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Record and Return to:

Principal Commercial Advisors, Inc.
11050 Roe Avenue, Suite 200
Overland Park, Kansas 66211

K52535
ASSIGNMENT OF
LEASES AND RENTS

THIS ASSIGNMENT, made as of August 2nd, 1998, by A2C3 Partners, an Oregon general partnership, having a post office address at 122 South Fifth Street, Klamath Falls, Oregon 97601, as Assignor ("Assignor" to be construed as "Assignors" if the context so requires), to PRINCIPAL COMMERCIAL ADVISORS, INC., an Iowa corporation, having its principal place of business and post office address at 11050 Roe Avenue, Suite 200, Overland Park, Kansas 66211, as Assignee,

WITNESSETH THAT:

WHEREAS, Assignor, to evidence and secure a loan indebtedness, has made and delivered to Assignee a promissory note of even date herewith (the "Note") in the principal amount of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000), payable as provided for in the Note and finally maturing (absent any acceleration of maturity as therein provided) on September 1, 2013, with interest as therein expressed, and has executed and delivered a Trust Deed, Security Agreement and Assignment of Rents (it being agreed that "Mortgage" as hereinafter used shall be construed to mean "deed of trust" or "trust deed" or "deed to secure debt" if the context so requires) bearing the aforesaid date to secure the Note and creating a lien on Assignor's interest in certain real estate in the County of Klamath, State of Oregon, more particularly described in Exhibit A attached hereto and made a part hereof, including the improvements now or hereafter thereon and the easements, rights and appurtenances thereunto belonging, all of which are hereinafter called the "Premises"; and

WHEREAS, Assignor is the lessor under that certain written lease of the Premises made under date of April 7, 1986, to United States of America (United States Department of Agriculture, Forest Service, Pacific Northwest Region of America), and Assignor may hereafter make other leases of the Premises or parts thereof; and

WHEREAS, Assignee has required the assignment hereafter made as a condition to making the above described loan;

NOW, THEREFORE, Assignor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby absolutely and directly (and not merely collaterally) assign, bargain, sell, transfer, convey, set over and deliver unto Assignee, all rights of the lessor under the above described lease(s) and all other leases, tenancies, rental arrangements, subleases, and guarantees of the performance or obligations of any tenants thereunder affecting the

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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, subleases, and guarantees and any of them, all of which are hereinafter called the "Leases," and all rents or other income or payments, regardless of type or source of payment (including but not limited to CAM charges, lease termination payments, purchase option payments, refunds of any type, prepayment of rents, settlements of litigation or settlements of past due rents) which may now or hereafter be or become due or owing under the Leases, and any of them, or on account of the use of the Premises. It is intended hereby to establish a present and complete transfer, and direct and absolute assignment of all the Leases and all rights of the lessor thereunder and all the rents, and other payments arising thereunder on account of the use of the Premises unto Assignee, with the right, but without the obligation, to collect all of said rents, income and other payments which may become due during the life of this Assignment. Assignor agrees to deposit with Assignee copies of all leases of all or any portion of the Premises.

1. 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 acquittances 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 any settlement of any claims, either in its own name or in the name of Assignor or otherwise, which Assignee may 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.
2. 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 and other amounts assigned hereunder, including the right 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. Assignor hereby grants full power and authority to Assignee to exercise all rights, privileges and powers herein granted at any and all times hereafter, without notice to Assignor, with full power to use and apply all of the rents and other amounts assigned hereunder to the payment of the costs of managing and operating the Premises 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, attorney fees and costs incurred in connection with the interpretation and/or enforcement of this Assignment, and of principal and interest payments and/or any other payments due from Assignor to

Assignee on the Note, the Mortgage or any of the other Loan Documents (as defined in the Mortgage), all at Assignee's election and in such order as Assignee may determine. 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 agreements of Assignor in the Leases; and Assignor 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 any liability, attorney's fees, costs, loss or damage which may or might be incurred by it under the Leases or 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. 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 any other party, or for any dangerous or defective condition of the Premises or for any negligence in the management, upkeep, repair or control thereof resulting in loss or injury or death to any lessee, licensee, employee or stranger.

The manner of the application of rentals, the reasonableness of the costs and charges to which such rentals are applied and the item or items which shall be credited thereby shall be within the sole and unlimited discretion of Assignee.

3. Provided there has been no default by Assignor in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant or agreement of Assignor contained herein or in the Note or Mortgage, or in any of the Leases, any amounts collected hereunder by Assignee which are in excess of those applied to pay in full the aforesaid liabilities and indebtedness at the time due shall be promptly paid to Assignor.
4. Assignor hereby represents and warrants to Assignee that except for the sublessor's interest in subleases, if any, it is the sole owner of the entire lessor's interest in each of the Leases; that the Leases are not in default and are valid and enforceable and have not been altered, modified or amended in any manner whatsoever except as herein expressly mentioned; that all conditions precedent to the effectiveness of the Leases have been satisfied; that Assignor has not heretofore transferred or assigned the Leases or any of the rents thereunder or any right or interest therein, nor has it collected in advance or anticipated any of the rents thereunder; and Assignor represents and warrants that it is not indebted to the lessees under the Leases in any manner whatsoever so as to give rise to any right of setoff against, or reduction of, the rents payable under the Leases.

5. Assignor covenants not to alter, modify, amend or change the terms of the Leases or give any consent or permission or exercise any option required or permitted by the terms thereof or waive any obligation required to be performed by any lessee or execute, cancel or terminate any of the Leases or accept a surrender thereof or enter into leases after the date hereof without prior written consent of Assignee, and Assignor will not make any further transfer or assignment thereof, or attempt to pledge, assign or encumber any of the Leases or rents or other amounts payable thereunder, or convey or transfer or suffer a conveyance or transfer of the Premises or of any interest therein so as to effect, directly or indirectly, a merger of the estates and rights of, or a termination or diminution of the obligations of, any lessee thereunder. Assignor further covenants to deliver to Assignee, promptly upon receipt thereof, copies of any and all demands, claims and notices of default received by it from any lessee under any of the Leases assigned herein. If requested by Assignee, Assignor shall enforce the Leases and all remedies available to Assignor against the lessees thereunder in case of default under the Leases by lessees.
6. Upon payment in full of the principal sum, interest and other indebtedness secured hereby, and by any other documents which secure 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, successors and assigns, and any subsequent owner of the Premises.
7. Notwithstanding any provision herein to the contrary, prior to a default by Assignor in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant or agreement of Assignor contained herein or in the Note, the Mortgage, the other Loan Documents or in any of the Leases, Assignee hereby grants to Assignor the license to collect as the same become due and payable, but in any event for not more than one calendar month in advance, all rents and other income arising under the Leases and from the Premises, and to enforce all provisions contained in the Leases. Assignor shall render such accounts of collections as Assignee may require. The license herein granted to Assignor shall terminate immediately and automatically, without further action or documentation, upon default in payment of any indebtedness secured hereby or by the Mortgage or in the performance of any other obligation, covenant or agreement of Assignor contained in the Note, the Mortgage, the other Loan Documents, this Assignment, or any of the Leases; and upon written notice of Assignor's default at any time hereafter given by Assignee to any lessee, all rentals thereafter payable and all agreements and covenants thereafter to be performed by the lessee shall be paid and performed by the lessee directly to Assignee in the same manner as if the above license had not been granted, without prosecution of any legal or equitable remedies under the Mortgage. Any lessee of the Premises or any part thereof is authorized and directed to pay to Assignor any rent herein assigned currently for not more than one calendar month in

advance and any payment so made prior to receipt by such lessee of notice of Assignor's default shall constitute a full acquittance to lessee therefor.

8. Concurrently with the execution of any lease covering the Premises, Assignor will notify the lessee, by U. S. Certified Mail, of the existence of this Assignment and will deliver an executed copy of this Assignment to such lessee, directing such lessee to make all payments under its lease to Assignee or its nominee in accordance with the terms of this Assignment. This Assignment is intended to be a present perfected assignment in accordance with Oregon law, including O.R.S. 93.306.
9. It is understood and agreed that this Assignment shall become effective concurrently with the Note and the Mortgage. This Assignment shall be governed by and construed in accordance with the laws of the State where the Premises is located.
10. (a) It is the intention of Assignee and Assignor that the assignment effectuated by this Assignment with respect to the rents and other amounts due under the Leases shall be a direct and currently effective assignment and shall not constitute merely the granting of a lien, security interest or pledge for the purpose of securing the indebtedness secured by the Mortgage. In the event that a court of competent jurisdiction determines that, notwithstanding such expressed intent of the parties, Assignee's interest in the rents or other amounts due under the Leases constitutes a lien on or security interest in or pledge of the rents or other amounts due under the Leases, it is agreed and understood that the forwarding of a notice to Assignor after the occurrence of a default, advising Assignor of the revocation of Assignor's license to collect such rents and other amounts due under the Leases, shall be sufficient action by Assignee to (i) take possession thereof, and (ii) entitle Assignee to immediate and direct payment of the rents and other amounts due under the Leases, for application as provided in the Note or Mortgage, all without the necessity of any further action by Assignee, including, without limitation, any action to obtain possession of the land, improvements or any other portion of the Premises. Notwithstanding the direct and absolute assignment of the rents and other amounts as herein described, there shall be no pro tanto reduction of any portion of the indebtedness secured by the Mortgage except with respect to rents or other amounts actually received by Assignee and applied by Assignee toward payment of such indebtedness.
- (b) Without limitation of the absolute nature of the assignment of the rents and other amounts due under the Leases hereunder, Assignor and Assignee agree that (i) this Assignment shall constitute a "security agreement" for purposes of 11 U.S.C. Section 552(b), (ii) the security interest created by this Assignment extends to property of Assignor acquired before the commencement of a case in bankruptcy and to all amounts paid as rents and/or other amounts due under the Leases, and (iii) such

security interest shall extend to all rents and/or other amounts due under the Leases acquired by the estate after the commencement of any case in bankruptcy. Without limitation of the absolute nature of the assignment of the rents and other amounts due under the Leases hereunder, to the extent Assignor (or Assignor's bankruptcy estate) shall be deemed to hold any interest in the rents and/or other amounts due under the Leases after the commencement of a voluntary or involuntary bankruptcy case, Assignor hereby acknowledges and agrees that such rents and/or other amounts due under the Leases are and shall be deemed to be "cash collateral" under Section 363 of the Bankruptcy Code. Assignor may not use the cash collateral without the consent of Assignee and/or an order of any bankruptcy court pursuant to 11 U.S.C. 363(b)(2), and Assignor hereby waives any right it may have to assert that such rents and/or other amounts due under the Leases do not constitute cash collateral. No consent by Assignee to the use of cash collateral by Assignor shall be deemed to constitute Assignee's approval, as the case may be, of the purpose for which such cash collateral was expended.

- (c) Assignor acknowledges and agrees that, upon recordation of this Assignment, Assignee's interest in the rents shall be deemed to be fully perfected, "choate" and enforced as to Assignor and all third parties, including, without limitation, any subsequently appointed trustee in any case under the Bankruptcy Code, without the necessity of (a) commencing a foreclosure action with respect to this Assignment, (b) furnishing notice to Assignor or tenants under the Leases, (c) making formal demand for the rents, (d) taking possession of the Premises as a lender-in-possession, (e) obtaining the appointment of a receiver of the rents and profits of the Premises, (f) sequestering or impounding the rents, or (g) taking any other affirmative action.
11. Notwithstanding anything in this Assignment to the contrary, Assignee may, upon written notice to Assignor, elect to (i) exclude from the assignment provided in this Assignment any of the Leases as specified in such notice so that the interest under such indicated Lease is not assigned to Assignee, (ii) subordinate the lien and other terms and provisions of the Mortgage to any of the Leases as indicated in said notice to Assignor, and/or (iii) require Assignor to use best efforts to obtain a Subordination, Non-Disturbance and Attornment Agreement, in form and substance approved by Assignee, from any of the lessees under any of the Leases as indicated in said notice to Assignor.
12. Assignor has had the opportunity to fully negotiate the terms hereof and modify the draftsmanship of this Assignment. Therefore, the terms of the Assignment shall be construed and interpreted without any presumption, inference, or rule requiring construction or interpretation of any provision of this Assignment against the interest of the party causing this Assignment or any portion of it to be drafted. Assignor is entering into this Assignment freely and voluntarily without any duress, economic or otherwise.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed and delivered as of the date first hereinabove written.

Under Oregon law, most agreements, promises and commitments made by us after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by us to be enforceable.

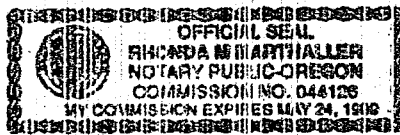
A2C3 Partners,
an Oregon general partnership

By *Bradford J. Aspell*
Name: _____
Title: general partner

By *John K. Aspell*
Name: _____
Title: partner

State of Oregon
County of Washington

This instrument was acknowledged before me on July 11, 98 (date) by John K. Aspell (name(s) of person(s)), as partner (type of authority, e.g., officer, trustee, etc.) of A2C3 Partners (name of party on behalf of whom instrument was executed).



Rhonda M. Marshall
(Signature of notarial officer)
(Seal, if any)

Notary Public
Title (and Rank)

My commission expires: 5-24-99

STATE OF OREGON,

County of KLAMATH

} ss.

FORM No. 23--ACKNOWLEDGMENT.
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BE IT REMEMBERED, That on this 13TH day of JULY, 1998,
Before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within named BRADFORD J. ASPELL AS PARTNER OF A2C3 PARTNERS

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that HE executed the same freely and voluntarily.

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



Debra Buckingham
Notary Public for Oregon
My commission expires 12-19-2000

EXHIBIT "A"

PARCEL 1:

Lots 3, 4, 5, 6 and a portion of Lot 2, Block 2, Tract 1163, CAMPUS VIEW, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the intersection of the centerline of Dahlia Street and Clover Street in the City of Klamath Falls in the State of Oregon; thence along the centerline of Clover Street North $54^{\circ}34'38''$ East 30.00 feet to the Northerly right of way line of Dahlia Street; thence continuing along the Northerly right of way line of Dahlia Street North $37^{\circ}10'59''$ West 50.49 feet to the true point of beginning; thence continuing along the Northerly right of way line of Dahlia Street along a curve to the left having a radius of 427.57 feet; a central angle of $52^{\circ}02'34''$, an arc length of 388.37 feet, a long chord of 375.16 feet and a long chord bearing of North $63^{\circ}12'16''$ West; thence North $00^{\circ}46'26''$ East 359.39 feet; thence South $89^{\circ}13'34''$ East 272.76 feet; thence South $00^{\circ}46'25''$ West 57.00 feet, more or less; thence South $87^{\circ}22'21''$ East 198.16 feet more or less to the Westerly right of way line of Clover Street; thence along the Westerly right of way line of Clover Street South $02^{\circ}37'39''$ West 263.86 feet more or less; thence continuing along the Westerly right of way line of Clover Street along a curve to the right having a radius of 273.64 feet, a central angle of $47^{\circ}49'42''$, an arc length of 228.42 feet, a long chord of 221.85 feet and a long chord bearing of South $26^{\circ}32'30''$ West; thence along a curve to the right having a radius of 20.00 feet, a central angle of $92^{\circ}21'39''$, an arc length of 32.28 feet, a long chord of 28.86 feet and a long chord bearing of North $83^{\circ}21'49''$ West to the Northerly right of way line of Dahlia Street and the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 7th day
of August A.D., 19 98 at 2:32 o'clock P. M., and duly recorded in Vol. M98
of Mortgages on Page 29180

FEE \$45.00

By Bernetha G. Lelsch, County Clerk
Kardner Ross