

Recording Requested by
and When Recorded Mail to:

FIRST FIDELITY THRIFT AND LOAN ASSOCIATION
12750 HIGH BLUFF DRIVE, SUITE 140
SAN DIEGO, CA 92130

93021513

Loan No. 48000251-7

ABSOLUTE ASSIGNMENT OF RENTS AND LEASES

THIS ABSOLUTE ASSIGNMENT OF RENTS AND LEASES (the "Assignment") is made as of this 28th day of September, 1993, by World Class Resorts International Inc., a non-profit corporation ("Assignor"), whose address is P.O. Drawer 1037, Zephyry Cove, NV 89448 FIRST FIDELITY THRIFT & LOAN ASSOCIATION, a California corporation ("Assignee"), whose address is 12750 High Bluff Drive, Suite 140, San Diego, CA 92130.

RECITALS

A. Assignor is the present owner of the real property described in Exhibit A attached hereto (the "Premises") together with the Improvements now existing or to be constructed thereon. The Premises and the Improvements are herein referred to collectively as the "Project".

B. Assignee has agreed to make a loan or provide other financial accommodations (the "Loan") to Assignor, in the original principal sum of One Million Three Hundred Thirty One Thousand Two Hundred Fifty Dollars (\$1,331,250.00), to be evidenced by that certain promissory note executed by Assignor in favor of Assignee dated September 28, 1993 (the "Note").

C. Pursuant to the Note and the other documents executed in connection with the Loan (the "Loan Documents"), and in order to induce Assignee to make the Loan to Assignor, Assignor has agreed to execute this Assignment.

NOW, THEREFORE, with reference to the foregoing Recitals and in reliance thereon and for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor agrees as follows:

1. Definitions. All initially capitalized terms used herein that are defined in the Note shall have the same meaning herein unless the context otherwise requires.

2. Assignment. Assignor hereby absolutely and irrevocably grants, sells, assigns, transfers, and sets over to Assignee all of the rents, issues, profits, royalties, income, and other benefits (collectively, the "Rents") derived from any lease, sublease, license, franchise, concession, or other agreement (collectively, the "Leases") now existing or hereafter created and affecting all or any portion of the Project or the use or occupancy thereof; together with all of Assignor's right, title and interest in the Leases, including all modifications, amendments, extensions, and renewals of the Leases and all rights and privileges incident thereto; and together with all security deposits, guaranties, and other security now or hereafter held by Assignor as security for the performance of the obligations of the tenants thereunder.

Notwithstanding any language contained in any deed of trust securing the Note (any such deed of trust, a "Deed of Trust") that may be inconsistent with the provisions of this Assignment (which inconsistent language, to the extent of such inconsistency, shall be superseded hereby), this Assignment is intended by Assignor and Assignee to create and shall be construed to create an absolute assignment to Assignee of all of Assignor's right, title, and interest in the Rents and the Leases and shall not be deemed to create a security interest therein for the payment of any indebtedness or the performance of any obligations of Assignor under the Note and the other Loan Documents. Assignor and Assignee further agree that, during the term of this Assignment, the Rents shall not constitute property of Assignor (or of any estate of Assignor) within the meaning of 11 U.S.C. § 541, as amended from time to time. By its acceptance of this Assignment and so long as no event that, under the Note, any Deed of Trust, or any other Loan Document would entitle Assignee to declare the Note to be due and payable (any such event, an "Event of Default") shall have occurred and be continuing, Assignee hereby grants to Assignor a revocable license to enforce the Leases, to collect the Rents, to apply the Rents to the payment of the costs and expenses incurred in connection with the development, construction, operation, maintenance, repair, and restoration of the

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Project and to any indebtedness secured thereby and to distribute the balance, if any, to Assignor as may be permitted by the terms of the Loan Documents.

3. **Revocation of License.** The license granted to Assignor hereunder shall terminate, automatically and without notice, upon the occurrence of an Event of Default. Upon such occurrence and at any time thereafter, Assignee shall thereafter be entitled to enforce the Leases, to collect and receive, without deduction or offset, all Rents payable thereunder, including but not limited to all Rents that were accrued and unpaid as of the date of such revocation, and to apply such Rents as provided in Paragraph 7 hereof. Upon such revocation, Assignor shall promptly deliver to Assignee all Rents then held by Assignor.

4. **Appointment of Assignor as Agent for Assignee.** Upon such revocation, Assignee may, at its option, appoint Assignor to act as agent for Assignee for the purpose of (i) managing and operating the Project and paying all expenses incurred in connection therewith and approved by Assignee; (ii) enforcing the provisions of the Leases; and (iii) collecting all Rents due thereunder. If Assignee so elects, Assignee shall give written notice thereof to Assignor, and Assignor agrees to act as agent of Assignee for the purpose or purposes specified in such notice and to comply promptly with all instructions and directions from Assignee with respect thereto. Assignor shall not be entitled to any management fee, commission, or other compensation unless expressly agreed to in writing by Assignee. All Rents collected by Assignor as agent for Assignee pursuant to this Paragraph 4 shall be immediately deposited in an insured account in the name of Assignee in a bank or other financial institution designated by Assignee. All Rents collected by Assignor and all amounts deposited in such account, including interest thereon, shall be the property of Assignee, and Assignor shall not be entitled to withdraw any amount from such account without the prior written consent of Assignee. The agency hereby created shall be solely for the purpose of implementing the provisions of this Assignment and collecting the Rents due Assignee hereunder. Nothing contained herein shall place upon Assignee the responsibility for the management, control, operation, repair, maintenance, or restoration of the Project; nor shall Assignee be liable under, or be deemed to have assumed, Assignor's obligations with respect to the Leases. Assignee may, at any time, terminate the agency relationship with Assignor by written notice to Assignor.

5. **Collection by Assignee.** Upon the occurrence of an Event of Default and at any time thereafter during the continuance thereof, Assignee shall have the right, in addition to the rights granted pursuant to Paragraph 4 hereof, to collect all or any portion of the Rents assigned hereby directly or through a court-appointed receiver. Such right may be exercised in respect of successive Events of Default and shall include the following:

(a) The right to notify the tenant or tenants under the Leases in accordance with the provisions of Paragraph 6 hereof and, with or without taking possession of the Project, to demand that all Rents under such Leases thereafter be paid to Assignee;

(b) The right to enter into possession of the Project, to assume control with respect to and to pay all expenses incurred in connection with the development, construction, operation, maintenance, repair or restoration of the Project, to enforce all Leases and to collect all Rents due thereunder, to apply all Rents received by Assignee as provided in Paragraph 7 hereof, to amend, modify, extend, renew, and terminate any or all Leases, to execute new Leases, and to do all other acts that Assignee shall determine, in its sole discretion, to be necessary or desirable to carry out the purposes of this Assignment; and

(c) The right to specifically enforce the provisions of any Deed of Trust.

6. **Protection of Tenants.** Assignor and Assignee agree that all tenants under the Leases shall be bound by and required to comply with the provisions of this Assignment. In connection therewith, Assignor and Assignee further agree as follows:

(a) If requested by Assignee, Assignor shall (i) notify each tenant under any Lease now affecting all or any portion of the Project of the existence of this Assignment and the rights and obligations of Assignor and Assignee hereunder; (ii) provide each tenant with a copy of this Assignment; and (iii) obtain such tenant's agreement to be bound by and comply with the provisions hereof;

(b) All Leases hereafter executed with respect to the Project or any portion thereof shall contain a reference to this Assignment and shall state that such tenant shall be bound by and shall comply with the provisions hereof;

(c) Upon the occurrence of an Event of Default and at any time thereafter during the continuance thereof, Assignee may, at its option, send any tenant a notice pursuant to Paragraph 5 hereof to the effect that: (i) an Event of Default has occurred and that Assignor's license to collect the Rents has been revoked; (ii) Assignee has elected to exercise its rights under this Assignment; and (iii) such tenant is thereby directed to thereafter make all payments of Rent and to perform all obligations under its Lease to or for the benefit of Assignee or as Assignee shall direct;

(d) Upon receipt of any such notice from Assignee, each tenant is hereby instructed by Assignor and Assignee to comply with the provisions of such notice, and to make all payments of Rent and to perform all obligations under the Lease to and for the benefit of Assignee or as Assignee shall direct. Such notice and direction shall remain effective until the first to occur of: (i) the receipt by tenant of a subsequent notice from

Assignee to the effect that such Event of Default has been cured or that Assignee has appointed Assignor to act as agent for Assignee pursuant to Paragraph 4 hereof; (ii) the appointment of a receiver pursuant to Paragraph 5 hereof, in which event such tenant shall thereafter make payments of Rent and perform all obligations under the Leases as may be directed by such receiver; or (iii) the issuance of an order of a court of competent jurisdiction terminating this Assignment or otherwise directing such tenant to pay Rent and perform obligations in a manner inconsistent with said notice;

(e) Each tenant shall be entitled to rely upon any notice from Assignee and shall be protected with respect to any payment of Rent made pursuant to such notice, irrespective of whether a dispute exists between Assignor and Assignee with respect to the existence of an Event of Default or the rights of Assignee hereunder;

(f) No tenant who receives a notice from Assignee pursuant to this Assignment shall be required to investigate or determine the validity or accuracy of such notice or the validity or enforceability of this Assignment. Assignor hereby agrees to indemnify, defend, and hold such tenant harmless from and against any and all loss, claims, damage, or liability arising from or related to any payment of Rent or performance of obligations under any Lease by such tenant made in good faith in reliance on and pursuant to such notice;

(g) Neither the payment of Rent to Assignee pursuant to any such notice nor the performance of obligations under any Lease to or for the benefit of Assignee shall cause Assignee to assume or be bound by the provisions of such Lease, including but not limited to the duty to return any security deposit to the tenant under such Lease (unless and to the extent such security deposit was paid to Assignee by Assignor); and

(h) The provisions of this Paragraph 6 are expressly made for the benefit of and shall be binding on and enforceable by each tenant under any Lease now or hereafter affecting all or any portion of the Project.

7. Application of Rents; Security Deposits. All Rents received by Assignee pursuant to this Assignment shall be applied by Assignee, in its sole discretion, to any of the following:

(a) The costs and expenses of collection, including, without limitation, reasonable attorneys' fees;

(b) The costs and expenses incurred in connection with the development, construction, operation, maintenance, repair, or restoration of the Project;

(c) The establishment of reasonable reserves for working capital and for anticipated or projected costs and expenses, including, without limitation, capital improvements that may be necessary or desirable or required by law; and

(d) The payment of any indebtedness then owing by Assignor to Assignee.

In connection therewith, Assignor further agrees that all Rents received by Assignee from any tenant may be allocated first, if Assignee so elects, to the payment of all current obligations of such tenant under its Lease and not to amounts that may be accrued and unpaid as of the date of revocation of Assignor's license to collect such Rents. Assignee may, but shall have no obligation to, pursue any tenant for the payment of Rent that may be due under its Lease with respect to any period prior to the exercise of Assignee's rights under this Assignment or that may become due thereafter. Assignee shall not be liable to any tenant for the payment or return of any security deposit under any Lease unless and to the extent that such security deposit has been paid to and received by Assignee, and Assignor agrees to indemnify, defend, and hold Assignee harmless from and against any and all loss, claims, damage, or liability arising out of any claim by a tenant with respect thereto. Assignor further agrees that the collection of Rents by Assignee and the application of such Rents by Assignee to the costs, expenses, and obligations referred to in this Paragraph 7 shall not cure or waive any default or Event of Default or invalidate any act (including but not limited to any sale of all or any portion of the Project or any property now or hereafter securing the Loan) done in response to or as a result of such default or Event of Default or pursuant to any notice of default or notice of sale issued pursuant to any Loan Document.

8. Covenants of Assignor. Assignor agrees as follows:

(a) Assignor will not enter into any Lease of all or any portion of the Project except in accordance with the provisions of the Note and the other Loan Documents;

(b) Assignor will not accept any advance rent in excess of one month from any tenant or enter into any agreement whereby rent is abated or reduced, in each case, without the prior written consent of Assignee;

(c) Assignor will not amend, modify, or terminate any Lease, or accept the surrender of any space thereunder or permit the assignment or subletting of any space thereunder, without the prior written consent of Assignee (except as may be permitted by the Loan Documents);

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(d) Assignor shall provide Assignee with true, correct, and complete copies of all Leases, together with such other information relating to the Leases or to the tenants thereunder as Assignee may reasonably request;

(e) Assignor shall not lease any space in the Project to or for the benefit of any affiliate of Assignor without the prior written consent of Assignee;

(f) Upon request of Assignee, Assignor shall make available to Assignee all books, records, financial statements, and other information relating to the lease of the Project, the collection of all Rents, and the disposition and disbursement thereof; and

(g) Assignor shall promptly notify Assignee and shall send to Assignee copies of any notice or correspondence given or received by Assignor relating to any default by Assignor or by any tenant under any Lease or any event that, if not promptly cured, may become a default thereunder.

9. Priority of Assignment; Further Assurances. Assignor hereby represents and warrants that the Assignment of Rents hereby granted is a first priority assignment and that no other assignments of all or any portion of the Rents or of the Leases exist or remain outstanding. Assignor agrees to take such action, and to execute, deliver, and record such documents, as may be reasonably necessary to evidence such assignment, to establish the priority thereof, and to carry out the intent and purpose hereof. If requested by Assignee, Assignor shall execute a specific assignment of any Lease now or hereafter affecting all or any portion of the Project and shall cause the tenant or tenants thereunder to execute, deliver, and record a Subordination, Nondisturbance and Attornment Agreement, in form and substance reasonably satisfactory to Assignee.

10. Successors and Assigns. The provisions of this Assignment shall be binding upon Assignor, its legal representatives, successors, and assigns and shall be for the benefit of Assignee, its successors, and assigns.

11. Assignee Not Responsible for Assignor's Obligations. Nothing contained herein shall operate or be construed to obligate Assignee to perform any of the terms, covenants, and conditions contained in any Lease or otherwise to impose any obligation upon Assignee with respect to any Lease, including but not limited to any obligation arising out of any covenant of quiet enjoyment therein contained in the event the lessee under any such Lease shall have been joined as a party defendant in any action to foreclose and the estate of such lessee shall have been thereby terminated. Prior to actual entry into and taking possession of the Project by Assignee, this Assignment shall not operate to place upon Assignee any responsibility for the operation, control, care, management, or repair of the Project or any portion thereof, and the execution of this Assignment by Assignor shall constitute conclusive evidence that all responsibility for the operation, control, care, management, and repair of the Project is and shall be that of Assignor, prior to such actual entry and taking of possession.

12. Termination of Assignment. A full and complete release and reconveyance of all Deeds of Trust shall operate as a full and complete release of all of Assignee's rights and interest hereunder. Upon the recordation of such release and reconveyance, this Assignment shall thereafter be void and of no further effect.

13. Indemnity and Expenses.

(a) Assignor agrees to indemnify Assignee from and against any and all claims, losses, and liabilities growing out of, or resulting from, this Assignment (including, without limitation, enforcement of this Assignment), except claims, losses, or liabilities resulting from Assignee's gross negligence or willful misconduct.

(b) Assignor shall upon demand pay to Assignee the amount of any and all reasonable expenses, including the reasonable fees and disbursements of counsel and/or any experts and agents, that Assignee may incur in connection with (i) the administration of this Assignment, (ii) the inspection, custody, preservation, use, or operation of, the sale of, the collection from, or other realization upon, any of the security subject hereto, (iii) the exercise or enforcement of any of the rights of Assignee hereunder or under any judgment awarded to Assignee in respect of its rights hereunder (which obligation shall be severable from the remainder of this Assignment and shall survive the entry of any such judgment), or (iv) the failure by Assignor to perform or observe any of the provisions hereof. The foregoing shall include any and all expenses and fees incurred by Assignee in connection with a bankruptcy, reorganization, receivership, or similar debtor-relief proceeding by or affecting Assignor or any of the Rents or Leases.

14. Miscellaneous.

(a) Notice, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopied, or telex communication) and mailed or telegraphed or telecopied or delivered to the parties at their respective addresses as set forth on the signature page hereto, or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 14(a). All such notices and communications, if mailed, shall be effective upon deposit in the United States mail, first-class (or certified) postage prepaid; if telegraphed or telecopied, shall be effective when transmitted; if sent by telex, shall be effective when the telex is sent and the appropriate answer back is received; and if delivered in another way, shall be effective upon receipt.



(b) **Severability.** If any provision of this Assignment shall be deemed or held to be invalid or unenforceable for any reason, it shall be adjusted, if possible, rather than voided, so as to achieve the intent of the parties to the fullest extent possible. In any event, such provision shall be severable from, and shall not be construed to have any effect on, the remaining provisions of this Assignment, which shall continue to be in full force and effect.

(c) **Multiple Obligors.** If "Assignor" refers to more than one person or entity, then (i) the obligations of each such person or entity shall be joint and several; (ii) all references to "Assignor" herein shall, unless the context otherwise requires, refer to all such parties jointly and severally; and (iii) each such person or entity hereby waives any and all defenses based upon suretyship or guaranty or impairment of collateral. If Assignor is a partnership, the partnership and all general partners therein shall be jointly and severally liable hereunder.

(d) **Rights Cumulative; No Waiver.** Assignee's options, powers, rights, privileges, and immunities specified herein or arising hereunder are in addition to, and not exclusive of, those otherwise created or existing now or at any time, whether by contract, by statute, or by rule of law. Assignee shall not, by any act, delay, omission or otherwise, be deemed to have modified, discharged or waived any of Assignee's options, powers, or rights in respect of this Assignment, and no modification, discharge or waiver of any such option, power, or right shall be valid unless set forth in writing signed by Assignee or Assignee's authorized agent, and then only to the extent therein set forth. A waiver by Assignee of any right or remedy hereunder on any one occasion shall be effective only in the specific instance and for the specific purpose for which given, and shall not be construed as a bar to any right or remedy that Assignee would otherwise have on any other occasion.

(e) **Governing Law; Terms.** This Assignment shall be governed by and construed in accordance with the laws of the State of Nevada applied to contracts between residents thereof, to be wholly performed within the State of Nevada.

(f) **Counterparts.** This Assignment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Assignment.

(g) **Headings.** The section headings used in this Assignment are intended principally for convenience and shall not by themselves determine the rights and obligations of the parties to this Assignment.

(h) **Entire Agreement.** This Assignment and the Deed of Trust contain the entire agreement between Assignor and Assignee with respect to the subject matter of this Assignment, and supersede all prior communications relating thereto, including, without limitation, all oral statements or representations. No supplement to or modification of this Assignment shall be binding unless executed in writing by Assignor and Assignee.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed and delivered as of the date first written above.

ASSIGNOR:

World Class Resorts International, Inc., a non-profit corporation


By: Laurence H. Wayne
Its: President

Assignor's address for notice:

C/O Mr. Carl Avery
P.O. Drawer 1037
Zephyr Cove, NV 89448
Attn: Mr. Wayne
Telephone: 702-588-2275

Assignee's address for notice:

First Fidelity Thrift and Loan Association
12750 High Bluff Drive, Suite 140
San Diego, CA 92130
Attn: Loan Servicing Department
Telephone: (619) 793-3232

[Notarial Acknowledgment]

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STATE OF *Nevada*
COUNTY OF *Douglas*

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ON *September 29*, 19*93*, before me, the undersigned, a Notary Public in and for said County and State, personally appeared *Laurence H. Wayne* known to me to be the

President, and known to me to be the ~~Secretary~~ of the Corporation that executed the within instrument and the officers who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within instrument pursuant to its By-laws or a Resolution of its Board of Directors.

Notary's Signature

Deirdre Randolph



CORPORATION ACKNOWLEDGMENT
Form No. 14

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EXHIBIT A

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND SITUATE IN DOUGLAS COUNTY, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

Units 2, 3, & 4 as set forth on the Condominium Map of Lot 1, TAHOE VILLAGE UNIT NO. 3, filed for record February 6, 1981 in Book 281, page 785, as Document No. 53365, Official Records of Douglas County, State of Nevada.

TOGETHER WITH an undivided 3/8th interest in and to those portions designated as Common Areas set forth on the Condominium Map of Lot 1, TAHOE VILLAGE UNIT NO. 3, filed for record February 6, 1981 in Book 281, page 785 as Document No. 53365, Official Records of Douglas County, State of Nevada.

Units 1, 2, 3, and 4 as set forth on the Condominium Map of Lot 8, TAHOE VILLAGE UNIT NO. 3, filed for record June 17, 1982, as Document No. 68579, Official Records of Douglas County, State of Nevada.

TOGETHER WITH an undivided 4/4ths interest in and to those portions designated as Common Areas as set forth on the Condominium Map of Lot 8, TAHOE VILLAGE UNIT NO. 3, filed for record June 17, 1982, as Document No. 68579, Official Records of Douglas County, State of Nevada.

Units 5, 6, 7 and 8 as set forth on the Condominium Map of Lot 14, TAHOE VILLAGE UNIT NO. 3, filed for record June 2, 1980, as Document No. 44976, Official Records of Douglas County, State of Nevada.

TOGETHER WITH an undivided 4/8ths interest in and to those portions designated as Common Area as set forth on the Condominium Map of Lot 14, TAHOE VILLAGE UNIT NO. 3, filed for record June 2, 1980 as Document No. 44976, Official Records of Douglas County, State of Nevada.

Units 1 through 8 as set forth on the Condominium Map of Lot 23, TAHOE VILLAGE NO. 3, filed for record August 27, 1979 as Document No. 36008, Official Records of Douglas County, State of Nevada.

TOGETHER WITH an undivided 8/8ths interest in and to those portions designated as Common Area as set forth on the Condominium Map of Lot 23, Tahoe Village No. 3, filed for record August 27, 1979 as Document No. 36008, Official Records of Douglas County, State of Nevada.

Units - - - -6, 7, and 8 as set forth on the Condominium Map of Lot 24, TAHOE VILLAGE UNIT NO. 3, filed for record August 27, 1979 as Document No. 36009, Official Records of Douglas County, State of Nevada.

TOGETHER WITH an undivided 3/8th interest in and to those portions designated as Common Area as set forth on the Condominium Map of Lot 24, TAHOE VILLAGE UNIT NO. 3, filed for record August 27, 1979, as Document No. 36009, Official Records of Douglas County, State of Nevada.

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