P. O. Box 2308

Walnut Creek, Calif. 94595

Ref: Loan # 50342B

ASSUMPTION & ASSIGNMENT AGREEMENT

This Agreement is made among  
OLD STRATFORD L.L.C., a Nevada Limited Liability Company  
hereinafter called "Seller", and

FIRST KLAMATH L.L.C., a Nevada Limited Liability Company  
hereinafter called "Purchaser", and  
The City of San Leandro  
hereinafter called "Lender".

**RECITALS**

A) WHEREAS, Seller is presently the owner of the property  
(hereinafter called the "Property") and did execute and deliver, a Deed  
of Trust to:

Klamath County Title Company, as Trustee,  
Owens Financial Group, Inc., a California corporation, as Beneficiary

Dated: January 30, 1997

Recorded: February 7, 1997

Volume: M97

Page: 3845

Official Records of Klamath County, Oregon

which Deed of Trust was assigned to  
THE CITY OF SAN LEANDRO, by assignment

Dated: July 1, 1997

Recorded:

Volume:

Page:

given to secure payment of a certain note of same date,  
in the principal amount of \$500,000.00

B) WHEREAS, Seller and Purchaser have entered into a real property  
sales agreement under which Purchaser has agreed to purchase the  
Property and to assume the Promissory Note and Deed of Trust as part of  
the purchase price for the Property to be paid by Purchaser to Seller,  
contingent on lender's waiver of due-on-sale clause, subject to the  
condition(s) stated in this Agreement.

C) WHEREAS, Buyer's obligation to assume the Promissory Note is conditioned on Lender's agreement not to exercise its option under the terms of the Promissory Note and Deed of Trust to accelerate the unpaid balance of the Promissory Note as a result of the above transfer;

D) WHEREAS, Seller's agreement to sell the Real Property is conditioned on Lender's agreement to release Seller from all liability on the Promissory Note and Deed of Trust;

THE PARTIES HEREBY AGREE AS FOLLOWS:

Unpaid Balance of Note

1. The total unpaid principal balance of the Promissory Note is \$ 500,000.00.

Assumption of Liability

2. Buyer hereby assumes and agrees to pay the obligation represented by the Promissory Note; acknowledges that the Real Property described in the Deed of Trust shall remain subject to the Deed of Trust; acknowledges that nothing in this Agreement shall affect the priority of the lien of the Deed of Trust over other liens and encumbrances against the Real Property; and agrees to be bound by all of the conditions and covenants contained in the Promissory Note and Deed of Trust. Buyer also agrees that the Deed of Trust shall secure all other sums that Buyer may borrow in the future from Lender when such sums are evidenced by another note or notes stating that they are so secured.

Consent to Transfer

3. Lender hereby consents to the transfer of the Real Property described in the Deed of Trust and Promissory Note and waives its right to accelerate the entire unpaid balance of the Promissory Note by reason of the transfer; provided, however, that this consent shall not be deemed a waiver of the right to require consent to future transactions.

Release From Liability

4. Provided record title to the Real Property is transferred to Purchaser and provided Purchaser executes this Agreement, Lender hereby releases Seller from any and all liability on or under the Promissory Note and Deed of Trust. The release of Seller shall be effective on the latter of (1) the date record title to the Real Property is transferred to Purchaser, or (2) the date Purchaser executes this Agreement.

Assignment by Seller

5. Seller hereby transfers and assigns to Purchaser all of its right, title and interest in and to any and all refunds and credits that may at any time accrue under the Deed of Trust.

33407

Governing Law

6. All questions about the construction of this Agreement, and the right and liabilities of the parties to this Agreement, shall be governed by the laws of the State of Oregon.

Binding on Successors

7. This Agreement shall inure to the benefit of, and shall be binding on, the assigns, successors in interest, personal representatives, estates, heirs, and legatees of each of the parties.

Entire Agreement

8. This Agreement contains the entire agreement of the parties, and supersedes any prior written or oral agreements between them concerning the subject matter of this Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, among the parties, relating to the subject matter of this Agreement, that are not fully expressed in this Agreement.

Dated September 11, 1997

THIS DOCUMENT IS BEING EXECUTED IN COUNTERPART

Seller

OLD STRATFORD L.L.C.,  
a Nevada Limited Liability Company

Mailing Address

Purchaser

FIRST KLAMATH L.L.C.,  
a Nevada Limited Liability Company

MAILING ADDRESSES

BY: SOUTHSTAR FINANCIAL & DEVELOPMENT, INC.,  
a Nevada Corporation,  
its Manager

c/o The Dwares Group  
Attn: Peter Dwares  
World Trade Center, #205  
San Francisco, CA 94111

BY:

Andrew South,  
President

c/o Key Investment  
Properties  
Attn: Andy South  
7150 Firloop Road, #214  
Tigard, OR 97223

Lender:

THE CITY OF MONT LEANDRO

By:

James O'Leary  
Finance Director

33408

## Governing Law

6. All questions about the construction of this Agreement, and the right and liabilities of the parties to this Agreement, shall be governed by the laws of the State of Oregon.

## Binding on Successors

7. This Agreement shall inure to the benefit of, and shall be binding on, the assigns, successors in interest, personal representatives, estates, heirs, and legatees of each of the parties.

## Entire Agreement

8. This Agreement contains the entire agreement of the parties, and supersedes any prior written or oral agreements between them concerning the subject matter of this Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, among the parties, relating to the subject matter of this Agreement, that are not fully expressed in this Agreement.

Dated September 11, 1997

THIS DOCUMENT IS BEING EXECUTED IN COUNTERPART

## Seller

OLD STRATFORD L.L.C.,  
a Nevada Limited Liability Company  
*By: Southstar Financial & Development Corp. - Manager*

*By: Southstar Financial & Development Corp. - Manager*  
*SACR President*

## Purchaser

FIRST KLAMATH L.L.C.,  
a Nevada Limited Liability Company

BY: SOUTHSTAR FINANCIAL & DEVELOPMENT, INC.,  
a Nevada Corporation,  
its Manager

BY: *Andrew South*,  
Andrew South,  
President

## Lender

THE CITY OF SAN LEANDRO

By:

James O'Leary,  
Finance Director

## Mailing Address

c/o Key Investment Properties, Inc.  
Attn: Peter Dwares  
7150 Firloop Road, #214  
Tigard, OR 97223

## MAILING ADDRESSES

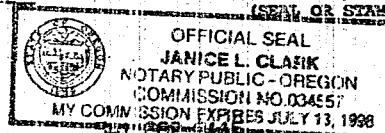
c/o The Dwares Group  
Attn: Peter Dwares  
World Trade Center, #205  
San Francisco, CA 94111

c/o Key Investment  
Properties  
Attn: Andy South  
7150 Firloop Road, #214  
Tigard, OR 97223

State of Oregon }  
County of Multnomah }

This instrument was acknowledged before me on Oct 3, 1997, by Andrew South as President of Southstar Financial and Development Corp.  
Dated: Oct 03, 1997

*Janine L. Clark*  
(Notary's Printed Name)  
Notary Public in and for the  
State of Oregon, residing at Portland, OR.  
My commission expires 7-3-98



**Governing Law**

6. All questions about the construction of this Agreement, and the right and liabilities of the parties to this Agreement, shall be governed by the laws of the State of Oregon.

**Binding on Successors**

7. This Agreement shall inure to the benefit of, and shall be binding on, the assigns, successors in interest, personal representatives, estates, heirs, and legatees of each of the parties.

**Entire Agreement**

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Dated September 11, 1997

**THIS DOCUMENT IS BEING EXECUTED IN COUNTERPART**

**Seller**

OLD STRATFORD L.L.C.,  
a Nevada Limited Liability Company

**Mailing Address**

c/o Key Investment Properties, Inc.  
Attn: Andy South  
7150 S.W. Firloop, #214  
Tigard, OR 97223

**Purchaser**

FIRST KLAMATH L.L.C.,  
a Nevada Limited Liability Company

**MAILING ADDRESSES**

BY: SOUTHSTAR FINANCIAL & DEVELOPMENT, INC.,  
a Nevada Corporation,  
its Manager, *Craig A.*

c/o The Dwares Group  
Attn: Peter Dwares  
World Trade Center, #205  
San Francisco, CA 94111

BY: *John Lee South*  
Andrew South,  
President

c/o Key Investment  
Properties  
Attn: Andy South  
7150 Firloop Road, #214  
Tigard, OR 97223

**Lender**

THE CITY OF SAN LEANDRO

By:

James O'Leary,  
Finance Director

33410

STATE OF CALIFORNIA,

COUNTY OF Alameda

On September 29, 1997

appeared -James H. O'Leary

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Robert F. Caughell

STATE OF CALIFORNIA,

COUNTY OF \_\_\_\_\_

On \_\_\_\_\_

appeared \_\_\_\_\_

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

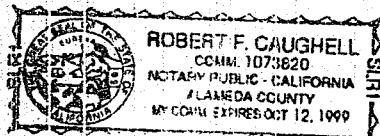
WITNESS my hand and official seal.

Signature \_\_\_\_\_

} S.S.

, before me, Robert F. Caughell  
a Notary Public in and for said County and State, personally

FOR NOTARY SEAL OR STAMP



} S.S.

, before me, \_\_\_\_\_  
a Notary Public in and for said County and State, personally

FOR NOTARY SEAL OR STAMP

Oregon Janice L Clark  
STATE OF CALIFORNIA;  
COUNTY OF Multnomah

33411

On October 2, 1997

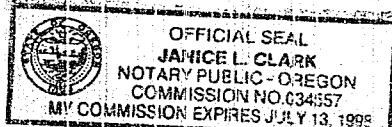
appeared Andrew Sooth AS PRESIDENT OF SOUTHLINK FINANCIAL CORPORATION

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Janice L Clark*

FOR NOTARY SEAL OR STAMP



STATE OF CALIFORNIA,

COUNTY OF \_\_\_\_\_

On \_\_\_\_\_

appeared \_\_\_\_\_ before me, a Notary Public in and for said County and State, personally

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

FOR NOTARY SEAL OR STAMP

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_ Klamath County Title \_\_\_\_\_ the 10th day  
of October A.D. 19 97 at 9:55 o'clock A.M., and duly recorded in Vol. M97  
of Mortgages on Page 33405

FEE \$40.00

Bernetha G. Letsch, County Clerk  
By *Kathleen Letsch*