

COLLATERAL ASSIGNMENT OF LEASE
(Fabric Connection)

THIS Collateral Assignment of Leases (the "Assignment"), made and entered into this 11th day of December, 1995, by and between Gratien Tillous and Jeanne Tillous, husband and wife, hereinafter referred to as "Assignor," party of the first part, and Rodney L. Hines and Heidi Hines, husband and wife, as joint tenants, hereinafter referred to as "Assignee", party of the second part.

In consideration of the mutual covenants and promises herein contained, Assignor and Assignee agree as follows:

1. Assignment of Lease. For value received, Assignor grants, transfers and assigns to Assignee, Assignor's entire interest, as Lessee, under that certain Lease Agreement dated August, 1994, and entered into by and between Mr. Park as the Landlord and Assignor as Tenant (the "Lease") and concerning property commonly known as 1281 Kimmerling, Space 11, Gardnerville, Nevada, together with all amendments to the Lease and all leases of the above described premises which have been executed, or may be executed, during the term of this Assignment.

2. Obligations Secured. The foregoing assignment is made for the purposes of securing the following obligations:

a. Assignor's performance under that certain document entitled "Promissory Note," in the original amount of \$35,000.00, which is executed by Assignor and made payable to Assignee concurrently or substantially concurrently herewith (the

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"Note").

b. Assignor's performance under that certain document entitled "Purchase Agreement," which is executed by Assignor and Assignee concurrently or substantially concurrently herewith.

c. Assignor's performance under the Lease.

3. Assignor's Warranty. Assignor warrants:

a. Assignor is the sole owner of the Lease herein assigned and of all the leasehold rights which the Lease purport to create, and has full right to make this assignment;

b. The Lease are now unencumbered, valid and in full force and effect in accordance with their terms;

c. Assignor is not in default under any of the terms, covenants or conditions of the Lease.

4. Assignor's Covenants. Assignor covenants:

a. To observe and perform all obligations imposed on Lessee under the Lease hereby assigned and to indemnify Assignee from the consequences of any failure to do so;

b. To preserve the leased properties free and clear from all liens and encumbrances, except as otherwise agreed by the parties hereto, or as shall be caused to be upon the property by action or inaction of the owner of the fee title;

c. Not to execute any other assignment of Lessee's interest in the Lease;

d. Not to alter, or modify the terms of the Lease

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and amendments existing on the date hereof, without the prior written consent of Assignee;

e. Not to terminate, cancel, surrender, transfer or convey Assignor's interest in the Lease without the prior written consent of Assignee.

5. Assignor's Default. In the event of Assignor's default under any obligation secured by this Assignment, or under any other obligation set forth by this Assignment, Assignee may, at Assignee's option, without notice or regard to the adequacy of the security, personally or by Assignee's agents, (i) take possession of the above-described premises and hold, sub-let and manage the same on such terms and for such period of time as Assignee deems proper and as if Assignee were the Lessee named in the Lease, or (ii) assign the Lease to any third party, person, corporation or entity, subject to the approval of the Lessor of such Lease. In addition to the foregoing, Assignee may exercise all rights provided by law, including but not limited to, the remedies set forth in Chapter 40 of the Nevada Revised Statutes to evict Assignor from the leased premises in the event of a default hereunder. The exercise or non-exercise by Assignee of the options granted in this paragraph shall not be considered a waiver of any default by Assignor under any obligation secured by this Assignment or under any obligation otherwise set forth by this Assignment.

6. Notice to Assignee of Assignor's Default. Assignee is authorized to direct the Lessor to provide Assignee with notice

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of any default by Assignor of the terms, covenants and conditions of said Lease.

7. Remedies of Assignee. Nothing contained in this Collateral Assignment, nor any act done or omitted by Assignee pursuant to the terms of this Assignment, shall be deemed a waiver by Assignee of the rights or remedies under the Note and Security Agreement executed by Assignor in favor of Assignee, and this Assignment is executed without prejudice to any rights or remedies provided by Assignee under the terms of such other instruments. The right of Assignee to collect the principal, interest, and other indebtedness under the Note, may be exercised by Assignee prior, contemporaneous or subsequent to any action taken under this Collateral Assignment.

8. Discharge of Assignment. Upon payment in full of the Note, this Assignment shall be of no further legal force or effect.

9. Effect of Assignment. This Assignment, together with the agreements, covenants, and warranties contained herein,

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shall inure to the benefit of Assignee, and shall be binding upon Assignor and any subsequent Assignee or sub-tenant of the leased premises.

DATED: This 11TH day of ~~November~~, DECEMBER, 1995.

ASSIGNOR:

ASSIGNEE:

Gratien Tillous
Gratien Tillous

Rodney L. Hines
Rodney L. Hines

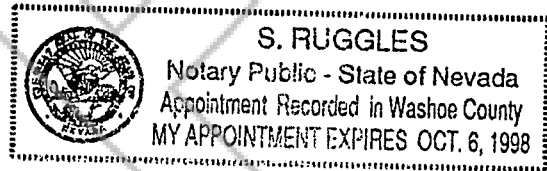
Jeanne Tillous
Jeanne Tillous

Heidi Hines
Heidi Hines

STATE OF NEVADA)
)
) SS.
COUNTY OF WASHOE)

This instrument was acknowledged before me on December 11, 1995, by Gratien Tillous.

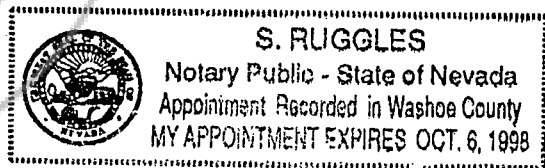
S. Ruggles
Notary Public



STATE OF NEVADA)
)
) SS.
COUNTY OF WASHOE)

This instrument was acknowledged before me on December 11, 1995, by Jeanne Tillous.

S. Ruggles
Notary Public

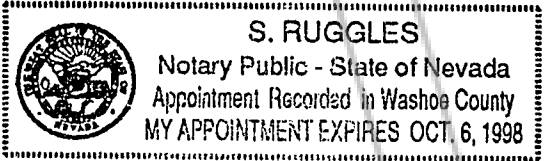


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STATE OF NEVADA)
)) SS.
COUNTY OF WASHOE)

This instrument was acknowledged before me on December 11,
1995, by Rodney L. Hines.

S. Ruggles
Notary Public



STATE OF NEVADA)
)) SS.
COUNTY OF WASHOE)

This instrument was acknowledged before me on December 11,
1995, by Heidi Hines.

S. Ruggles
Notary Public



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LAW OFFICES OF
HENDERSON & NELSON
164 HUBBARD WAY
SUITE B
RENO, NEVADA 89502

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BK 1295PG3798

REQUESTED BY
FIRST AMERICAN TITLE CO.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'95 DEC 26 AM 11:16

LINDA SLATER
RECORDER
\$12.00 PAID KX DEPUTY