# WHEN RECORDED, RETURN TO:

Nevada State Bank
Real Estate Department
580 East Plumb Lane
Reno, Nevada 89502
Attn: Thomas N. Traficanti

#### ASSIGNMENT OF LEASES

This Assignment of Leases (the "Assignment") is made and executed this \_\_\_\_\_\_ day of October, 1998 (the "Closing Date"), by RAJAN, LLC, a Nevada limited liability company (the "Assignor") and NEVADA STATE BANK, a Nevada banking corporation (the "Assignee").

#### RECITALS

- A. Pursuant to the Promissory Note dated the Closing Date in which Assignor appears as "Borrower" and Assignee appears as "Lender" and which is in the original principal amount of TWO MILLION DOLLARS (\$2,000,000.00) (the "Note"), and pursuant to the Construction Loan Agreement dated the Closing Date wherein Assignor appears as "Borrower" and Assignee appears as "Lender" (the "Loan Agreement"), Assignee has loaned the proceeds of the Note to Assignor.
- B. Pursuant to the Construction Loan Trust Deed, Assignment of Rents, Security Agreement and Fixture Filing dated the Closing Date (the "Trust Deed") in which Assignor appears as "Trustor" and Western Title Company, Inc. appears as "Trustee" and Assignee appears as "Beneficiary" and which encumbers the real property (the "Property") together with the improvements thereon located in Douglas County, State of Nevada, and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Project"), Assignor has granted Assignee a lien on the Project to secure the Note.
- C. There have been and/or may be lease agreements entered into by Assignor and tenants of the Project, and other leases affecting the Project, or any building or improvement located on the Property, all subject to the terms and conditions of the Loan Documents.
- D. Assignee desires and Assignor agrees to further secure the Note and the Loan Agreement with an assignment of the leases.

#### AGREEMENT

In exchange for good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, Assignor and Assignee agree as follows:

- Assignment. Assignor hereby absolutely and unconditionally assigns and transfers unto Assignee all right, title, and interest of Assignor in and to all leases of the Project or any portion of the Project, now existing or hereafter created, \*\*\*, together with all room rents and other amounts received for the use of any rooms in the Project, including the Improvements, and any and all room rental agreements and arrangements now owned or hereafter acquired, and all proceeds from such leases and room rents, covering the Project or any portion of the Project, now or hereafter existing or entered into, together with all right, title and interest of Assignor in and to all other leases or subleases covering the Project or any portion of the Project, now or hereafter existing or entered into, together with all security deposits made by the lessees thereunder (the "Lessee" or "Lessees") and together with all extensions, renewals, modifications or replacements thereof, as well as all guaranties of Lessee's obligations under any provisions thereof and under any and all extensions and renewals thereof (collectively the "Lease").
- License to Collect. This Assignment shall inure to the benefit of Assignee, its successors and assigns for the payment of the principal and interest provided to be paid in or by the Note, the performance of the agreements of Assignor contained in the Loan Agreement and the Trust Deed, and the performance of the agreements of Assignor contained in the Loan Documents and any other document evidencing, securing, relating  $\mathsf{or}$ to the administration of the proceeds of the Note (all of which agreements and obligations are collectively referred to as the "Obligation"), reserving to Assignor, however, a revocable, temporary right and license only to collect, except as hereinafter provided, the rents, income, and profits accruing by virtue of the Lease as they respectively become due (the "License"), but not in advance, and to enforce the agreements of the Lease, as long as Assignor does not default under the Obligation, or this Assignment.
- Assignee as Creditor of Lessee. Assignee, Assignor, shall be the creditor of each Lessee in respect of for the benefit of creditors and bankruptcy, reorganization, insolvency, dissolution, orreceivership proceedings affecting such Lessee. Assignee, however, shall not be the party obligated to make timely filings of claims in such proceedings or to otherwise pursue creditor's rights therein. Assignee shall have the option to apply any monies received by it as such creditor towards the reduction of the principal or interest of the Obligation.

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- <u>Default Remedies of Assignee</u>. If Assignor defaults on the Obligation or this Assignment, and until such default shall have been fully cured, the License of Assignor to collect rents, income, and profits shall cease and terminate. Assignee would thereby be authorized at its option to enter and take possession of all or part of the Project, and to perform all acts necessary for the operation and maintenance of the Project in the same manner and to the same extent that Assignor might reasonably so act. furtherance thereof, Assignee shall be authorized, but shall be under no obligation, to collect the rents, income, and profits arising from the Lease, and to enforce performance of any other terms of the Lease including, but not limited to, Assignor's rights to fix or modify rents, sue for possession of the Project, or any part thereof, relet all or part of the Project, and collect all rents, income, and profits under such new lease. Assignee shall, after payment of all proper costs, charges, and any damages, apply the net amount of income to the sums then due to Assignee under the Obligation as set forth in the Loan Agreement. Assignee shall have sole discretion as to the manner in which such net income is applied, and the items that shall be credited thereby.
- 5. <u>Termination of Assignment</u>. When Assignor pays Assignee for the full amount of the Obligation and such payment is evidenced by a recorded satisfaction or release of the Trust Deed, this Assignment shall no longer be in effect and shall be void.
- 6. Notice to Lessees of Assignor's Default. Assignor shall irrevocably authorize each Lessee, upon demand and notice from Assignee of Assignor's default under the Obligation, to pay all rents, income, and profits under the Lease to Assignee. In such situation, Assignee shall not be liable to Lessee for the determination of the actual existence of any default claimed by Assignee. Lessees shall have the right to rely upon any such notices of Assignee that Lessees shall pay all rents, income, and profits to Assignee, without any obligation or right to inquire as to the actual existence of the default, notwithstanding any claim of Assignor to the contrary. Assignor shall have no claim against Lessees for any rents paid by Lessees to Assignee. Upon the curing of all defaults caused by Assignor under the Obligation, Trust Deed, or Assignment, Assignee shall give Lessees written notice of such cure, and thereafter, until further notice from Assignee, Lessees shall pay the rents, income, and profits to Assignor.
- 7. Assignment of Assignor's Interest in Lease. Assignee shall have the right to assign Assignor's right, title, and interest in the Lease to any subsequent holder of the Trust Deed and to any person acquiring title to the mortgaged premises through foreclosure or otherwise. After Assignor shall have been barred and foreclosed of all right, title, interest, and equity of redemption in the premises, no assignee of Assignor's interest in the Lease shall be liable to account to Assignor for the rents, income and profits thereafter accruing.

- <u>Indemnification of Assignee</u>. Assignor shall protect, defend, indemnify and hold Assignee harmless of and from any and all liability, loss, or damage that Assignee may incur under the Lease or by reason of this Assignment other than such liability, loss, or damage as may be occasioned by Assignee's gross negligence or willful misconduct. Such indemnification shall also cover any and all claims that may be asserted against Assignee by reason of any alleged obligation to be performed by Assignee under the Lease or Assignment. Nothing in this paragraph shall be construed to bind Assignee to the performance of any Lease provisions, or to otherwise impose any liability upon Assignee including, without limitation, any liability under the Lease's covenant of quiet enjoyment in the event that any Lessee shall have been joined as party defendant in any action to foreclose the Trust Deed and shall have been barred thereby of all right, interest, and equity of redemption in the premises. Assignment shall not impose liability upon Assignee for the operation and maintenance of the premises or for carrying out the Lease terms before Assignee has entered and taken possession of the premises. Any loss or liability incurred by Assignee by reason of actual entry and taking possession under the Lease or Assignment or in the defense of any claims shall, at Assignee's request, be reimbursed by Assignor. Such reimbursement shall include interest at the default rate set forth in the Note, costs, expenses, and reasonable attorneys' fees. Assignee may, upon entry and taking of possession, collect the rents, income, and profits, and apply them toward reimbursement for the loss or liability.
- Quality of Assignor's Title to Lease. Assignor represents itself to be the absolute owner of the Lease, with absolute right and title to assign it and the rents, income, and profits due or to become due thereunder; that the Lease is valid, in full force and effect, and has not been modified or amended except as stated herein; that there is no outstanding assignment or pledge thereof or of the rents, income, and profits due or to become due thereunder; that there are no existing defaults under the provisions thereof on the part of any party; that Lessees have no defense, setoff or counterclaim against Assignor, that Lessees are in possession and paying rent and other charges under the Lease as provided therein; and that no rents, income, and profits payable thereunder have been or will hereafter be anticipated, discounted, released, waived, compromised, or otherwise discharged except as may be expressly permitted by the Lease. Assignor covenants not to cancel, abridge, surrender, or terminate the Lease or change, alter, or modify it, either to reduce the amount of the rents, income, and profits payable thereunder, or otherwise change, alter, abridge or modify the Lease, or make any subsequent assignment of the Lease, or consent to subordination of the interest of any Lessee in the Lease without the prior written consent of Assignee. Any attempt at cancellation, surrender, termination, change, alteration, modification, assignment, or subordination of the Lease without the written consent of Assignee shall be null and void.

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- 10. <u>Delivery of Necessary Instruments to Assignee</u>. Assignor shall execute and deliver to Assignee and hereby irrevocably appoints Assignee, its successors, and assigns as its attorney in fact to execute and deliver during the term of this Assignment, all further instruments as Assignee may deem necessary to make this Assignment and any further assignment effective. The power hereby granted is coupled with an interest in the Project and is irrevocable.
- 11. Transfer of Title to Lessees; Cancellation of Lease. The Lease shall remain in full force and effect despite any merger of Assignor's and any Lessee's interest thereunder. In the event the Lease permits cancellation thereof on payment of consideration and the privilege of cancellation is exercised, the payments made or to be made by reason thereof are hereby assigned to Assignee to be applied, at the election of Assignee, to reduce the amount of the principal of the Obligation in the inverse order of maturity or to be held in trust by Assignee as further security without interest for the payment of the principal and interest provided to be paid by the Obligation.
- 12. Lease Guaranties; Assignment of Lease; Alterations of Premises. Assignor shall not alter, modify, cancel or terminate any guaranties of the Lease without the written consent of Assignee. Nor shall Assignor consent to any Lease assignment or subletting, nor agree to a subordination of the Lease to any mortgage or other encumbrance, other than that of Assignee, now or hereafter affecting the Project without Assignee's prior written consent. Assignor shall not permit a material alteration of or addition to the Project by any Lessee without Assignee's prior written consent unless the right to alter or enlarge is expressly reserved by such Lessee in the Lease.
- Assignor to Ensure Continued Performance under Lease. Assignor shall not execute any other assignment of the Lease, of any interest therein, or of any rents payable thereunder. Assignor shall perform all of its covenants as Lessor under the Lease, and shall not permit to occur any release of liability of any Lessee, or any withholding of rent payments by any Lessee. Assignee shall promptly receive from Assignor copies of all notices of default Assignor has sent any Lessee. Assignor shall, at Assignee's request, enforce the Lease and all remedies available to Assignor thereunder upon any Lessee's default thereunder.
- 14. Changes in Obligation Terms. Notwithstanding any variation of the terms of the Obligation and/or the Trust Deed including increase or decrease in the principal amount thereof or in the rate of interest payable thereunder or any extension of time for payment thereunder or any release of part or parts of the real property subject to the Trust Deed, the Lease and the benefits hereby assigned shall continue as additional security in accordance with the terms of this Assignment.

- 15. Additions to and Replacement of Obligation. Assignee may take security in addition to the security already given Assignee for the payment of the principal and interest provided to be paid in or by the Obligation or by the Trust Deed or release such other security, and may release any party primarily or secondarily liable on the Obligation, may grant or make extensions, renewals, modifications, or indulgences with respect to the Obligation or Trust Deed and replacements thereof, which replacement of the Obligation or Trust Deed may be on the same or on terms different from the present terms of the Obligation or Trust Deed, and may apply any other security thereof held by it to the satisfaction of the Obligation, without prejudice to any of its rights hereunder.
- 16. Future and Additional Leases. This Assignment shall apply and be effective with respect to any and all leases entered into by Assignor and any lessee which may cover or affect any portion of the Project, which lease(s) may be entered into at any time during the period the Obligation remains outstanding and secured by the Trust Deed, regardless of whether such lease(s) is/are in effect on the date this Assignment is executed. Upon the written request of Assignee, Assignor shall give Assignee prompt notice and provide Assignee with a copy of any lease covering any portion of the Project it enters into, if the lease is not listed in this Assignment or is not in effect on the date of this Assignment. Upon notice from Assignee to that effect, such lease shall be deemed included in this Assignment as though originally listed therein, and shall be subject to this Assignment in all respects.
- 17. Exercise of Assignee's Rights. Assignee's failure to avail itself of any of its rights under this Assignment for any period of time, or at any time or times, shall not constitute a waiver thereof. Assignee's rights and remedies hereunder are cumulative, and not in lieu of, but in addition to, any other rights and remedies Assignee has under the Obligation and Trust Deed. Assignee's rights and remedies hereunder may be exercised as often as Assignee deems expedient.
- 18. Amendment, Modification, or Cancellation of Assignment. No amendment, modification, cancellation, or discharge hereof, or of any part hereof, shall be enforceable without Assignee's prior written consent.
- 19. <u>Notices</u>. All notices shall be in writing and shall be deemed to have been sufficiently given or served when personally delivered, deposited in the United States mail, by registered or certified mail, or deposited with a reputable overnight mail carrier which provides delivery of such mail to be traced, addressed as follows:

Assignee:

NEVADA STATE BANK

Real Estate Department 580 East Plumb Lane Reno, Nevada 89502

Attn: Thomas N. Traficanti

With copies to:

CALLISTER NEBEKER & McCULLOUGH Gateway Tower East, Suite 900 10 East South Temple

Salt Lake City, Utah 84133

Attn: John B. Lindsay

Assignor:

RAJAN, LLC

2245 Meridian Boulevard, Suite A

Minden, Nevada 89423 Attn: Albert R. Shankle

Such addresses may be changed by notice to the other party given in the same manner provided in this Section.

- Binding Effect. All agreements herein shall inure to the of, and bind the respective heirs, executors, administrators, successors, and assigns of Assignor and Assignee.
- Governing Law. This Assignment shall be governed by, construed and interpreted in accordance with the laws of the State of Nevada.
- Upon the occurrence of an Event of 22. Attorney Fees. Default, Assignee may employ an attorney or attorneys to protect Assignee's rights under this Assignment, and Assignor shall pay Assignee reasonable attorney fees and costs actually incurred by Assignee, whether or not action is actually commenced against Assignor by reason of such breach. Assignor shall also pay to Assignee any attorney fees and costs incurred by Assignee with respect to any insolvency or bankruptcy proceeding or other action involving Assignor or any guarantor as a debtor. If Assignee exercises the power of sale contained in the Trust Deed or initiates foreclosure proceedings, Assignor shall pay all costs incurred and attorney fees and costs as provided in the Trust Deed.
- 23. Defined Terms. Unless otherwise defined in this Assignment, capitalized terms used in this Assignment shall have the meanings set forth in the Loan Agreement.
- This Assignment may be signed in any Counterparts. number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Assignment shall be sufficient for all purposes without producing or accounting for any other counterpart.

| DATED: October,     | 1998.   |
|---------------------|---|
| <u>A</u> :          | SSIGNOR   |
| R.<br>a             | AJAN, LLC, Nevada limited liability company                           |
|                     | Y: ALBERT R. SHANKLE, Manager   |
| В                   | y: SUSAN J. SHANKLE, Manager  |
| . B                 | y: AL SHANKLE CONSTRUCTION COMPANY, a California corporation, Manager |
|                     | By: Albert R. Shankle, President                                      |
| Attest:             |   |
| Muchael VBran       |   |
| Secretary           |   |
| B                   | y: DAYBREAK PROPERTIES, INC.,<br>a California corporation,<br>Manager |
| Attest:             | By: Benjamin B. Day, President  |
| Secretary Secretary |   |
|                     | SSIGNEE   |
| N.                  | EVADA STATE BANK,<br>Nevada banking corporation                       |
| B                   | y: Thomas N. Traficanti Real Estate Loan Manager                      |
|                     |   |

#### **CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

| Come of Ontilocoio   |   |
|--|---|
| State of California  |   |
| County of Orange   | · ·   |
| On <u>October 32, 1998</u> before me,  | MARY J. BROMBY NOTARY PUBLIC NAME TITLE OF OFFICER . E.G., "JANE DOE NOTARY PUBLIC"   |
| personally appeared <u>ALBERT</u> R  | NAME OF SIGNERIES   |
| MARY J. BROMBY with person or to person of the person of t | e the person(s) whose name(s) is/are scribed to the within instrument and acviedged to me that he/sne/they executed same in his/her/their authorized acity(ies), and that by his/her/their ature(s) on the instrument the person(s), he entity upon behalf of which the son(s) acted, executed the instrument.  NESS my hand and official seal.  Many Grandy  Signature of Hotelary |
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| CAPACITY CLAIMED BY SIGNER   | DESCRIPTION OF ATTACHED DOCUMENT  |
| ☐ INDIVIDUAL<br>☐ CORPORATE OFFICER  | ASSIGNMENT OF LEASES  |
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| SIGNER IS REPRESENTING:  | SUSAN J. SHANKLE  |
| NAME OF PERSON(S) OR ENTITY(1ES)  RAJAN, LLC., A NOVADO  | BENJAMIN B. DAY   |
| limited liability company  | SIGNER(S) OTHER THAN NAMED ABOVE  |
|  | }<br>????????????????????????????????????   |

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# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 590

|  | CONTRACTOR C  |
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| California   |  |
| State of <u>Californa</u>  | ******   |
| County of Ovange   | <del></del>  |
| On October 21 1998 before me   | ON AME TITLE OF OFFICER • E.G., "JANE DOE NOTARY PUBLIC"   |
| personally appearedSUSAN   |  |
| MARY J. BROMBY  MARY J. BROMBY  COMM. #1152795 V  ORANGE COUNTY  MY COMM. EXP. AUG. 26, 2001   | oved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.  WITNESS my hand and official seal.  |
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| NT .   | ALBERT R. SHANKLE  |
| SIGNER IS REPRESENTING:<br>NAME OF PERSON(S) OR ENTITY(IES)                                    | BENJAMIN B. DAY  |
| RAJAN, LLC, a Novada   | SIGNER(S) OTHER THAN NAMED ABOVE   |
| limited liability company  | Committee of the commit |
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O1993 NATIONAL NOTARY ASSOCIATION • 8236 Remmet Ave., P.O. Box 7184 • Canoga Park, CA 91309-7184

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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| State of <u>California</u>   |  |
| State of Carrottiac  | <del></del>  |
| County of Ovange   |  |
|  | · ·  |
| On October 22,1998 before me   | NAME TITLE OF OFFICER - E.G., "JANE DOE NOTARY PUBLIC"   |
| _  | T R. SHANKLE   |
| ☑ personally known to me - OR - ☐ pro  | oved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the  |
|  | person(s) acted, executed the instrument.  |
| :  |  |
|  | WITNESS my hand and official seal.   |
| MARY J. BROMBY   | 1  |
| COMM. #1152795 COMM.   | Charles a Bosse by   |
| ORANGE COUNTY  | Many J. Branby   |
| MY COMM. EXP. AUG. 26. 2001 Y  | U U SIGNATURE OF NOTARY  |
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|  | BISISAN J. SHANKLE   |
| SIGNER IS REPRESENTING:  | the state of the s |
| NAME OF PERSON(S) OR ENTITY (166)  | BENJAMIN B. DAY  |
| AL SHANKLE CONSTRUCTION  | SIGNER(S) OTHER THAN NAMED ABOVE   |
| Company  |  |
|  |  |

| STATE OF NEVADA  | )  |     |
|------------------|----|-----|
|                  | :  | ss. |
| COINTY OF MACHOE | `` |     |

The foregoing instrument was acknowledged before me this 2010 day of October, 1998, by Thomas N. Traficanti, Real Estate Loan Manager of NEVADA STATE BANK, a Nevada banking corporation.

DIANA R. KELLOGG
NOTARY PUBLIC
STATE OF NEVADA
WASHOE COUNTY
90-2400-2 My Appnt. Expires Dec. 5, 1999

My Commission Expires:

12/5/99

Diana R. Hellog NOTARY PUBLIC

Residing At:

580 E. Phumb Ln. Reno, NV 89903

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| DATED:    | October | , 1998.   |
|-----------|---------|---|
|           |         | <u>ASSIGNOR</u>   |
|           |         | RAJAN, LLC,<br>a Nevada limited liability company                           |
|           |         | By: ALBERT R. SHANKLE, Manager  |
|           |         | By: SUSAN J. SHANKLE, Manager   |
| ,         |         | By: AL SHANKLE CONSTRUCTION COMPANY<br>a California corporation,<br>Manager |
| Attest:   |         | By: Albert R. Shankle, President  |
| Secretary |         |   |
|           |         | By: DAYBREAK PROPERTIES, INC., a California corporation, Manager  By:       |
| Attest:   |         | Benjamin B. Day President   |
|           |         | ASSIGNEE  |
|           |         | NEVADA STATE BANK,<br>a Nevada banking corporation                          |
|           |         | By: Thomas N. Traficanti Real Estate Loan Manager                           |

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| 1 1001              |     | ;   |
|---------------------|-----|-----|
| STATE OF NEVADA     | )   |     |
| COUNTY OF WASHOE    | :   | SS  |
|                     | ′   |     |
| The foregoing instr | ume | ent |

The foregoing instrument was acknowledged before me this 20 th day of October, 1998, by Benjamin B. Day.

DOWN G. BUNCH NOTARY PUBLIC

My Commission Expires:

3-29-00

Residing At:

SEAL



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|---|--------|------------|-------------------------|-----------|---------|
| STATE OF NEVADA   | ,      |            |                         |           |         |
|   | ; s    | s.         |                         |           |         |
| COUNTY OF WASHOE  | )      |            |                         |           |         |
| The foregoing instruction of October, 1998, it Manager of NEVADA STATE  DIANA R. KELLOGG  NOTARY PUBLIC STATE OF NEVADA WASHOE COUNTY  90-2400-2 My Appni. Expires Dec. 5, 1999 | ov The | omas N. Tr | aficanti,<br>banking co | Real Ecta | to Toon |
| My Commission Expires:  |        | Residing A | At:                     | \ \       |         |
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| _   |        |            |                         |           |         |

## **EXHIBIT A**

## REAL PROPERTY DESCRIPTION

The real property located in Douglas County, State of Nevada, and more particularly described as follows:

All that portion of Block "A" of Meridian Business Park, Phase I, filed in the Office of the County Recorder of Douglas County, State of Nevada, on June 15, 1989, in Book 689, Page 1931, as Document No. 204160, and by Certificate of Amendment, recorded October 26, 1989, in Book 1089, Page 3184, Document No. 213649, more particularly described as follows:

Beginning at the Northwest corner of said Block "A" of Meridian Business Park, Phase I; thence North 89°46′14" East 555.05 feet; thence along a tangent curve to the right with a radius of 60.00 feet, a central angle of 90°00′00" and an arc length of 94.25 feet; thence South 00°13′48" East 45.86 feet; thence along a tangent curve to the left with a radius of 17.07 feet, a central angle of 45°00′00" and an arc length of 13.41 feet; thence along a reverse curve to the right with a radius of 17.07 feet, a central angle of 45°00′00" and an arc length of 13.41 feet; thence along a compound curve to the right with a radius of 296.76 feet, a central angle of 21°00′14" and an arc length of 108.79 feet, the chord of which bears South 10°16′22" West 108.18 feet; thence South 89°46′14" West 606.49 feet; thence North 00°03′04" East 236.37 feet to the POINT OF BEGINNING.

Said land is also shown as Tract 1 on that certain Record of Survey No. 10 for MERIDIAN BUSINESS PARK filed for record in the Office of the Douglas County Recorder on November 17, 1997 in Book 1197, Page 3223 as Document No. 426476, Official Records.

WESTERN TITLE COMPANY, INC.
IN OFFICIAL RECORDS OF
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