

When recorded, return to:

First Interstate Bank of Nevada, N.A.
Corporate Real Estate
P.O. Box 11007
Reno, Nevada 89510-0010

ASSIGNMENT OF SUB-LEASE

BY THIS AGREEMENT, the undersigned, Barton Memorial Hospital, a California non-profit corporation (hereinafter called "Assignor"), for valuable consideration, the receipt of which is hereby acknowledged, does hereby irrevocably and absolutely grant, assign, transfer and set over unto the Director of the State of Nevada Department of Business and Industry, a duly created department in the executive branch of the government of the State of Nevada (hereinafter called "Assignee"), all the right, title and interest of Assignor in and to the following:

9/9/94 (i) That certain sub-lease dated _____, by and between Assignor, as sub lessor, and Dr. Randy C. Watson, as sub-lessee, covering that real property located in Douglas County, Nevada, described on Schedule "A" attached hereto and by this reference made a part hereof (hereinafter called the "Premises"), together with any and all guarantees of the obligations of the sub-lessee thereunder, all landlord's rights and liens and together with any and all extensions, modifications and renewals thereof (hereinafter called the "Sub-Lease"); and

(ii) all income, receipts, revenues, rents, issues and profits now or hereafter arising from or out of the Sub-Lease or from or out of the Premises or any portion thereof, all claims for damages arising from any breach of the Sub-Lease and all other benefits arising from the use or enjoyment of all or any portion of the Premises, together with the immediate and continuing right to receive all of the foregoing (hereinafter called the "Rents").

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This Assignment is made to secure the payment and performance of any and all indebtedness and liabilities of any kind and nature of Assignor to Assignee, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, under or related to the indebtedness evidenced by that Promissory Note made by Barton Memorial Nevada Medical Clinic, Inc., a Nevada non-profit corporation to the order of Assignee in the principal amount of THREE MILLION SEVEN HUNDRED THOUSAND NO/100 DOLLARS (\$3,700,000.00) (hereinafter called the "Note") (all of the foregoing hereinafter called the "Obligation") and secured by one deed of trust covering the Premises (hereinafter called the "Deed of Trust"), and by other lien and security instruments, all of even date herewith.

SECTION 1. TO PROTECT THE SECURITY OF THIS ASSIGNMENT, ASSIGNOR AUTHORIZES ASSIGNEE upon the occurrence of an Event of Default, as defined in the Deed of Trust:

1.1 To enter upon the Premises at Assignee's election, either by its agents or employees or by a receiver appointed by a court, for the collection of the Rents and for the operation and maintenance of the Premises as is provided in the Deed of Trust; but such entry is not a condition to the effectiveness of this Assignment and is authorized only to the extent that Assignor could so act under the terms of the Sub-Lease.

1.2 To renew, alter or amend the Sub-Lease, to make concessions to the sub-lessee, or to take any other action to enforce the terms of the Sub-Lease as provided therein or by law; provided, however, that the same shall not materially increase the sub-lessor's liabilities or obligations thereunder (but, for the purposes of which, an extension of the sub-lease term at then-prevailing fair market rental rates shall not be deemed to materially increase the same).

1.3 To exercise any and all landlord's liens and other rights and remedies to which Assignor would be entitled under the Sub-Lease or by law.

SECTION 2. ASSIGNOR WARRANTS, COVENANTS AND AGREES THAT:

2.1 A true and correct copy of the Sub-Lease is attached hereto as Exhibit "B" and incorporated herein by this reference, and the Sub-Lease is in full force and effect (but the Sub-Lease term has not commenced), and Assignor and the sub-lessee thereof are in all respects in good standing thereunder and neither Assignor nor the sub-lessee is in default with respect to any provisions thereof.

2.2 No other assignments, transfers, pledges or encumbrances of the Sub-Lease or the Rents have been made except to Assignee and/or First Interstate Bank of Nevada, N.A., and, so long as this Assignment remains in effect, Assignor shall not assign, transfer, pledge or encumber, in any way, the Sub-Lease and Rents to anyone other than Assignee and its successors and assigns.

2.3 No Rents have been paid, collected or received under the Sub-Lease in advance of the accrual thereof, nor shall Assignor accept any Rents in advance of the accrual thereof without the prior written consent of Assignee.

2.4 It shall in all respects promptly and faithfully keep, perform and comply with all of the covenants, conditions, provisions and agreements in the Sub-Lease to be kept, performed and/or complied with by the sub-lessor therein and shall require, demand and strictly enforce, by all available means permitted under the Sub-Lease or at law, the prompt and faithful performance of and compliance with all of the terms, provisions, covenants, conditions and agreements in the Sub-Lease to be performed and/or complied with by the sub-lessee therein.

2.5 It shall not do or permit anything to be done, the doing of which, nor 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 Sub-Lease or a ground for declaring a forfeiture or termination thereof.

2.6 It shall not consent to, cause or allow any modification or alteration of the Rents or any of the terms, conditions or covenants of the Sub-Lease, or the termination thereof if the same shall materially reduce the monetary obligations of the sub-lessee thereunder or the term of the Sub-Lease, or shall otherwise, in Assignor's reasonable judgment, impair the value of the Sub-Lease

to the sub-lessor, without the prior written approval of Assignee which approval shall not be unreasonably withheld or delayed.

2.7 It hereby authorizes and directs the sub-lessee and tenant of the Premises that, upon written notice from Assignee and delivery by Assignee of a written affidavit certifying that an Event of Default as described in Section 1 has occurred, and, if Assignor reasonably disputes the same, together with a copy of the arbitrator's decision determining that such an Event of Default has occurred, all Rents shall be paid directly to Assignee as they become due for so long as such default shall continue. In such case Assignor hereby relieves the sub-lessee and tenant from any liability to Assignor by reason of the payment of the Rents to Assignee. Nevertheless, for so long as no Event of Default, as described in Section 1, has occurred and is continuing, Assignor shall be entitled to collect the Rents and to apply the same in any manner and for any purpose whatsoever that Assignor so elects, in Assignor's sole and absolute discretion, until Assignee notifies the sub-lessee and tenant in writing to pay the Rents to Assignee. Assignee is hereby authorized to give such notification in the event of any breach or default, under this Assignment, the Promissory Note or the Deed of Trust, and such notification may be given thereafter at any time during which said breach or default remains uncured. Such notice shall become effective twenty-four (24) hours after being deposited with the United States Postal Service, certified or registered, postage prepaid, addressed to Assignor and to sub-lessee.

2.8 In the event Assignor shall receive from the sub-lessee a notice of any default by Assignor under the terms or provisions of the Sub-Lease, or receive from the sub-lessee or from any other party any notice or communication in any way respecting a default or alleged default or failure of performance that could become a default under the Sub-Lease after lapse of time or otherwise, or relating to Assignor's good standing with respect to the Sub-Lease, Assignor shall immediately, and not later than one (1) business day after receipt of such notice or communication, mail (special delivery in the case of a notice of default), postage prepaid, or deliver in person to Assignee a true and complete copy of that notice or communication.

2.9 Provided that Assignee has delivered the notice to the sub-lessee described in Section 2.7, and if, at the same time that an Event of Default by Assignor, as described in Section 1 has

occurred and is continuing and Assignor, as the sub-lessor, is in default under the Sub-Lease (following all applicable notice and cure provisions set forth therein), Assignee shall have the right to cure any such default by Assignor, as the sub-lessor under the Sub-Lease. In such case, for the purpose of curing any default by Assignor under the Sub-Lease, Assignee may, but shall not be obligated to, act, pay any sum or execute any document in the name of Assignor or as its attorney in fact, as well as in the Assignee's own name, as Assignee in its reasonable discretion may determine. Assignor hereby irrevocably appoints Assignee its true and lawful attorney in fact, in its name or otherwise, to act, pay any sum and/or execute any and all documents as may in the opinion of the Assignee be reasonably necessary or desirable to cure any such default or preserve any right of Assignor under the Sub-Lease, 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, cost, charge, fee, obligation, damage or liability of any nature, or be a party to any action or proceeding for the purpose of curing any such default or protecting Assignee's security or the rights of Assignor under the Sub-Lease, 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, and provided that such amount is uncontested by Assignor (or, if such amount is reasonably contested by Assignor, then such amount as determined by an arbitration proceeding prosecuted by Assignee in accordance with the Deed of Trust) shall first be paid to Assignee from any undisbursed Note proceeds held by any third party for the benefit of Assignor, and thereafter, any deficiency shall be payable by Assignor to Assignee within ten (10) days of delivery by Assignee to Assignor of a written accounting of all such amounts, together with reasonable supporting documentation, together with interest thereon at the Default Rate, as defined in the Note, and the same shall be added to the Obligation and shall be secured hereby and by the Deed of Trust and all other lien and security documents securing the Obligation. Assignee expressly acknowledges and agrees that Assignor's obligation to pay interest at said Default Rate is good, valuable, and sufficient consideration for Assignee's obligations under this Assignment.

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SECTION 3. IT IS MUTUALLY AGREED THAT:

3.1 All Rents collected by Assignee shall be applied against the Obligation in accordance with the Note.

3.2 Assignee, by accepting this Assignment:

(a) Upon Assignee's election to exercise any of its rights under Section 2.9 of this Assignment upon the occurrence of an Event of Default as described in Section 1, Assignee shall be responsible for all obligations and liabilities of Assignor as sub-lessor under the Sub-Lease, including, without limitation, the duty to perform all of the covenants, conditions, provisions or agreements of the sub-lessor thereunder. However, Assignee shall not be subject to the same by accepting this Assignment unless and until Assignee elects to exercise any such rights.

(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 nor of any default under the Obligation.

3.3 The rights, remedies and powers granted herein shall not be limited or otherwise affected by the value of the Sub-Lease and Rents as compared to the Obligation and upon the occurrence of an Event of Default, as described in Section 1, may be exercised by Assignee either independently of or concurrently with any other right, remedy or power contained herein or in the Note, the Deed of Trust or any other lien or security document securing the Obligation.

3.4 This Assignment is appurtenant to the Note. All of Assignor's right, title and interest assigned hereunder may be reassigned by Assignee and any subsequent Assignee, to any successor payee under the Note in possession thereof, and the term "Assignee," as used herein, includes any subsequent Assignee. This Assignment may not be assigned to any other party.

3.5 At any time, and from time to time, upon the written request of Assignee, Assignor shall 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 This Assignment shall be null and void after the Obligation has been fully paid and performed. At such time, and if this Assignment has been recorded by Assignee in any official property records, Assignee shall execute, with notary acknowledgement, and deliver to Assignor, any document or instrument reasonably requested by Assignor to remove or reconvey this Assignment as an encumbrance upon the Premises.

3.7 This Assignment shall apply to the parties hereto according to the context thereof, and 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 assigns of Assignor and Assignee.

3.8 This Assignment shall be construed in accordance with the laws of the State of Nevada.

IN WITNESS WHEREOF, these presents are executed as of July 13, 1995.

BARTON MEMORIAL HOSPITAL, a California non-profit corporation

By: Margaret Lera
MARGARET LERA
Its: [Signature]
CHIEF FINANCIAL OFFICER


ASSIGNOR

STATE OF Nevada }
COUNTY OF Douglas } SS

This instrument was acknowledged before me on the 13th day of July, 1995, by Margaret Lane, as CEO of Barton Memorial Hospital, a California non-profit corporation.

Jeffrey K. Rahbeck
(signature of notarial officer)

My commission expires: 3-3-99

 JEFFREY K. RAHBECK
Notary Public - State of Nevada
Appointment Recorded in Douglas County
MY APPOINTMENT EXPIRES MAR. 3, 1999

COPIES

RECEIPT AND ACKNOWLEDGEMENT BY SUB-LESSEE

The undersigned is the sub-lessee under the Sub-Lease described in the foregoing Assignment of Rents and Lease. Sub-lessee acknowledges receipt of the foregoing Assignment and agrees that upon receipt of notice from Assignee it will pay all Rents directly to Assignee as provided in Paragraph 2.7 of the Assignment.

Randy C. Watson, M.D. Inc
By: [Signature]
RANDY C. WATSON
Its: President
PRESIDENT Sub-Lessee

STATE OF NEVADA)
County of Douglas) ss.

The foregoing instrument was acknowledged before me this 5th day of April, 1995 by Randy C Watson as President of DR. RANDY C. WATSON.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Signature]
Notary Public

My commission expires:
3-3-99



REQUESTED BY
WESTERN TITLE COMPANY, INC
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER
PAID DEPUTY

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