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ORDER NO.: DO-1040438-SK

REQUESTED BY

Northern Nevada Title Company

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2004 OCT 13 PM 3: 08

WERNER CHRISTEN
RECORDER

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TITLE OF DOCUMENT: ASSIGNMENT OF LEASES, RENTS AND PROFITS

WHEN RECORDED MAIL TO:

Meyer, Georgen & Marrs
7130 Glen Forest Drive, Suite 305
Richmond, VA 23226

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**ASSIGNMENT OF LEASES,
RENTS AND PROFITS**

THIS ASSIGNMENT OF LEASES, RENTS AND PROFITS, made this 8th day of October, 2004, from **STEFKA D. DIMITROVA** and **IVAYLO M. YORDANOV**, having a mailing address of 1603 Highway 395, Minden, Nevada 89423 (the "Assignor"), and **KONTESSA INTERNATIONAL, INC.**, a Nevada corporation, (the "Additional Obligor") to **BLX CAPITAL, LLC** a Delaware limited liability company, having a mailing address of 645 Madison Avenue, 19th Floor, New York, New York 10022 (the "Assignee");

RECITALS

The Assignee has agreed to make a loan to the Assignor and Additional Obligor, in the principal amount of Six Hundred Thirty Thousand and 00/100 Dollars (\$630,000.00) (the "Indebtedness") which Indebtedness is to be evidenced by a Mortgage note (the "Note") in the principal amount of Six Hundred Thirty Thousand and 00/100 Dollars (\$630,000.00), made by the Assignor and Additional Obligor and payable to the order of the Assignee. Repayment of the Note is to be secured in part by a Mortgage of even date herewith (the "Mortgage") encumbering the real estate described as 1603 Highway 395, Minden, Nevada 89423 and further described in Exhibit "A" attached hereto and made a part hereof (the "Premises").

As **ADDITIONAL SECURITY** for the payment of the Indebtedness, the Assignee has required an assignment by the Assignor and Additional Obligor of all leases, rents, issues, profits, revenues, royalties, rights and benefits now or hereafter arising from the Premises, pursuant to the terms and conditions set forth herein.

AGREEMENT

For and in consideration of the agreement of the Assignee to make the aforesaid loan to the Assignor and Additional Obligor, the Assignor, Additional Obligor and the Assignee agree as follows:

1. **ASSIGNMENT.** The Assignor and Additional Obligor hereby assign, transfer and set over to the Assignee as **ADDITIONAL SECURITY** for the payment of the Indebtedness all the right, title and interest of the Assignor and Additional Obligor in and to all rents, issues, profits, revenues, royalties, rights and benefits now due or hereafter to become due from the Premises (collectively the "Rents"). To that end the Assignor and Additional Obligor assigns, transfers and sets over to the Assignee all the rights, title and interest of the Assignor and/or Additional Obligor in all existing and future leases of the Premises, or any part thereof (the "Leases"), whether written or verbal, together with all security deposits connected with the Leases. The term "Leases" shall include all amendments, renewals and extensions thereof and all guarantees of any lessee's

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performance thereunder.

2. ASSIGNOR'S LICENSE. So long as no default shall exist in the payment of the Indebtedness in accordance with the terms of the Notes and so long as there is no breach in performance of the terms, conditions and covenants contained in the Notes, the Mortgage, the Loan Documents, or any other collateral security documents or this Assignment of Leases, Rents and Profits (the "Assignment of Rents") (all of which are sometimes referred to collectively as the "Loan Documents"), the Assignor shall have a license to manage and operate the Premises and collect, receive and apply for its own account all Rents arising from the Premises as they become due, but not greater than one (1) month in advance.

3. REMEDIES ON DEFAULT.

(a) Subject to any notice and cure provisions in the Notes and other Loan Documents, in the event of any default in the payment of any part of the Indebtedness in accordance with terms of the Notes, or in the event of the breach of any of the terms, conditions and covenants contained in any of the Loan Documents, the license granted in paragraph 2 above shall cease and terminate. In any such event the Assignee is hereby expressly and irrevocably authorized, at its option, and without regard to the adequacy of the security for the Indebtedness or the solvency of the Assignor, Additional Obligor, or any other person or entity obligated to repay the Indebtedness, either in person or by its agent, with or without bringing any action or proceeding, or by a receiver to be appointed by a court, to enter and take possession of the Premises by actual physical possession, or by written notice served personally upon or sent by registered or certified mail to the Assignor and Additional Obligor, as the Assignee may elect, and no further authorization shall be required. Upon such entry and taking possession, the Assignee, in its sole and absolute discretion, may:

- (1) manage and operate the Premises or any part thereof including the making of such repairs and alterations to the Premises as the Assignee may deem necessary;
- (2) demand, collect, receive, sue for, attach, levy, recover, compromise and adjust, and to give proper receipts and releases for all Rents that may then be due or may thereafter become due with respect to the Premises, or any part thereof, from any present or future lessees, sublessees or occupants thereof;
- (3) lease the Premises, or any part thereof, for such periods of time, and upon such terms and conditions as the Assignee may deem proper;
- (4) enforce, cancel or modify any Lease, including the taking of any action necessary to enforce, enjoin or restrain the violation of any of the terms and conditions of any Lease;
- (5) institute, prosecute to completion or compromise and settle, all summary proceedings, actions for Rent or for removing any or all lessees, sublessees or occupants of the Premises, or any part thereof;
- (6) pay out of the Rents, or out of any other funds in its discretion, the rent and all charges required to be paid under any ground lease of the Premises, any taxes, assessments, water rates, sewer rates, or other governmental charges levied, assessed, or imposed against the Premises, or any part thereof, and also any and all other charges, costs and expenses which it may deem necessary or advisable to pay in the management or operation of the Premises,

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including, without limitation, the costs of any repairs or alterations, commissions for renting the Premises and legal expenses incurred in enforcing the rights of the Assignee under the Notes, the Mortgage, any collateral security documents or this Assignment of Rents; and

(7) generally do, execute and perform any other acts that ought to be done, in the Assignee's discretion, in and about or with respect to the Premises as fully as the Assignor might do.

(b) The Assignee shall, after payment of all proper charges and expenses, including reasonable compensation to such managing agent as it may select and employ, after the accumulation of a reserve to meet taxes, assessments, water rents and fire and liability insurance in requisite amounts, credit the net amount of income received by it from the Premises by virtue of this assignment to the reduction and payment of any amounts due and owing to it by the Assignor and/or Additional Obligor under the terms of the Notes or the other Loan Documents. The Assignee shall not be accountable for more moneys than it actually receives from the Premises; nor shall it be liable for failure to collect rents.

4. NOTICE TO LESSEES. The Assignor hereby irrevocably directs any lessee under any Lease upon demand and notice from the Assignee of (i) default of the Assignor in payment of the Indebtedness or breach in the performance of the terms, conditions and covenants contained in any of the Loan Documents and (ii) a failure of the Assignor to cure such default or breach, to pay to the Assignee all Rents accruing or due under any Lease from and after the receipt of such demand and notice. In making such payments, such lessees shall be under no obligation to inquire into or determine the actual existence or any such default or breach or failure to cure claimed by the Assignee and shall be entitled to rely upon the demand and notice from the Assignee without further inquiry.

5. INDEMNITY. The Assignor and Additional Obligor agree to indemnify and hold the Assignee harmless from and against any and all liability, loss, damage or expense, including reasonable attorney's fees, which they may incur under any Lease or by reason of this Assignment of Rents, or by reason of any action taken by the Assignee, Additional Obligor, or the Assignor hereunder, and from and against any and all claims and demands whatsoever which may be asserted against the Assignee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, conditions and covenants contained in any of the Leases except for willful misconduct or gross negligence. Should the Assignee incur any such liability, loss, damage or expense, the amount thereof together with interest thereon at the rate set forth in the Note in respect of default shall be payable by the Assignor or Additional Obligor to the Assignee immediately upon demand therefor, or at the option of the Assignee, the Assignee may reimburse itself therefor out of any Rents collected by the Assignee.

6. ASSIGNOR' WARRANTIES. The Assignor represents and warrants:

(a) That Assignor (i) is the owner in fee simple of the Premises, (ii) has good title to, and the right to assign the Leases and Rents, and (iii) that no other person, firm, corporation or entity other than Assignor has any rights, title or interest therein, other than Additional Obligor by subordinate lease;

(b) That they are not in default under any of the material provisions of the Leases

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and that the Leases are valid and unmodified except as indicated herein; and

(c) That there has been no anticipation or prepayment of Rents under any of the Leases more than one month in advance, and that the Assignor has not waived, released, discounted or otherwise discharged or compromised any Rents due after the date hereof.

7. ASSIGNOR'S COVENANTS. The Assignor covenants and agrees:

(a) To duly and punctually perform all the material terms, conditions, and covenants of any Leases on Assignor's part to be kept, observed and performed;

(b) To enforce or secure, or to attempt with diligence to enforce or secure, the performance of all material terms, conditions and covenants of the Leases to be kept, observed and performed by the lessees thereunder;

(c) To execute and deliver to the Assignee such further instruments as the Assignee may deem necessary from time to time to make effective the assignment and covenants contained herein;

(d) Not to receive or collect any Rents from any present or future lessee under any Lease for a period of more than one month in advance;

(e) Except in the normal course of business, not to waive, set-off, compromise, or in any manner release or discharge any lessee under any Lease of and from any terms, conditions and covenants to be kept, observed and performed by said lessee, including the obligation to pay Rent;

(f) Except in the normal course of business, not to cancel, terminate or consent to any surrender of any Lease, nor modify or amend any of the terms thereof, nor consent to the subletting of the Premises, or any part thereof, or to the assignment of any Lease by the lessee thereunder without the prior written consent of Assignee; and

(g) To provide Assignee with a certified rent roll annually upon the anniversary of the Note.

8. NO OBLIGATIONS ON ASSIGNEE. Nothing contained herein shall operate or be construed to obligate the Assignee to perform any of the terms, covenants, and conditions contained in any obligation upon the Assignee with respect to any Lease of the Premises, 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 the Mortgage and the estate of such lessee shall have been thereby terminated. Prior to actual entry into and taking possession of the Premises by the Assignee, this Assignment of Rents shall not operate to place upon the Assignee any responsibility for the operation, control, care, management or repair of the Premises, and the execution of this Assignment of Rents by the Assignor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Premises is and shall be that of the Assignor, prior to such actual entry and taking of possession.

9. TERMINATION; PARTIAL TERMINATION; NO MERGER. Upon payment in full of the Note and all other indebtedness secured by the Mortgage, as well as any sums which may be

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payable hereunder, as evidenced by a recorded satisfaction or release of the Mortgage, this Assignment of Rents shall become and be void and of no effect. In addition, to the extent that certain property encumbered by the Mortgage is released from the lien thereof, as evidenced by a recorded partial satisfaction or release of the Mortgage, this Assignment of Rents shall become and be void and of no effect as to the property so released. In the event of a full or partial release, upon the request of the Assignor, the Assignee shall execute and deliver to the Assignor instruments effective to evidence the termination or partial termination of this Assignment of Rents or the reassignment or partial reassignment to the Assignor of the rights, power and authority granted herein; provided, however, that, as to any lessee of the Premises, any affidavit, certificate or other written statement of the Assignee or any agent of the Assignee, stating that any part of the Indebtedness remains unpaid, shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment of Rents, and any person, firm or corporation receiving any such affidavit, certificate or statement may, and hereby is authorized to, rely thereon. As against the Assignee, at all times during which this Assignment of Rents shall be in effect there shall be no merger of any Leases of the Premises with the fee estate in the Premises by reason of the fact that any such Leases or any interest therein may be held by or for the account of any person, firm or corporation which may be or become the owner of such fee estate, unless the Assignee shall consent in writing to such merger.

10. CUMULATIVE RIGHTS AND NO WAIVER. The rights granted the Assignee under this Assignment of Rents, the Note, the Mortgage, or any other collateral security documents, or allowed it by law or equity, shall be cumulative and may be exercised at any time and from time to time. The Assignee may take or release either security, may release any party primarily or secondary liable for the Indebtedness, may grant extensions, renewals or indulgences with respect to the Indebtedness, and may apply any other security therefore held by it to the satisfaction of the Indebtedness without waiver of or prejudice to any of its rights hereunder. No failure on the part of the Assignee to exercise, and no delay in exercising any right shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by the Assignee of any right preclude any other or future exercise thereof or the exercise of any other right.

11. ASSIGNMENT. The Assignee shall have the right to assign to any subsequent holder of the Note, the rights, title and interest of the Assignor hereby assigned, subject, however, to the terms of this Assignment of Rents. In the event all the rights, title and interest of the Assignor in the Premises are barred or foreclosed, no Assignee of the Assignee's interest shall be liable to account to the Assignor for any Rents thereafter accruing.

12. MISCELLANEOUS.

(a) No amendment, modification, cancellation or discharge hereof shall be valid unless the Assignee consents thereto in writing.

(b) This Assignment of Rents and all the terms, covenants and conditions contained herein shall be binding upon the Assignor, their or his successors, assigns, heirs and personal and legal representatives, as the case may be, and every term, covenant and condition herein reserved or secured to the Assignee shall inure to the benefit of the Assignee's successors and assignees.

(c) The titles to each paragraph hereof are for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

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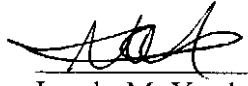
(d) This Assignment of Rents shall be governed by and interpreted in accordance with the laws of the state of Nevada.

IN WITNESS WHEREOF, the undersigned have signed this instrument.

ASSIGNOR:



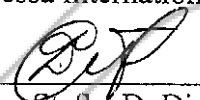
Stefka D. Dimitrova



Ivaylo M. Yordanov

ADDITIONAL OBLIGOR:

Kontessa International, Inc.

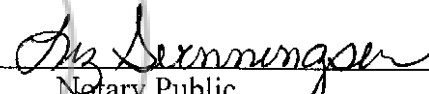
By: 

Stefka D. Dimitrova, President

STATE OF NEVADA

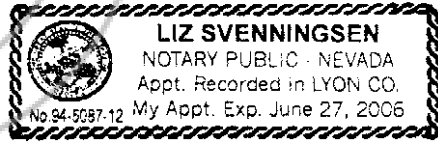
CITY/COUNTY OF CARSON CITY, to-wit:

The foregoing document was subscribed and sworn before me this 8th day of October, 2004 by Stefka D. Dimitrova.



Notary Public


My commission expires: 6-27-06



STATE OF NEVADA

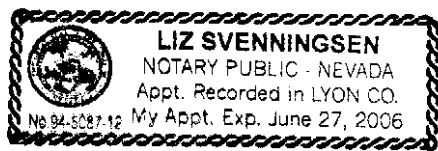
CITY/COUNTY OF CARSON CITY, to-wit:

The foregoing document was subscribed and sworn before me this 8th day of October, 2004 by Ivaylo M. Yordanov.



Notary Public

My commission expires: 6-27-06



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STATE OF NEVADA

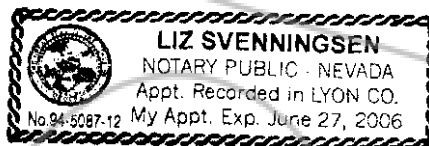
CITY/COUNTY OF CARSON CITY, to-wit:

The foregoing document was subscribed and sworn before me this 34th day of October, 2004 by Stefka D. Dimitrova, president of Kontessa International, Inc. on behalf of the corporation.



Notary Public

My commission expires: 6-27-06



COPIES

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Exhibit "A"

ALL that certain real property situate in the County of Douglas, State of Nevada, described as follows:

A portion of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 29, Township 13 North, Range 20 East, M. D. B & M., described as follows:

Beginning at a point North $10^{\circ}56'$ West 77.59 feet from the Town Monument No. 1 of the town of Minden and located on the East boundary of Fourth Street at Railroad Avenue; thence from a tangent which bears North $56^{\circ}11'50''$ West curving to the left along the South boundary of the property and the North right of way line of Railroad Avenue, with a radius of 562.28 feet through an angles of $7^{\circ}13'10''$ a distance of 70.84 feet to a point; thence North $63^{\circ}25'$ West along said Southerly property line a distance of 65.0 feet to the Southwest corner of said property; thence North $26^{\circ}35'$ East 56.0 feet to the Northwest corner of said property and 19 feet from the center line of the South leg of the "Y" track of the Virginia & Truckee Railroad; thence South $63^{\circ}25'$ East along the North property line 65.0 feet to a point; thence from a tangent whose bearing is the last described course curving to the right along the said Northerly property line with a radius of 618.28 feet thru an angle of $7^{\circ}13'07''$ a distance of 77.90 feet to the Northeast corner of said property; thence South $33^{\circ}48'10''$ West 56.0 feet to the point of beginning.

NOTE: Legal description previously contained in Document No. 165390, Book 1087, Page 4009, recorded on October 29, 1987.

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