

RECORDING REQUESTED BY
AND WHEN RECORDED
MAIL TO:

Jan K. Smith
Union Federal Bank of Indianapolis
45 North Pennsylvania Street, Suite 600
Indianapolis, Indiana 46204

50227099

LOT 4 Area OAKS page 8

SPACE ABOVE THIS LINE FOR RECORDER'S USE

COLLATERAL ASSIGNMENT OF CONTRACTS

02-07-21-0-0-1006

By this Assignment, the undersigned, **DONALD B. BURNS** and **LINDA R. BURNS** d/b/a **LIN-DON CONSTRUCTION** (hereinafter referred to as "Assignor"), for valuable consideration, the receipt of which is hereby acknowledged, does hereby collaterally grant, assign, transfer and set over unto **UNION FEDERAL BANK OF INDIANAPOLIS**, having its principal place of business in Indianapolis, Indiana, (hereinafter referred to as "Assignee"), and hereby grants a security interest to Assignee in all contracts, agreements, licenses, leases, or instruments of any nature now or hereafter entered into regarding the development, construction, use, operation, sale, lease, occupancy or otherwise of the real property located in **Clark County, Washington**, and more particularly described in **Exhibit A** attached hereto and incorporated herein by reference ("Real Estate"), all drawings, surveys, reports, plans, licenses, permits, and specifications related thereto and all rents, issues, income, profits, and moneys now due and payable and/or hereafter to become due and payable to said Assignor, together with Assignor's right to receive all of the same, arising by virtue of, or in connection therewith, [including, without limitation, those items identified on **Exhibit B** ~~attached hereto~~ and incorporated herein by reference] (hereinafter collectively referred to as the "Contracts"), and any and all modifications, amendments, supplements, extensions, renewals or replacements of any of the Contracts, and any and all claims for damages arising out of a breach of any of the Contracts.

This Assignment is made for the purpose of securing all of the succeeding obligations (such obligations collectively referred to as the "Indebtedness"):

A. The payment of the principal sum, interest and indebtedness evidenced by those certain Promissory Notes and any addenda, amendments, extensions, replacements or renewals thereof, in the maximum aggregate principal sum of Five Hundred Thousand and 00/100 Dollars (\$500,000.00), made by Assignor to the Assignee from time to time (collectively "Notes") and secured by certain Deeds of Trust, together with any addenda, amendments, extensions, replacements or renewals thereof encumbering the Real Estate (collectively "Deeds of Trust").

B. Payment of all other sums, with interest thereon, becoming due and payable to the Assignee under the provisions of this Assignment or of the Note, Master Loan

Agreement by and between Assignor and Assignee of even date herewith ("Loan Agreement"), Deeds of Trust and all of the other Loan Documents (as defined in the Loan Agreement).

C. The performance and discharge of each and every obligation, covenant and agreement of the Assignor contained herein and in the Notes, the Deeds of Trust, the Loan Agreement and all of the other Loan Documents.

§1. TO PROTECT THE SECURITY OF THIS ASSIGNMENT, ASSIGNOR AUTHORIZES ASSIGNEE:

1.1 To enter upon the Real Estate, at Assignee's election, either by its agents or employees, or by a receiver appointed by a court, for the collection of any and all moneys assigned hereby, and for the exercise of Assignor's rights under any of the Contracts, but such entry is not a condition to the effectiveness of this Assignment;

1.2 To bring suit on any of the Contracts in its own name to enforce payment of the same or to collect damages arising out of the breach thereof; and

1.3 To exercise any and all other rights and remedies to which Assignor would be entitled under any of the Contracts, hereunder or by law.

§2. ASSIGNOR WARRANTS, COVENANTS AND AGREES THAT:

2.1 No other assignments, transfers, pledges or encumbrances whatsoever of any of the Contracts or any moneys due and/or to become due and payable thereunder have been made;

2.2 No payment has been paid, collected or received under any of the Contracts in advance of the accrual thereof, nor will any such payment be accepted by Assignor in advance of the accrual thereof;

2.3 Assignor will not alter, amend, change, terminate or cancel any of the Contracts or any of the terms thereof, grant any concessions in connection with any of the Contracts or agree to the termination thereof, without the prior written consent of Assignee, nor will it allow any such alteration, amendment, change, termination or cancellation without the prior written consent of Assignee;

2.4 Assignor will not assign, transfer, pledge or encumber in any way, so long as this Assignment shall remain in effect, the whole or any part of the rights or property hereby assigned, to anyone other than Assignee, its successors and assigns;

2.5 Assignor will in all respects promptly and faithfully keep, perform and comply with all of the terms, provisions, covenants, conditions and agreements in the Contracts to be kept, performed and/or complied with by the optionor therein, and will require, demand and strictly enforce, by all available means, the prompt and faithful performance of and compliance

with all of the terms, provisions, covenants, conditions and agreements in said Contracts to be performed and/or complied with by all third parties party thereto;

2.6 Assignor will not do or permit anything to be done, the doing of which, or omit or refrain from doing anything, the omission of which, will or could be a breach of or default in the terms of any of the Contracts or a ground for declaring a forfeiture or termination thereof;

2.7 Assignor hereby authorizes and directs all third parties party to any of the Contracts that all payments required under any of said Contracts, or in any way respecting same, shall be made directly to Assignee as they become due. Assignor hereby relieves all third parties party to any of the Contracts from any liability to Assignor by reason of said payments being made to Assignee. Assignor covenants and agrees that any and all payments under any of the Contracts shall be delivered to Assignee immediately in the form received by Assignor but including any endorsements of Assignor as may be necessary or required by Assignee for application to the Indebtedness in inverse order of maturity.

2.8 For the purpose of curing any default under any of the Contracts, Assignee may, but shall not be obligated to, do any act, pay any sum or execute any document in the name of the Assignor or as its attorney-in-fact, as well as in Assignee's own name, as Assignee in its discretion may determine. Assignor hereby irrevocably appoints Assignee its true and lawful attorney-in-fact, which appointment is coupled with an interest, in its name or otherwise, to do any and all acts, pay any sum and/or to execute any and all documents that may in the opinion of the Assignee be necessary or desirable to cure any such default or preserve any right of the Assignor under any of the Contracts or to perform any act or obligation of Assignor under or with respect thereto, or to preserve any rights of Assignor whatsoever, or to protect Assignee's security interest. If Assignee, acting under its authority herein granted, should pay, suffer or incur any expense, costs, charge, fee, obligation, damage or liability of any nature, or be a party to any action or proceeding, whether any of the same be for the purpose of curing any such default or protecting Assignee's security or the rights of Assignor under any of the Contracts, or otherwise, all of the same and all sums paid by Assignee for prosecution or defense of such actions or proceedings, including in any case reasonable attorneys' fees, shall be payable by Assignor to Assignee immediately, without demand, together with interest thereon at the Default Rate provided by the Notes, until paid, and the same shall be added to the Assignor's Indebtedness to be secured by this Assignment.

2.9 Upon the occurrence of any default by Assignor under or with respect to the Indebtedness or any Event of Default under and as defined in the Loan Agreement, Notes, Deeds of Trust or any other Loan Document, in addition to any other rights or remedies of Assignee with respect thereto under the Notes, Deeds of Trust, Loan Agreement or any other Loan Document, at law, or in equity, Assignee may, but shall not be obligated to, exercise any and all rights of Assignor under or with respect to any of the Contracts, in Assignor's name or as its attorney-in-fact, or in Assignee's own name, as Assignee in its sole discretion may determine. Assignor hereby irrevocably appoints Assignee its true and lawful attorney-in-fact, which appointment is coupled with an interest, in its name or otherwise, upon such default under or

with respect to the Indebtedness or any Event of Default as defined under the Notes, Deeds of Trust, Loan Agreement or Loan Documents, to exercise any and all rights of Assignor under or with respect to any of the Contracts including, without limitation, any right to appear in, defend, prosecute, settle, compromise, discharge, discontinue, suspend or dismiss any action or proceeding, under or with respect to or in any way involving any of the Contracts, any payments made or to be made thereunder, or the performance of any of the terms or obligations thereof, as Assignee may determine in its sole discretion. If Assignee, acting under its authority herein granted, should pay, suffer or incur any expense, cost, charge, fee, obligation, damage or liability of any nature, all of the same and all sums paid by Assignee in connection therewith, including in any case reasonable attorneys' fees, shall be payable by Assignor to Assignee immediately, without demand, together with interest thereon at the Default Rate provided by the Notes, until paid, and the same shall be added to Assignor's Indebtedness to be secured by this Assignment.

§ 3. IT IS MUTUALLY AGREED THAT:

3.1 Assignee, by accepting this Agreement:

(a) shall not be subject to any obligation or liability under any of the Contracts, including, without limitation, any duty to perform any of the terms, covenants, provisions, conditions or agreements made by Assignor in any of the Contracts, but any and all such obligations and liabilities shall remain the Assignor's as though this Assignment had not been made;

(b) shall not be under any obligation to exercise any of the rights, remedies or powers hereby granted to it, and no failure or delay in exercising any of said rights, remedies or powers shall constitute a waiver thereof, or of any default by Assignor;

(c) shall not be liable for any loss sustained by the Assignor resulting from any act or omission of the Assignee in managing the Real Estate, after default unless such loss is caused by the willful misconduct and bad faith of the Assignee; and

(d) shall not be responsible or liable for any waste committed on the Real Estate by tenants, occupants or any other parties, or for any dangerous or defective condition of the Real Estate, or for any negligence in the management, upkeep, repair, or control of the Real Estate, resulting in loss or injury or death to any tenant, occupant, licensee, employee or stranger or any property of any of the foregoing parties.

3.2 The rights, remedies and powers granted herein shall not be limited or otherwise affected by the value of the Real Estate as compared to amounts owed by Assignor to Assignee and may be exercised by Assignee either independently of or concurrently with any other right, remedy or power contained herein or any other document securing the Indebtedness or at law or in equity.

3.3 All of Assignor's right, title and interest assigned hereunder may be reassigned by Assignee and any subsequent Assignee, and the term "Assignee," as used herein, includes any subsequent Assignee.

3.4 Should Assignee incur any liability under or by reason of this Assignment, or in defense of any such claim or demand, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and Assignor shall reimburse Assignee therefor immediately upon demand; and upon the failure of Assignor so to do, Assignee may, at its Contracts, declare all sums secured hereby immediately due and payable.

3.5 At any time, and from time to time, upon the written request of Assignee, Assignor will promptly and duly execute and deliver any and all such further instruments and documents as Assignee may deem advisable in order to obtain the full benefits of this Assignment and the rights and powers herein contained.

3.6 After payment and satisfaction in full of the Indebtedness secured hereby, this Assignment shall be come null and void and shall be released in due form by Assignee at its expense.

3.7 This Assignment shall apply to the parties hereto according to the context hereof, without regard to the number or gender of words or expressions used herein. Time is of the essence hereof, and this Assignment shall inure to and bind the heirs, legatees, devisees, administrators, executors, successors and assignee of Assignor and Assignee.

3.8 In addition to any remedies provided herein for breach or default hereof, Assignee shall also have all other remedies allowed under the Notes, Deed of Trust, Loan Agreement and all other Loan Documents and under applicable laws.

3.9 Should any term, provision, covenant or condition of this Assignment be held to be void or invalid, the same shall not affect any other term, provision, covenant or condition of this Assignment, but the remainder shall be effective as though such term, provision, covenant or condition had not been contained herein.

3.10 This Assignment shall be governed by and construed in accordance with federal law and the laws of the State of Indiana.

Executed as of the 12th day of August, 2004.

Donald B. Burns

Donald B. Burns d/b/a Lin-Don Construction

Linda R. Burns

Linda R. Burns d/b/a Lin-Don Construction

"Assignor"

STATE OF WASHINGTON)

COUNTY OF Clark) SS:

On August 12, 2004, before me, Jenifer C. Walton,
a Notary Public, personally appeared Donald B. Burns, known to me to be the person whose name
is subscribed to the within instrument and acknowledged to me that he executed the same in his
authorized capacity, and that by his signature on the instrument, the person executed the
instrument.

WITNESS my hand and official seal.

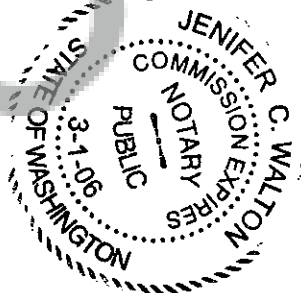
Jenifer C. Walton
Signature of Notary Public

My Commission Expires:

3/1/10

My County of Residence:

Clark



STATE OF WASHINGTON)

COUNTY OF Clark) SS:

On ~~February~~ August 12, 2004, before me, Jenifer C Walton,
a Notary Public, personally appeared Linda A. Burns, known to me be the person whose name is
subscribed to the within instrument and acknowledged to me that she executed the same in her
authorized capacity, and that by her signature on the instrument, the person executed the
instrument.

WITNESS my hand and official seal.

Jenifer C Walton
Signature of Notary Public

My Commission Expires:

3/1/06

My County of Residence:

Clark



This Instrument prepared by Ann Marie Waldron, Union Federal Bank of Indianapolis, 45 N.
Pennsylvania St., Suite 600, Indianapolis, IN 46204, (317) 269-4723.

EXHIBIT "A"

Lot 4, of ARIA OAKS, according to the recorded Plat thereof, recorded in Book "B" of Plats, Page 114 in the County of Skamania, State of Washington.

Unofficial
Copy