

WTC 89058-MS

2011-003198
Klamath County, Oregon



03/04/2011 03:04:06 PM

Fee: \$57.00

When Recorded Return to:
Bendich, Stobaugh & Strong, P.C.
701 Fifth Avenue, Suite 6550
Seattle, WA 98104

**ASSIGNMENT OF LEASES AND RENTS
State of Oregon**

TO INDUCE Evergreen Business Capital ("CDC") to make a loan in the amount of \$297,000 to NorthState Properties, LLC ("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-441 546 5000 and amendments, the following Assignment is made:

ASSIGNMENT. For valuable consideration, NorthState Properties, LLC ("Lessor") and NORTHSTATE PACKAGING, INC. ("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:

Exhibit "A"

The Real Property or its address is commonly known as 22325 Stateline Road, Merrill OR 97633.

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

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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.

(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.

FEDERAL LAW. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

- a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.
- b) CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

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.

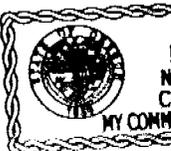
DATED this 24th day of FEBRUARY, 2011.

LESSOR: NorthState Properties, LLC

LESSEE: NORTHSTATE PACKAGING, INC.

By: John Crawford
John Crawford, Manager/Member

By: Dennis Van Acker
Dennis Van Acker, President



State of Oregon)
County of Klamath) ss.

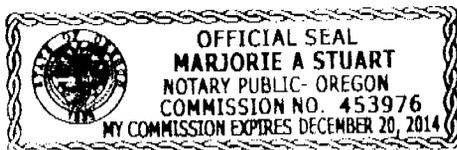
This instrument was acknowledged before me on 2/24/11,
2011, by John Crawford as Manager/Member of NorthState Properties, LLC.



[Signature]
Notary Public in and for the State of Oregon
My commission expires: 12/20/14

State of Oregon)
County of Klamath) ss.

This instrument was acknowledged before me on 2/24/11,
2011, by Dennis Van Acker as President of NORTHSTATE PACKAGING, INC..



[Signature]
Notary Public in and for the State of Oregon
My commission expires: 12/20/14

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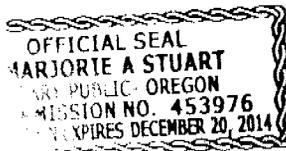


EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2 of Land Partition 27-10, situated in the W1/2 of Government Lot 14 and a portion of Government Lot 20 in the SW1/4 of Section 15, Township 41 south, Range 11 east of the Willamette Meridian, Klamath County Oregon. Recorded January 4, 2011 in 2011-000097, records of Klamath County, Oregon

Together with a 30 foot wide private access easement as delineated on the recorded plat of Land Partition 27-10.