

Recording Requested by and
When Recorded Return to:

Deauville Savings and Loan Association
10100 Santa Monica Boulevard
5th Floor
Los Angeles, California 90067
Attention: Martin Lipsic

394566-50

ABSOLUTE ASSIGNMENT OF LEASES AND RENTS

THIS ABSOLUTE ASSIGNMENT OF LEASES AND RENTS ("Assignment") is made this 14th day of August, 1986 by Herbert M. Gelfand whose address is 9171 Wilshire Boulevard, Suite 627, Beverly Hills, California 90210 ("Assignor"), to DEAUVILLE SAVINGS AND LOAN, a California corporation, whose principal place of business is in Los Angeles, California, ("Assignee");

WITNESSETH:

FOR VALUE RECEIVED and to induce Assignee to make the loan hereinafter described, Assignor hereby absolutely and unconditionally sells, assigns, grants, and transfers to Assignee, its successors and assigns, all interest of Assignor, as Lessor in all leases and any and all guaranties thereof (all hereinafter called the "Leases") which affect those parcels of real property described in Exhibit "A" hereto (hereinafter called the "Property"),

TOGETHER WITH:

All rents, income, revenues, and profits now due, or which may become due, under the Leases or arising otherwise out of the Property, or any interest therein, together with all rights which Assignor may have against all tenants or others under said Leases or otherwise in connection with the Property (all hereinafter collectively called "Rents");

SUBJECT to a license hereby reserved to Assignor, but limited as hereinafter provided, to collect said Rents;

FOR THE PURPOSE OF DISCHARGING, in such order of priority as Assignee may determine:

A. Payment of that certain note (hereinafter the "Note") of even date herewith in the principal sum of Two Million Three Hundred Thousand Dollars (\$2,300,000) with interest thereon (and

all renewals, modifications, changes or extensions thereof), made by Assignor and payable to Assignee, or order, which Note is secured by a certain deed of trust, financing statement and security agreement upon the Property, wherein Assignor is the Trustor and Assignee is the Beneficiary (hereinafter the "Deed of Trust"), and other agreements affecting the Property, executed by Assignor.

B. Payment of additional sums and interest thereon which may hereafter be loaned to Assignor by Assignee or Assignee's successors or assigns, when evidenced by a promissory note or notes reciting that the same are secured by the Deed of Trust.

C. Performance by Assignor of all obligations and agreements set forth in said Note, this Assignment, and the Deed of Trust, and in all other agreements affecting the Property, or any portion thereof, executed by Assignor to Assignee, or for the purpose of supplementing or amending this Assignment.

All of the foregoing matters are herein called the "indebtedness."

TO PROTECT AND MAINTAIN THE SUBJECT MATTER OF THIS ASSIGNMENT, ASSIGNOR AGREES:

1. Assignor represents that it has good title to said Leases and Rents and full right and power to assign same; that no other person has any interest therein prior to that of Assignee; that the Leases are valid and are in full force and effect; that Assignor has not previously sold, assigned, or pledged the Rents; that no Rents have been collected in advance or discounted, or compromised and Assignor has not received any funds or deposits from any tenant except in accordance with the Leases; and that the tenants and Assignor are not in material default of any of the terms of the Leases.

2. Assignor agrees: to timely perform and discharge all of the indebtedness, this Assignment, and the Leases, on the part of the Assignor to be performed; to enforce or secure the performance of the Leases; to appear in and defend any action or proceeding in connection with the Leases, and, upon request by Assignee, to do so in the name and in behalf of Assignee but at the expense of Assignor; and to pay all costs and expenses of Assignee, including attorneys' fees, in any such action or proceeding in which Assignee may appear; and to furnish to Assignee, immediately upon receipt, copies of all notices, and demands from every tenant.

3. Assignor further agrees not to: (i) receive or collect any Rents more than one month in advance of those called for in the Leases; (ii) pledge, or assign future Rents; (iii) release or discharge any tenant thereof or from any obligations under its Lease; (iv) agree to the subordination of any Lease to the lien of the Deed of Trust; (v) cancel, modify, extend or renew any Lease or dispossess any tenant, other than in the ordinary course of business and provided no default exists hereunder or under the Deed of Trust; or (vi) lease any part of the Property for any use which

is contrary to the provisions of any Leases.

4. If any representation or warranty herein of Assignor shall be found to be untrue, or Assignor shall fail to perform any obligation hereunder, the same shall constitute a default hereunder at the election of Assignee, thereby entitling Assignee to declare all indebtedness immediately due and payable, and to exercise all rights and remedies provided thereunder and hereunder as well as by law or in equity.

5. So long as Assignor shall not be in default hereunder, Assignor shall have a license reserved hereby (but not limited as herein provided) to collect all Rents, and to apply same: first, to the payment of all taxes and assessments, both general and special, upon the Property (all referred to herein as "Taxes") then due and payable; secondly, to such insurance as is required by the Deed of Trust; and thirdly, to the payment and performance of the indebtedness in accordance with the terms thereof, before using the Rents for any other purpose.

6. Upon default by Assignor hereunder, Assignee may, at its option, without notice, terminate the license of Assignor to collect the Rents, and with or without bringing any action or proceeding, either in person, by agent, or by a receiver: enter upon, take possession of, manage, and operate the Property and collect the Rents, make, enforce, and modify the Leases now or hereafter in effect; and otherwise perform all acts with respect to the Property, Leases and Rents as fully as Assignor could do if personally present; and Assignee shall, after payment of all expenses, credit the net amount of income which it may receive, to the indebtedness in the manner, order and amounts as Assignee shall determine.

Provided that acceptance by Assignee of this Assignment shall not constitute Assignee as a mortgagee in possession, or obligate Assignee to appear in or defend any action or proceeding relating to the Rents. Leases or the Property, or to take any action hereunder, or incur any expenses; nor shall Assignee be liable for any injury or damage to person or property sustained by any persons, in or about the Property; and

Provided, further, that the collection and application of Rents by Assignee shall not cure or waive any default hereunder or under any items of the indebtedness, except as applied by Assignee thereof.

7. Assignor hereby irrevocably appoints Assignee its true and lawful attorney, coupled with an interest, in the name of Assignor, to subordinate any Lease to the lien of the Deed of Trust and to collect all Rents payable under the Leases. This Assignment shall constitute a direction to and full authority to each tenant and tenants to pay all Rents to Assignee. The foregoing powers are irrevocable, continuing, and exclusive in Assignee, its successors and assigns.

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8. Assignor agrees to indemnify and hold Assignee harmless from all liability, loss, damage or expense which it may incur by reason of this Assignment, or any action taken by Assignee hereunder. Should Assignee incur any such liability, loss, damage or expense, Assignor shall pay the amount thereof (including reasonable attorneys' fees), with interest thereon at the then applicable Note Rate (as defined in the Note) from the dates of such expenditures until paid.

9. Assignor will keep the Property leased at good and sufficient rents, and all future leases, rental agreements and tenancy agreements affecting the Property shall be deemed immediately assigned to Assignee upon the same terms herein contained. Assignor agrees to execute unto Assignee upon demand any and all other instruments that Assignee may require to carry out the intent of this Assignment.

10. Failure of Assignee to avail itself of any provisions hereof shall not be a waiver of any of its rights; and nothing done or omitted by Assignee pursuant hereto, shall be a waiver of any of its rights and remedies under any of the items of indebtedness. The rights of Assignee to collect the indebtedness and enforce any security therefor may be exercised either prior to, simultaneously with, or subsequent to, any action hereunder.

11. Upon payment in full of all of the indebtedness, this Assignment, except for the provisions of Paragraph 8 hereof which shall continue in effect, shall be of no further effect.

12. Any notice, demand, or other communication to be given to any party hereunder shall be in writing and sent by certified mail, return receipt requested, as follows:

To Assignor: (at the address set forth above)

To Assignee: (to the address to which Assignor has most recently been directed to make payments under the Note by the holder thereof)

Notice shall be deemed given forty-eight (48) hours after its deposit in the United States mail, postage prepaid, addressed as set forth above. The addresses and addressees may be changed by written notice thereof in the manner provided herein.

13. If Assignor retains any instruments evidencing the Leases, such retention is for the convenience only of Assignor, and shall not defeat or diminish any right of Assignee hereunder; and in such case, Assignor shall indicate in writing upon each such instrument this Assignment to Assignee. Assignor shall upon demand of Assignee deliver all such instruments.

14. The terms hereof shall run with the land and shall inure to the benefit of and bind all parties hereto and their respective

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legal representatives, successors and assigns, and all their tenants and subtenants. In this Assignment, the masculine gender shall include the others, the singular shall include the plural, and conversely, and the term "lease" and "tenants," and the plurals thereof, shall mean "sublease" and "subtenant" and "concessionaire," "concession," "licensee" and "license," and the plurals thereof. All obligations of each Assignor hereunder, if more than one, shall be joint and several.

15. This Assignment shall be governed by and construed in accordance with the laws of the State of Nevada. The invalidity or unenforceability of any provision hereof shall not affect any other provision.

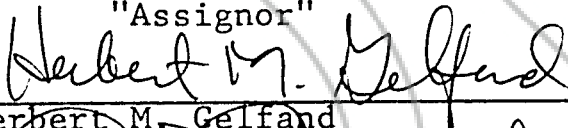
16. Time is strictly of the essence hereof and of any amendment or modification hereto.

17. This Assignment shall not create a security interest which requires possession of the Property for perfection thereof, but shall be absolute, subject to a license reserved to Assignor as provided herein.

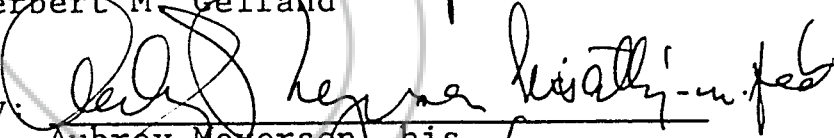
18. This Assignment may not be amended or modified except in writing signed by Assignor and Assignee.

19. Assignor shall not be deemed to be in "default" under this Agreement until expiration of the applicable cure period as set forth in paragraph 34 of the Deed of Trust.

IN WITNESS WHEREOF, this Assignment has been executed by Assignor as of the date first above written.

"Assignor"


Herbert M. Gelfand

By: 

Aubrey Meyerson, his
attorney-in-fact

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BOOK 886 PAGE 1634

EXHIBIT "A"

All those certain lots, pieces or parcels of land situate in the County of Douglas, State of Nevada, described as follows:

PARCEL NO. 1:

Being a portion of the South one-half of Section 22, Township 13 North, Range 18 East, M.D.B. & M., described as follows:

COMMENCING at the Section corner common to Sections 22, 23, 26 and 27 of said Township and Range; thence South $60^{\circ}13'$ West, a distance of 127.20 feet; thence North 61° West, a distance of 1340.20 feet to the most Easterly corner of the Nevada State Farm Bureau property as described in the deed recorded January 7, 1954, in Book B-1 of Deeds, at Page 14, Douglas County, Nevada, records, being also the Southwesterly corner of the property shown on the map of Oliver Park, as filed on February 2, 1959, in the office of the County Recorder of Douglas County, Nevada; thence North along the Easterly line of said Farm Bureau property, a distance of 300.00 feet to an angle point, and being the Northwesterly corner of Lot 16, in Block 3, as shown on the map of Oliver Park; thence continuing along the Northeasterly and Northerly lines of said Farm Bureau property, and the Southerly line of the property conveyed to Tahoe Village Properties, Inc., by Deed recorded August 19, 1955, in Book L-1 of Deeds, at Page 417, Douglas County, Nevada, records, North $32^{\circ}20'40''$ West, a distance of 362.80 feet; thence continuing along the line common to said properties North $60^{\circ}40'41''$ West, a distance of 648.68 feet, to the Southwesterly corner of the property conveyed to R.D. Keillor, et al, by Deed recorded April 16, 1963, in Book 16 of Official Records, at Page 695, Douglas County, Nevada, records; the True Point of Beginning; thence from the True Point of Beginning, North $60^{\circ}40'53''$ West, a distance of 1744.33 feet; thence North $81^{\circ}12'08''$ West, a distance of 399.40 feet to the Southwesterly corner of the property conveyed to Tahoe Village Properties, Inc. as above referred to; thence North 217.00 feet along the West line of said property; thence North $86^{\circ}55'13''$ East along the Northerly line of said property, a distance of 561.96 feet; thence continuing along said Northerly line, South $61^{\circ}11'11''$ East, a distance of 1747.00 feet, to a point from which the Point of Beginning bears South $28^{\circ}48'49''$ West; thence South $28^{\circ}48'49''$ West, along the Northerly extension of the Westerly line of the property conveyed to R.D. Keillor, et al, as above referred to and the Westerly line thereof, a distance of 365.71 feet to the True Point of Beginning.

A.P.N. 7-090-01

PARCEL NO. 2:

BEGINNING at a point on the Meander line of Lake Tahoe, which point is the Southwest corner of Lot 2, of Section 22, Township 13 North, Range 18 East, M.D.B.&M., thence East 509.52 feet along the quarter Section line to the West one-sixteenth corner; thence South along the one-sixteenth line 217.00 feet; thence North $89^{\circ}11'30''$ West, 457.06 feet to a point on the Meander line, which point is South 14° East 217.00 feet from the Point of Beginning; thence North 14° West 217.00 feet to the Point of Beginning.

A.P.N. 7-090-05

Together with all rights as a riparian owner as set forth in Nevada Revised Statutes 321.595.

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ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On 8/14/86, before me, J. MADHANI, a Notary Public in and for said County and State, personally appeared Aubrey Meyerson, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as attorney-in-fact on behalf of Herbert M. Gelfand and acknowledged to me that said Herbert M. Gelfand executed the within instrument.

WITNESS my hand and official seal.



J. Madhani
Signature

REQUESTED BY
LAWYERS TITLE
IN OFFICIAL RECORDS OF
CLERK OF SUPERIOR COURT NEVADA

1986 AUG 15 P1:21

SUZANNE BERGHEIM
RECORDER

5 11.00 PAID JM DEPUTY

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