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BOOK 185 PAGE 764

PREPARED BY AND WHEN
RECORDED RETURN TO:

Leonard, Street and Deinard
Suite 2300
150 S. Fifth Street
Minneapolis, MN 55402

Attention: Andrew P. Lee

FILED
STEVENS
BY CLARK COUNTY REC

JAN 22 12 42 PM '99

O'Leary
CARTER

SPACE ABOVE LINE FOR RECORDER'S USE

Abbreviated Legal Description: Lots 22, 23 & 24 Blk 7
TOWN OF STEVENSON
Tax Parcel No.: 02-07-01-1-1-4000-0-0

CCT-5777 ASSIGNMENT OF RENTS AND LEASES

Stevenson Office Building, Stevenson, WA

THIS ASSIGNMENT OF RENTS AND LEASES (this "Assignment") is made as of January __, 1999 by VINE STREET INVESTORS, L.L.C., a limited liability company organized and existing under the laws of the State of Washington, whose address is 516 North Olympic, Arlington, WA 98223, a limited liability company organized and existing under the laws of the State of Washington, whose address is 516 North Olympic, Arlington, WA 98223 ("Borrower"), to WEST COAST BANK, an Oregon state chartered commercial bank having an office at 2850 Harrison Avenue NW, Olympia, Washington 98502, and its successors and assigns ("Lender").

PRELIMINARY STATEMENT:

Lender intends to loan to Borrower, which will be evidenced by that certain Promissory Note dated as of even date herewith (together with all riders and amendments thereto, extensions thereof and substitutions therefor, the "Note") executed by Borrower and certain affiliates of Borrower in favor of Lender. The payment and performance of Borrower's obligations under the Note will be secured, in part, by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Financing Statement dated as of the same date as the Note and recorded simultaneously with this Assignment (together with all riders and amendments thereto, the "Instrument") between Borrower and Lender encumbering the real property located in Skamania County, State of Washington and described in Page 9 and the other "Property" described in the Instrument.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower agrees as follows:

1. Definitions. Capitalized terms used herein shall have the respective meanings given them in the Instrument, unless otherwise defined herein.

2. Assignment; Certain Rights of Borrower. To further secure the indebtedness and obligations evidenced and secured by the Note and the Instrument (the "Secured Obligations"), Borrower hereby assigns, transfers, conveys and sets over to Lender all of Borrower's estate, right, title and interest in, to and under all leases, occupancy agreements, concession agreements and licenses, and any and all related guarantees, whether existing on the date hereof or hereafter entered into (including any extensions, modifications or amendments thereto) relating to the Property (the "Leases"), together with all rights, powers, privileges, options and other benefits of Borrower under the Leases, and all the rents, revenues, profits and income of and from the Property (collectively, the "Rents"), including those now due, past due or to become due. Borrower irrevocably appoints Lender its true and lawful attorney-in-fact, at the option of Lender at any time and from time to time, to take possession and control of all or any part of the Property, pursuant to Borrower's rights under the Leases, and to demand, receive and enforce payment, to give receipts, releases and satisfaction and to sue, in the name of Borrower or Lender, for all Rents. It is intended by Borrower and Lender that this Assignment constitutes an absolute assignment and not merely an assignment for additional security.

Notwithstanding the foregoing, however, so long as no "Event of Default" (as hereinafter defined) has occurred, Borrower shall have a revocable license to possess and control the Property and collect and receive all Rents. Upon the occurrence of an Event of Default, such license shall be automatically revoked by Lender.

Upon the occurrence of any Event of Default, Lender may, to the extent permitted by law, at any time without notice, either in person, by agent or by a court-appointed receiver, regardless of the adequacy of Lender's security, enter upon and take possession and control of the Property, or any part thereof, perform all acts necessary and appropriate to operate and maintain the Property including, but not limited to, executing, canceling or modifying the Leases, making repairs to the Property, executing or terminating contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Assignment, and in Lender's or Borrower's name, sue for or otherwise collect such Rents from the Property as specified in this Assignment as the same become due and payable, including, but not limited to, Rents then due and unpaid.

Upon the occurrence of an Event of Default, all Rents collected shall immediately be held by Borrower as trustee for the benefit of Lender only. Borrower agrees that commencing upon the occurrence of such Event of Default, each tenant, occupant, concessionaire and licensee of the Property (the "Tenants") shall make its Rent payable to and pay such Rent to Lender (or Lender's agents) on Lender's written demand therefor, delivered to such tenant personally, by mail, or by delivering such demand to each rental unit.

The Tenants are hereby irrevocably authorized and directed to recognize the claims of Lender and its assigns hereunder without investigating the reason for any action taken by Lender, or the validity or the amount of indebtedness owing to Lender, or the existence of any default in the Note or the Instrument or under or by reason of this Assignment, or the application of the Rent to be made by Lender. Borrower hereby irrevocably directs and authorizes the Tenants to pay to Lender all sums due under the Leases and consents

and directs that said sums shall be paid to Lender without the necessity for a judicial determination that a default has occurred hereunder or under the Note or the Instrument, or that Lender is entitled to exercise its rights hereunder, and to the extent such sums are paid to Lender, Borrower agrees that the Tenants shall have no further liability to Borrower for the same. The sole signature of an officer of Lender shall be sufficient for the exercise of any rights under this Assignment and the written receipt of Lender for any sums received shall be a full discharge and release therefor to the Tenants. Borrower hereby agrees to execute all notices or other documents reasonably requested by Lender to carry out the intent of the foregoing.

In the event Lender elects to seek the appointment of a receiver for the property upon Borrower's breach of any covenant or agreement of Borrower in this Assignment of any of the Loan Documents, Borrower hereby expressly consents to the appointment of such receiver. To the extent permitted by law, Lender or the receiver shall be entitled to receive a reasonable fee for managing the Property.

All rents, revenues, profits and income of and from the Property collected subsequent to the occurrence of any Event of Default shall be applied in the following order:

1. To payment of all reasonable fees of the receiver, if one shall be appointed, approved by a court of competent jurisdiction;
2. To the repayment when due of all tenant security deposits, with interest thereon (if required by law);
3. To payment when due of all delinquent or current real estate taxes and special assessments payable with respect to the Property, or the periodic escrow for the payment of said taxes or special assessments;
4. To payment when due of all premiums for the insurance required by the provisions of the Instrument, or the periodic escrow for the payment of said premiums;
5. To payment of expenses incurred for normal maintenance of the Property;
6. To payment of reasonable expenses incurred by the Lender or its agents for the management and operation of the Property, including the cost of any independent contractor retained by the Lender to manage and operate the Property;
7. Any excess amounts remaining after the above payments shall be paid to the Lender in payment of the Secured Obligations in such order of application as the Lender may elect.

The rights and powers of the Lender under this Assignment, and the application of the Rents pursuant to this paragraph, shall continue and remain in full force and effect both before and after commencement of any action or procedure to foreclose the Instrument, after the foreclosure sale of the Property in connection with the foreclosure of the Instrument, and until expiration of any period of redemption from any such foreclosure sale, whether or not any deficiency from the unpaid balance of the obligations secured hereby exists after such foreclosure sale. Lender or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those Rents actually received. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Property by reason of anything done or left undone by Lender hereunder, except for acts of gross negligence by Lender or its agents.

If the rents, revenues, profits and income from the Property are not sufficient to meet the costs, if any, of taking possession and control of and managing the Property and collecting the same, any funds expended by Lender for such purposes shall become Secured Obligations.

Any entering upon and taking possession and control of the Property by Lender or the receiver and any application of Rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Lender.

Borrower hereby represents and agrees that it is and will be the sole owner of the entire landlord's interest (or tenant's interest in the case of Leases with respect to which Borrower is the tenant) in all Leases, subject only to encumbrances acceptable to Lender and identified in a mortgagee's policy of title insurance insuring Lender's interest in the Property.

3. Certain Agreements of Borrower. Borrower hereby agrees as follows, except as provided in paragraph 16 of the Instrument:

(a) If any of the Leases provide for a security deposit paid by the tenant thereunder to Borrower, this Assignment shall transfer to the Lender all of Borrower's right, title and interest in and to such security deposits; provided that, Borrower shall have the right to retain such security deposits so long as no Event of Default shall have occurred; and provided further that Lender shall have no obligation to any such tenant with respect to such security deposits unless and until Lender comes into actual possession and accepts control of such security deposits, and then only to the extent of the security deposits actually received;

(b) Borrower shall not terminate any Lease (except pursuant to the terms of such Lease upon a default by the tenant thereunder), or grant concessions or modify or amend any such Lease in any manner whatsoever, without the prior written consent of Lender, which consent shall not be unreasonably withheld;

(c) Borrower shall not collect any Rent more than one (1) month in advance of the date on which it becomes due under the terms of each Lease;

(d) Borrower shall not discount any future accruing Rent and, after the occurrence of an Event of Default, Borrower waives any right of setoff against any tenant under the Leases;

(e) Except with the prior written consent of Lender, Borrower shall not request, consent to, agree to or accept a subordination of any Lease to any mortgage, deed of trust or other encumbrance, or any other lease, now or hereafter affecting the Property or any part thereof, or suffer or permit conversion of any Lease to a sublease;

(f) Borrower shall faithfully perform and discharge all obligations of the landlord under the Leases, and shall give prompt written notice to Lender of any notice of Borrower's default received from the tenant or any other person and shall furnish Lender with a complete copy of said notice. Borrower shall appear in and defend, at no cost to Lender, any action or proceeding arising under or in any manner connected with the Leases. If requested by Lender, Borrower shall enforce any Lease and all remedies available to Borrower against the tenant in the case of default under such Lease by the tenant thereunder;

(g) Upon the request of Lender, Borrower shall promptly provide to Lender a true and correct copy of all existing Leases; and

(h) Nothing herein shall be construed to constitute Lender as a "mortgagee in possession" in the absence of its taking of actual possession of the Property pursuant to the powers granted herein, or to impose any liability or obligation on Lender under or with respect to the Leases. Borrower shall indemnify and hold Lender harmless from and against any and all liabilities, losses and damages (including reasonable attorneys' fees) that Lender may incur under the Leases or by reason of this Assignment, and of and from any and all claims and demands whatsoever that may be asserted against Lender by reason of any alleged obligations to be performed or discharged by Lender under the Leases or this Assignment. Any Rent collected by Lender may be applied by Lender in its discretion in satisfaction of any such liability, loss, damage, claim, demand, costs, expense or fees, subject to the restrictions set forth in Section 2 above.

4. Event of Default. The following shall constitute an "Event of Default" hereunder:

- (i) the occurrence of an event of default under the Note, the Instrument or any other Loan Document;
- (ii) if at any time any representation or warranty made by Borrower in this Assignment shall be or become materially incorrect; or
- (iii) the breach of any agreement by Borrower under this Assignment.

5. Additional Rights and Remedies of Lender. If an Event of Default occurs, Lender shall have the following rights and remedies, all of which are cumulative, in addition to all other rights and remedies provided under the Loan Documents, or any other agreement between Borrower and Lender, or otherwise available at law or in equity or by statute:

(a) Lender shall be deemed to be the creditor of each tenant in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor-relief proceedings affecting the tenant (without obligation on the part of Lender, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein); and

(b) Lender shall have the right to assign Lender's right, title and interest under this Assignment in any of the Leases to any subsequent holder of the Note or any participating interest therein or to any person acquiring title to the Property or any part thereof through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Lender.

6. Additional Security. Lender may take or release other security for the payment of the indebtedness secured hereby, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction of such indebtedness, without prejudice to any of its rights under this Assignment.

7. Absolute Assignment; Release. The assignment made hereby is an assignment of rights only, and not a delegation of duties. The assignment contained herein and all rights herein assigned to Lender shall cease and terminate as to all Leases:

- (a) upon the satisfaction of all Secured Obligations; or

(b) upon the release of the Property subject to such Lease from the lien of the Instrument covering such Property pursuant to the provisions of such Instrument.

It is expressly understood that no judgment or decree that may be entered on any debt secured or intended to be secured by this Assignment shall operate to abrogate or lessen the effect of this Assignment, but that the same shall continue in full force and effect as herein provided. The provisions of this Assignment shall also remain in full force and effect during the pendency of any proceedings for the foreclosure and/or sale of the Property, or any part thereof, both before and after sale, unless all Secured Obligations are fully satisfied pursuant to paragraph (a) of this Section.

8. Effect on Rights Under Other Documents. Nothing contained in this Assignment and no act done or omitted by Lender pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by Lender of its rights and remedies under the Loan Documents. The right of Lender to collect the Secured Obligations and to enforce any other security therefor held by it may be exercised by Lender either prior to, simultaneously with, or subsequent to any action taken by it hereunder. This Assignment is intended to be supplementary to and not in substitution for or in derogation of any assignment of rents contained in the Instrument or in any other document.

9. Further Assurances. Borrower hereby agrees that it shall, whenever and as often as it shall be requested to do so by Lender, execute, acknowledge and deliver, or cause to be executed, acknowledged, and delivered, any and all such further conveyances, approvals, consents, memoranda of the subject matter hereof, duplicate originals hereof, and any and all other documents and to do any and all other acts as may be necessary or appropriate to carry out the terms of this Assignment. This Assignment or a memorandum hereof may be recorded by Lender at any time. All Leases executed on or after the date of this Assignment shall contain a provision obligating the tenant to enter into a subordination, non-disturbance and attornment agreement with Lender in form and substance satisfactory to Lender.

10. No Waiver. A waiver by Lender of any of its rights hereunder or under the Leases or of a breach of any of the covenants and agreements contained herein to be performed by Borrower shall not be construed as a waiver of such rights in any succeeding instance or of any succeeding breach of the same or other covenants, agreements, restrictions or conditions.

11. Marshalling. Notwithstanding the existence of any other security interest in the Property held by Lender or by any other party, Lender shall have the right to determine the order in which any of the Property or any part thereof shall be subjected to the remedies provided herein. Lender shall have the right to determine the order in which any or all portions of the Secured Obligations are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Borrower and any party who now or hereafter acquires a security interest in any of the Property and who has actual or constructive notice hereof hereby waives, to the extent permitted by law, any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

12. Notices. All notices, demands, requests, consents, approvals or communications required under this Assignment shall be in writing and shall be deemed to have been properly given if sent by hand delivery, overnight courier, or certified mail, postage prepaid, addressed to the parties as specified in the Instrument.

13. Governing Laws, Severability. The validity of the Instrument and the other Loan Documents, each of their terms and provisions, and the rights and obligations of Borrower under the Instrument and the other Loan Documents, shall be governed by, interpreted, construed, and enforced pursuant to and in accordance with the laws of the Property Jurisdiction (as defined in the Instrument)

without regard to conflicts of law principles. In case any of the provisions of this Assignment shall at any time be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect the remaining provisions of this Assignment, and this Assignment shall be construed and enforced as if all such illegal, invalid or unenforceable provisions had never been inserted herein.

14. Waiver of Jury Trial Borrower (i) covenants and agrees not to elect a trial by jury with respect to any issue arising under this Assignment triable by a jury and (ii) waives any right to trial by jury to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury is separately given, knowingly and voluntarily with the benefit of competent legal counsel by the Borrower, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial would otherwise accrue. Further, Borrower hereby certifies that no representative or agent of the Lender (including, but not limited to, the Lender's counsel) has represented, expressly or otherwise, to Borrower that Lender will not seek to enforce the provisions of this paragraph 14.

15. Jurisdiction and Venue Borrower consents to the exclusive jurisdiction of any and all state and federal courts with jurisdiction in the Property Jurisdiction over Borrower and Borrower's assets. Borrower agrees that such assets shall be used first to satisfy all claims of creditors organized or domiciled in the United States of America ("USA") and that no assets of the Borrower in the USA shall be considered part of any foreign bankruptcy estate.

Borrower agrees that any controversy arising under or in relation to this Assignment or any of the Loan Documents shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which may arise under or in relation to the Note, and any security for the debt evidenced by the Note, including without limitation those controversies relating to the execution, interpretation, breach, enforcement, or compliance with this Assignment, or any other issue arising under, related to, or in connection with any of the Loan Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any litigation arising from this Assignment or any of the other Loan Documents, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

ASSIGNMENT OF RENTS AND LEASES

BORROWER SIGNATURE AND ACKNOWLEDGMENT PAGE

IN WITNESS WHEREOF, Borrower has executed this Assignment or has caused the same to be executed by its representatives thereunto duly authorized.

BORROWER:

VINE STREET INVESTORS, L.L.C., a
Washington limited liability company

By: 
Name: J. Brent McKinley
Its: Manager

STATE OF WASHINGTON)

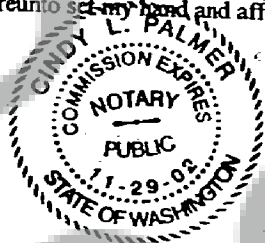
COUNTY OF)

) SS.

On this 4th day of January, 1998, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared J. Brent McKinley to me known to be the Manager of the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

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

My Commission expires: 11/29/02



Notary Public in and for the State
of Washington, residing at:

Cindy L. Palmer
Lake Stevens

ASSIGNMENT OF RENTS AND LEASES

Stevenson Office Building, Stevenson, WA

EXHIBIT A:

LEGAL DESCRIPTION

Lots 22, 23 & 24, Block 7, TOWN OF STEVENSON, according to the plat thereof,
recorded in Book "A" of Plats, page 11, records of Skamania County, Washington.