

M06-14557

Klamath County, Oregon

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Pages 4 Fee: \$36.00

When Recorded Return to:
Bendich, Stobaugh & Strong, P.C.
900 Fourth Avenue, Suite 3800
Seattle, WA 98164

1st-841953

ASSIGNMENT OF LEASE AND RENTS
State of Oregon

TO INDUCE Oregon Business Development Corporation ("CDC") to make a loan in the amount of \$438,000 to Recovery Zone Physical Therapy, P.C. , Brenda S. Toschik and William T. Toschik ("Borrower"), and to induce the United States Small Business Administration ("SBA") to guarantee a debenture issued by CDC, the proceeds of which will fund the loan to Borrower, pursuant to SBA's Authorization and Debenture Guaranty CDC-819 600 40 03 and amendments, the following Assignment is made:

ASSIGNMENT. For valuable consideration, Brenda S. Toschik and William T. Toschik ("Lessor") and Recovery Zone Physical Therapy, P.C. ("Lessee"), hereby assign, grant a continuing security interest in, and convey to CDC all of their right, title, and interest in and to the Leases and Rents from all Leases, including subleases, for the following described Property located in Klamath County, State of Oregon:

Parcel 2 of Land Partition 33-04, a replat of Parcels 2 and 3 of Partition 8-02, situated in the SW 1/4 SW 1/4 of Section 34, Township 38 South, Range 8, E.W.M., Klamath County, Oregon

The Real Property or its address is commonly known as 2846 Eberlein Way, Klamath Falls OR 97603.

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF BORROWER UNDER THE 504 LOAN NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. Except as otherwise provided in this Assignment or any Related Document, Lessor [and Lessee, if sublease] shall pay to CDC all amounts secured by this Assignment as they become due. Unless and until CDC exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment, Lessor [and Lessee, if sublease] may remain in possession and control of and operate and manage the Property and collect the Rents, provided that the granting of the right to collect the Rents shall not constitute CDC's consent to the use of cash collateral in a bankruptcy proceeding.

CDC'S RIGHT TO COLLECT RENTS:

(1) CDC shall have the right at any time, and even though no default shall have occurred under this Assignment, to collect and receive the Rents.

(2) CDC may send notices to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to CDC or CDC's agent.

(3) CDC may enter upon and take possession of the Property; demand, collect and receive from the tenants, or from any other persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

DEFAULT. Each of the following, at the option of CDC, shall constitute an event of default ("Event of Default") under this Assignment:

(1) **Default on Indebtedness.** Failure of Borrower to make any payment when due on the indebtedness.

(2) **Compliance Default.** Failure of Borrower to comply with any other term, obligation, covenant or condition contained in this Assignment, the 504 Loan Note or in any of the Related Documents.

(3) **Default in Favor of Third Parties.** Should Borrower default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay the Loans or perform their respective obligations under this Assignment or any of the Related Documents.

(4) **False Statements.** Any warranty, representation or statement made or furnished to CDC by or on behalf of Borrower under this Assignment, the 504 Loan Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

(5) **Defective Collateralization.** This Assignment or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or liens at any time and for any reason).

(6) **Other Defaults.** Failure of Lessor or Lessee to comply with any term, obligation, covenant, or condition contained in any other agreement between Lessor and/or Lessee and CDC.

(7) **Death or Insolvency.** The death of Lessor or Lessee or the dissolution or termination of Lessor's or Lessee's existence as a going business, the insolvency of Lessor or Lessee, the appointment of a receiver for any part of Lessor's or Lessee's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by Lessor or Lessee.

(8) **Foreclosure, Forfeiture, etc.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Lessor or Lessee or by any governmental agency against any of the Property. However, this

subsection shall not apply in the event of a good faith dispute by Lessor or Lessee as to the validity or reasonableness of the claim which is the basis of the forfeiture proceeding, provided that Lessor or Lessee gives CDC written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to CDC.

(9) Events Affecting Guarantor. Occurance of any of the preceding events with respect to any Guarantor of any of the indebtedness. Should any Guarantor die or become incompetent, revoke or dispute the validity of, or liability under, any Guarantee of the indebtedness, CDC, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guarantee in a manner satisfactory to CDC, and in doing so, cure the Event of Default.

(10) Adverse Change. A material adverse change occurs in Lessor's or Lessee's financial condition, or CDC believes the prospect of payment or performance of the indebtedness is impaired.

(11) Insecurity. CDC in good faith deems itself insecure.

(12) Right to Cure. If such a failure is curable it may be cured if Lessor or Lessee, after CDC sends written notice demanding cure of such failure, cures the failure within thirty (30) days.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time hereafter, CDC may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

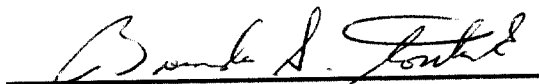
CDC shall have the right, without notice to Lessor or Lessee, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above CDC's costs, against the indebtedness.

SUCCESSORS AND ASSIGNS. This Assignment shall be binding upon and inure to the benefit of the parties, their successors and assigns.

LESSOR AND LESSEE EACH ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT OF RENTS, AND EACH AGREES TO ITS TERMS.

DATED this 30th day of June, 2006.

LESSOR:


Brenda S. Toschik

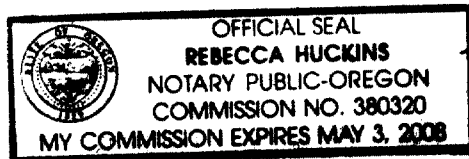

William T. Toschik,

LESSEE: Recovery Zone Physical Therapy, P.C.

By: Brenda S. Toshik
Brenda S. Toshik, President

State of Oregon)
County of Klamath) ss.

This instrument was acknowledged before me on June 30, 2006, by Brenda S. Toshik and William T. Toshik.

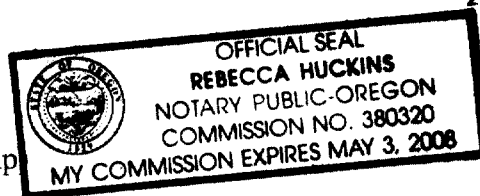


(Seal or stamp)

Rebecca Huckins
Notary Public in and for the State of Oregon
My commission expires: May 3, 2008

State of Oregon)
County of Klamath) ss.

This instrument was acknowledged before me on June 30, 2006, by Brenda S. Toshik as President of Recovery Zone Physical Therapy, P.C.



(Seal or stamp)

Rebecca Huckins
Notary Public in and for the State of Oregon
My commission expires: May 3, 2008

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