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THIS DOCUMENT PREPARED UNDER
THE SUPERVISION OF OREGON COUNSEL
BY AND AFTER RECORDING SHOULD
BE RETURNED TO:

Jami L. Brodey, Esq.
Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd.
55 East Monroe Street
Suite 3700
Chicago, Illinois 60603

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Loan No. 20-245

ASSIGNMENT OF LEASES AND RENTS.

This ASSIGNMENT OF LEASES AND RENTS ("Assignment") is made as of this 31st day of May, 2001 by CRYSTAL TERRACE RETIREMENT COMMUNITY, LLC, an Oregon limited liability company ("Assignor") whose address is 2735 12th Street SE, Salem, Oregon 97302 to HELLER HEALTHCARE FINANCE, INC., a Delaware corporation ("Assignee") whose address is 2 Wisconsin Circle, Suite 400, Chevy Chase, Maryland 20815.

1. **Definitions.**

"Schedule": The Schedule of Leases attached hereto as Exhibit A listing all present leases, subleases, tenancies and occupants of the Property.

"Property": The real estate described in Exhibit B attached hereto, together with all improvements thereon.

"Leases": All of the present and future leases, occupancy agreements, subleases, tenancies, and all guaranties, amendments, extensions and renewals thereof for all or any part of the Property.

"Loan Agreement": The Loan Agreement of even date herewith between Assignor and Assignee.

"Rents": All of the rents, income, receipts, revenues, issues, and profits, prepayments of the same including, without limitation, lease termination, cancellation or similar fees now due or which may become due or to which Assignor may now or shall hereafter become entitled or which it may demand or claim and arising directly or indirectly from the Leases or the Property and including any cash, securities or letters of credit deposited thereunder to secure performance by the Tenants of their obligations under the Leases ("Security Deposits").

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"Tenant(s)": Any present or future tenant, subtenant or occupant of the Property.

"Mortgage": The Trust Deed, Assignment of Rents and Leases and Security Agreement of even date herewith which encumbers the Property.

All other capitalized terms used herein, unless otherwise specified, shall have the same meaning ascribed to them in the Loan Agreement.

2. **Assignment.** Assignor, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby GRANT, SELL, CONVEY, TRANSFER AND ABSOLUTELY ASSIGN unto Assignee:

- (a) All of Assignor's right, title and interest in all of the Leases;
- (b) The immediate and continuing right to collect and receive all of the Rents; and
- (c) Any and all rights and claims of any kind that Assignor may have now or in the future against any Tenant.

To have and to hold the same unto Assignee, its successors and assigns, until termination of this Assignment as hereinafter provided.

3. **Absolute Assignment.** The parties intend that this Assignment shall be a present, absolute, and unconditional assignment, not an assignment for additional collateral, and shall, immediately upon execution, give Assignee the right to collect the Rents and to apply them in payment of the principal, interest and all other sums payable under the Loan Documents. Such assignment and grant shall continue in effect until the Indebtedness is paid in full, which payment shall be evidenced by the recording of an instrument of satisfaction or full release of the Mortgage. Subject to the provisions set forth herein and in the Mortgage and provided there is no Event of Default, Assignee grants to Assignor a revocable license to enforce the Leases and collect the Rents as they become due (excluding however, any lease termination, cancellation or similar payments which Assignor agrees shall be held in trust and turned over to Assignee for credit to principal under the Loan). Assignor shall deliver such other Rents to Assignee as are necessary for the payment of principal, interest and other sums payable under the Loan Documents as such sums become due.

Assignor further agrees that Assignee may enforce this Assignment without first resorting to or exhausting any security or collateral for the Loans; however, nothing herein contained shall prevent Assignee from exercising any other right under any of the Loan Documents.

4. **Power of Attorney.** Assignor hereby irrevocably appoints Assignee its true and lawful attorney-in-fact, with full power of substitution and with full power for Assignee in its own name and capacity or in the name and capacity of Assignor to demand and collect any and all Rents and to file any claim or take any other action or proceeding and make any settlement regarding the Leases. All Tenants are hereby expressly and irrevocably authorized and directed to pay to Assignee, or to such nominee as Assignee may designate in a writing delivered to such Tenants, all amounts due Assignor pursuant to the Leases. All Tenants are expressly relieved of all duty, liability or obligation to Assignor in respect of all payments so made to Assignee or such nominee.

5. **Consideration.** This Assignment is made for and in consideration of the Loan made by Assignee to Assignor as set forth in the Loan Documents and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

6. **INDEMNITY.** ASSIGNOR HEREBY AGREES TO INDEMNIFY ASSIGNEE AND TO HOLD ASSIGNEE HARMLESS FROM ANY LIABILITY, LOSS OR DAMAGE INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, COSTS AND EXPENSES WHICH MAY OR MIGHT BE INCURRED BY ASSIGNEE UNDER THE LEASES OR BY REASON OF THIS ASSIGNMENT, AND FROM ANY AND ALL CLAIMS AND DEMANDS WHICH MAY BE ASSERTED AGAINST ASSIGNEE BY REASON OF ANY TERM, COVENANT OR AGREEMENT CONTAINED IN ANY OF THE LEASES, EXCEPT FOR ANY SUCH LIABILITY, LOSS OR DAMAGE RESULTING SOLELY FROM ASSIGNEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

7. **Performance of Lease Covenants.** Assignee may, at its option, upon prior notice to Assignor (except in the event of an emergency) perform any Lease covenant for and on behalf of Assignor, and all monies expended in so doing shall be chargeable to Assignor and added to the outstanding principal balance and shall be immediately due and payable.

8. **Representations and Warranties.** Assignor represents and warrants and shall be deemed to reaffirm the same upon each disbursement of Loan proceeds by Assignee to Assignor:

(a) The Leases are in full force and effect and have not been modified;

(b) There are no defaults, defenses or setoffs of either landlord or, to the best of Assignor's knowledge, Tenant under the Leases nor, to the best of Assignor's knowledge, is there any fact which, with the giving of notice or lapse of time or both, would constitute a default under the Leases;

(c) The sole ownership of the entire landlord's interest in the Leases is vested in Assignor and the Leases have not been otherwise assigned or pledged;

(d) All Rents due to date have been collected, no Rent has been collected more than one (1) month in advance, and no Tenant has been granted any Rent concession or inducement whatsoever other than as set forth in Exhibit C; and

(e) There are no leases of the Property not listed on the Schedule.

9. **Covenants and Agreements.** Assignor hereby covenants and agrees as follows:

(a) Assignor shall not permit any Rent under any Lease of the Property to be collected more than one (1) month in advance of the due date thereof.

(b) Assignor shall act in a commercially reasonable manner to enforce all available remedies against any delinquent Tenant to protect the interest of the landlord under the Leases and to preserve the value of the Property.

(c) Assignor shall comply with and perform in a complete and timely manner all of its obligations as landlord under all Leases. Assignor shall give notice to Assignee of any default by Assignor under any Lease or by any Tenant under any non-residential Lease in such time to afford Assignee an opportunity to cure any such default prior to the Tenant having any right to terminate the Lease. Assignor shall also provide Assignee with notice of the commencement of an action of ejectment or any summary proceedings for dispossession of the Tenant under any of the Leases.

(d) Assignor shall furnish promptly to Assignee the original or certified copies of all Leases now existing or hereafter created. Assignee shall have the right to notify any Tenant at any time and from time to time of any provision of the Loan Documents.

(e) Assignor shall not permit any Leases to be made of the Property or existing Leases to be modified, terminated, extended or renewed, except as permitted in the Loan Agreement. At Assignee's request, Assignor shall cause the Tenant under any non-residential Lease to execute a subordination and attornment agreement in form and substance reasonably satisfactory to Assignee.

(f) Assignor shall not without the prior written consent of Assignee: (i) perform any act or execute any other instrument which might interfere with the exercise of Assignee's rights hereunder; (ii) execute any assignment, pledge or hypothecation of Rents or any of the Leases; (iii) suffer or permit any of the Leases to become subordinate to any lien other than the lien of the Mortgage.

(g) This Assignment transfers to Assignee all of Assignor's right, title, and interest in any Security Deposits, provided that Assignor shall have the right to retain Security Deposits so long as there is no Event of Default under this Assignment or the Loan Documents. Assignee shall have no obligation to any Tenant with respect to its Security

Deposits unless and until Assignee comes into possession and control of the Security Deposits.

(h) Assignor shall use reasonable to efforts to deliver to Assignee, promptly upon request, a duly executed estoppel certificate from any Tenant in form and content satisfactory to Assignee.

(i) Assignee may assign its right, title and interest in the Leases and any subsequent assignee shall have all of the rights and powers provided to Assignee by this Assignment.

10. **No Obligation.** This Assignment shall not be deemed to impose upon Assignee any of the obligations or duties of the landlord or Assignor provided in any Lease. Assignor hereby acknowledges and agrees: (i) Assignor is and will remain liable under the Leases to the same extent as though this Assignment had not been made; and (ii) Assignee has not by this Assignment assumed any of the obligations of Assignor under the Leases, except as to such obligations which arise after such time as Assignee shall have assumed full ownership or control of the Property. This Assignment shall not make Assignee responsible for the control, care, management, or repair of the Property or any personal property or for the carrying out of any of the terms of the Leases. Assignee shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm, or corporation in or about the Property.

11. **Tenant Bankruptcy.** In the event any Tenant should be the subject of any proceeding under the Federal Bankruptcy Code or any other federal, state, or local statute which provides for the possible termination or rejection of any Lease, Assignor covenants and agrees no settlement for damages shall be made without the prior written consent of Assignee, which consent shall not be unreasonably withheld or delayed, and any check in payment of damages for rejection of any Lease will be made payable both to Assignor and Assignee. Assignor hereby assigns any such payment to Assignee and further covenants and agrees that it will duly endorse to the order of Assignee any such check.

12. **Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Assignment:

(a) failure of Assignor to pay, within five (5) days of the due date, any of the Indebtedness, including any payment due under the Notes; or

(b) failure of Assignor to strictly comply with Sections 9(a) and (f) of this Assignment; or

(c) breach of any covenant (other than those covenants set forth in subsection (b) above), representation or warranty set forth in this Assignment which is not cured within thirty (30) days after notice; provided, however, if such breach cannot by its nature be cured within thirty (30) days, and Assignor diligently pursues the curing thereof

(and then in all events cures such failure within sixty (60) days after the original notice thereof), Assignor shall not be in default hereunder; or

(d) the occurrence of an Event of Default under any other Loan Documents.

13. **Remedies.** Upon the occurrence of an Event of Default, then, without notice to, or the consent of, Assignor, Assignor's license to collect Rents shall terminate, and Assignee shall be entitled to exercise all of the rights and remedies contained in this Assignment or in any other Loan Document or otherwise available at law or in equity including, without limitation, the right to do any one or more of the following:

(a) Without the necessity of taking possession of the Property or seeking the appointment of a receiver by a court, to collect and receive all Rents, including those past due and unpaid, or sue Tenants for same, and apply the same, less costs and expenses of operation and collection, including attorney fees, to the Indebtedness pursuant to the Loan Documents;

(b) To enter upon, take possession of and manage the Property for the purpose of collecting the Rents;

(c) Dispossess by the usual summary proceedings any Tenant defaulting in the payment thereof to Assignor;

(d) Lease the Property or any part thereof;

(e) Repair, restore, and improve the Property;

(f) Apply the Rent, after payment of Property expenses, as determined by Assignee to Assignor's indebtedness under the Loan Documents;

(g) Apply to any court of competent jurisdiction for specific performance of this Assignment, an injunction against the violation hereof and/or the appointment of a receiver; and

(h) Do any acts which Assignee deems proper to protect the security hereof until the Indebtedness is paid in full.

14. **No Waiver.** Neither the exercise of any rights under this Assignment by Assignee nor the application of any Rents to payment of Assignor's indebtedness under the Loan Documents shall cure or waive any Event of Default thereunder. Failure of Assignee to avail itself of any of the terms of this Assignment for any period of time or for any reason shall not constitute a waiver of the Assignment.

15. **Other Documents.** This Assignment is intended to be supplementary to, not in substitution for, or in derogation of, any assignment of rents contained in the

Mortgage or in any of the Loan Documents. If and to the extent the provisions of this Assignment are inconsistent with the provisions of the Mortgage, the provisions of this Assignment shall control.

16. **Notices.** Any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth in the Loan Agreement.

17. **Governing Law.** This Assignment shall be governed and enforced in accordance with the laws of the State of Oregon.

18. **ENTIRE AGREEMENT.** THIS ASSIGNMENT AND THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDING, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OR PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

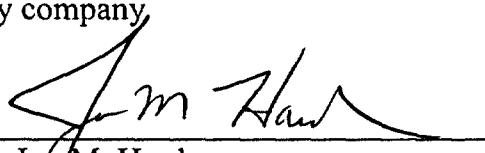
19. **Attorney Fees.** In the event either party breaches its obligations under this Assignment, the nonbreaching party shall be entitled to all costs and expenses incurred, including reasonable attorney fees, as a result of the breach. In addition, in the event suit or action is instituted to enforce any of the terms of this Assignment, the prevailing party shall be entitled to recover from the other party such sum as the court or arbitrator may adjudge reasonable as attorney fees in arbitration, at trial, and on appeal of such suit or action, in addition to all other sums provided by law.

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IN WITNESS WHEREOF, Assignor has executed this Assignment or has caused the same to be executed by its duly authorized representatives as of the date first set forth above.

ASSIGNOR:

CRYSTAL TERRACE RETIREMENT
COMMUNITY, LLC, an Oregon limited
liability company

By: 

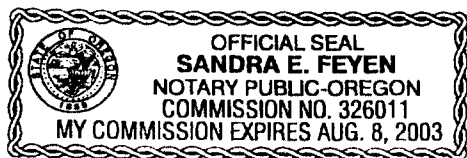
Name: Jon M. Harder

Its: Manager

STATE OF Oregon)
) ss
COUNTY OF Marion)

This instrument was acknowledged before me this 9th day of May, 2001 by JON M. HARDER, the MANAGER of CRYSTAL TERRACE RETIREMENT COMMUNITY, LLC, an Oregon limited liability company, on behalf of said limited liability company.

[SEAL]



Sandra E. Feyen
Notary Public

Sandra E. Feyen
Notary's Name (printed)

My Commission Expires:

Aug 8, 2003

EXHIBIT A
SCHEDULE OF LEASES

(See Attached.)

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EXHIBIT B

PROPERTY DESCRIPTION

Parcel 1 of Land Partition 62-00 situate in the Southeast $\frac{1}{4}$ Northeast $\frac{1}{4}$ of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

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EXHIBIT C

LEASE CONCESSIONS/DEVIATIONS

See Schedule of Leases.

State of Oregon, County of Klamath
Recorded 06/08/01, at 556 m.
In Vol. M01 Page 27230
Linda Smith,
County Clerk Fee\$ 76