

WHEN RECORDED, RETURN TO:

NEVADA STATE BANK  
CLSD-3800 Department  
P.O. Box 990  
Las Vegas, Nevada 89125-0990

### ASSIGNMENT OF GROUND LEASE FOR SECURITY

THIS ASSIGNMENT OF GROUND LEASE FOR SECURITY (this "Assignment") is made and entered this 6<sup>th</sup> day of November 2001, by and between KINGSBURY SQUARE, A Partnership ("Borrower") and NEVADA STATE BANK ("Lender")

A. Pursuant to the Promissory Note dated the date in which Borrower appears as "Borrower" and Lender appears as "Lender" and which is in the original principal amount of \$1,500,000.00 (the "Note"), and pursuant to the Term Loan Agreement dated the Closing Date wherein Borrower appears as "Borrower" and Lender appears as "Lender" (the "Loan Agreement"), Lender has loaned the proceeds of the Note to Borrower. Unless otherwise defined in this Assignment, capitalized terms used in this Assignment shall have the meanings set forth in the Loan Agreement.

B. Under date of January 1, 1978, MARY HANSEN as "Landlord" ("Landlord"), and Borrower, as "Tenant", entered into a Ground Lease and Joint Development Agreement (the "Ground Lease").

C. The Ground Lease covers certain property located in Douglas County, State of Nevada, and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

D. Lender desires to further secure the Note with an assignment of Borrower's interest in the Ground Lease.

NOW, THEREFORE, for good and valuable consideration received, with intent to be legally bound hereby, and as an inducement for the making of the loan evidenced and secured as hereinafter described, Borrower hereby assigns and transfers unto Lender for security all the right, title, and interest of Borrower in and to the Ground Lease, together with all extensions, renewals, modifications or replacements thereof, as well as all guaranties of Borrower's obligations under any provisions thereof and under any and all extensions and renewals thereof (hereinafter collectively referred to as the "Ground Lease"). This Assignment shall inure to the benefit of Lender, its successors and assigns as security for the payment of the principal and interest provided to be paid in or by the Note, and the performance of the agreements of Borrower contained in any other

document evidencing, securing, or relating to the disbursal or administration of the proceeds of the Note (all of which agreements and obligations are hereinafter collectively referred to as the "Obligation").

Borrower agrees to the following:

1. Default Remedies of Lender. If Borrower defaults on the Obligation, or this Assignment, Lender shall be authorized at its option to enter and take possession of all or part of the Property, to perform all acts necessary for the operation and maintenance of the Property, and to perform the obligations of Borrower under the Ground Lease in the same manner and to the same extent that Borrower might reasonably so act.

2. Termination of Assignment. When Borrower pays Lender for the full amount of the indebtedness due under the Note and otherwise fully satisfies the Obligation and such payment is evidenced by a recorded satisfaction or release of the Deed of Trust and Security Agreement of the same date as this Assignment securing the Note (hereinafter the "Trust Deed"), this Assignment shall no longer be of any effect and shall be void, and Lender shall execute such instruments as may be reasonably required to evidence the termination of this Assignment.

3. Notice of Landlord of Borrower's Default. Borrower shall irrevocably authorize Landlord, upon demand and notice from Lender of Borrower's default under the Obligation, to accept from Lender performance of Borrower's obligations under the Lease. In such situation, Lender shall not be liable to Landlord for the determination of the actual existence of any default claimed by Lender. Landlord shall have the right to rely upon any such notices from Lender, without any obligation or right to inquire as to the actual existence of the default, notwithstanding any claim of Borrower to the contrary. Upon the curing of all defaults caused by Borrower under the Obligation, Trust Deed, or Assignment, Lender shall give Landlord written notice of such cure.

4. Assignment of Borrower's Interest in Lease. Lender shall have the right to assign Lender's rights hereunder to any subsequent holder of the Note and to any person acquiring title to the Property through foreclosure or otherwise.

5. Delivery of Necessary Instruments to Lender. Borrower shall execute and deliver to Lender all further instruments as Lender may deem necessary to make this Assignment and any further assignment of the Ground Lease effective.

6. Lease Guaranties; Assignment of Ground Lease; Alterations of Premises. Borrower shall not alter, modify, cancel or terminate any guaranties of the Ground Lease without the written consent of Lender. Borrower shall not consent to any Ground Lease assignment or subletting of the Ground Lease, nor agree to a subordination of the Lease to any mortgage or other encumbrance, other than that of Lender's, now or hereafter

affecting the Property without Lender's prior written consent. Borrower shall not permit a material alteration of or addition to the Property without Lender's prior written consent. Borrower shall not execute any other assignment of the Ground Lease, of any interest therein, or of any rents payable thereunder.

7. Borrower to Ensure Continued Performance Under Ground Lease. Borrower shall perform all of its covenants as Lessee under the Ground Lease, including the obligation to pay rent to Landlord. Borrower shall promptly deliver to Lender copies of all notices of default Borrower has received or may hereafter receive from Landlord.

8. Changes in Obligation Terms. Notwithstanding any variation of the terms of the Obligation and/or the Trust Deed including any 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 Property subject to the Trust Deed, the Ground Lease and the benefits hereby assigned shall continue as additional security in accordance with the terms of this Assignment.

9. Additions to and Replacement of Obligation. Lender may take security in addition to the security already given Lender 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 the 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.

10. Exercise of Lender's Rights. Lender'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. Lender's rights and remedies hereunder are cumulative, and not in lieu of, but in addition to, any other rights and remedies Lender has under the Obligation and the Trust Deed. Lender's rights and remedies hereunder may be exercised as often as Lender deems expedient.

11. Amendment, Modification, or Cancellation of Assignment. No amendment, modification, cancellation, or discharge hereof, or of any part hereof, shall be enforceable without Lender's prior written consent.

12. Notices. All notices given or served pursuant to the terms hereof shall be effective upon deposit of the same in the United States mail, by registered or certified mail, postage prepaid, addressed to:

Borrower

Kingsbury Square, a Partnership  
P O Box 10865  
Reno, NV 89510

Lender

NEVADA STATE BANK  
CLSD-3800  
P.O. Box 990  
Las Vegas, Nevada 89125-0990

or such other address as either part may request by written notice.

13. Binding Effect. All agreements herein shall inure to the benefit of, and bind the respective heirs, executors, administrators, successors, and assigns of Borrower and Lender.

14. Governing Law. This Assignment shall be governed exclusively by and construed in accordance with the applicable laws of the State of Nevada.

15. Jurisdiction of Nevada Courts. Borrower acknowledges that by execution and delivery of this Assignment, Borrower has transacted business in the State of Nevada and Borrower hereby voluntarily submits to, consents to, and waives any defense to the jurisdiction of courts located in the State of Nevada as to all matters relating to or arising from this Assignment.

16. Attorney's Fees. In the event Lender institutes legal action against Borrower with respect to this Assignment, Lender shall be entitled to an award of reasonable attorneys' fees from the Borrower. Lender shall also be entitled to collect all reasonable attorneys' fees and costs incurred with respect to any insolvency or bankruptcy action or proceeding involving Borrower.

ASSIGNOR

KINBSBURY SQUARE, A PARTNERSHIP

Norman L. Dianda  
Norman L. Dianda, General Partner

Ronald D. Alling  
Ronald D. Alling, General Partner

Robert A. Wilson  
Robert A. Wilson, General Partner


ASSIGNEE

NEVADA STATE BANK

By: Richard Rager  
Richard Rager, Vice Pres.

STATE OF NEVADA )  
                              ) : ss.  
COUNTY OF Washoe )

The foregoing instrument was acknowledged before me this 7th day of November, 2001, by Norman L. Dianda, Ronald A. Alling, Robert A. Wilson, as designated agents of Kingsbury Square.

  
DEBBIE FERRETTO  
Notary Public - State of Nevada  
Appointment Recorded in Washoe County  
No: 99-12527-2 - Expires November 4, 2003  
My Commission Expires

Debbie Ferretto  
NOTARY PUBLIC

Residing At: \_\_\_\_\_

11-4-2003

STATE OF NEVADA )  
                              ) : ss.  
COUNTY OF Washoe )

The foregoing instrument was acknowledged before me this 8 day of November, 2001 by Richard Rager  
Richard

Monica Bird  
NOTARY PUBLIC


  
MONICA BIRD  
Notary Public - State of Nevada  
Appointment Recorded in Washoe County  
No: 97-2327-2 - Expires June 1, 2005

EXHIBIT "A"

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

The Leasehold Estate created by the Abstract of Agreement executed by Mary Hansen, a widow, as Lessor, to Kingsbury Square, a General Partnership, as Lessee, recorded June 27, 1978 in Book 678, Page 1898 as Document No. 22373, Official Records of Douglas County, Nevada, demising and leasing for a term of 51 years, beginning January 1, 1978, the following described premises to wit:

A parcel of land lying within the Southeast 1/4 of the Southwest 1/4 of Section 23, and the Northeast 1/4 of the Northwest 1/4 of Section 26, Township 13 North, Range 18 East, M.D.B.&M., and more particularly described as follows:

COMMENCING at the 1/4 corner common to Sections 23 and 26 in said Township; thence along the Section line common to said Sections 23 and 26, North  $89^{\circ}41'40''$  West, 491.40 feet to the TRUE POINT OF BEGINNING; thence parallel to the North-South centerline of Section 23 North  $00^{\circ}02'29''$  West, 531.88 feet to the Southerly boundary of Ponderosa Park Subdivision as recorded under File No. 47249 Official Records of Douglas County, Nevada; thence along said boundary North  $89^{\circ}41'40''$  West, 327.60 feet; thence South  $00^{\circ}02'36''$  East, 531.88 feet to the Section line common to Sections 23 and 26; thence South  $00^{\circ}12'20''$  West, 0.26 feet to a point in a curve on the centerline of State Route 19, said curve being concave to the Southwest and from which the center bears South  $01^{\circ}36'34''$  West, 1,000.00 feet; thence Southeasterly along said curve through a central angle of  $14^{\circ}28'38''$  an arc distance of 252.68 feet; thence tangent to said curve South  $73^{\circ}54'48''$  East, 81.57 feet; thence leaving said centerline North  $00^{\circ}12'20''$  East, 59.88 feet to the Point of Beginning.

EXCEPTING THEREFROM any lands herein lying within the boundaries of Kingsbury Grade.

Assessors Parcel No. 7-170-08

REQUESTED BY

STEWART TITLE of DOUGLAS COUNTY  
IN OFFICIAL RECORDS OF  
DOUGLAS CO. NEVADA

2001 NOV -8 PM 3: 23

LINDA SLATER  
RECORDER

\$ 19<sup>00</sup> PAID *K2* DEPUTY

0527276

BK 1101 PG 2475