

**RECORDED AT THE REQUEST OF
 AND AFTER RECORDING RETURN TO:**

Catherine P. Powell, Esquire
 Tatum Levine & Powell, LLP
 1199 Oxford Road, N.E.
 Atlanta, Georgia 30306

ASSIGNMENT OF LESSEE'S INTEREST IN LEASE

Washington

**Assignor: NORTHWEST RESTAURANTS, INC.
 NORTHWEST RESTAURANTS OREGON, INC.**

Assignee: BANK OF AMERICA, N.A., a national banking association

WASHINGTON FF&EE SITES

M-14456

Store Name and #	Address	County	Type	Abbreviated legal descriptions	Assessor's Tax Parcel Id#
1. 078 - Aberdeen	1110 E Wishkah Street Aberdeen, WA 98520	Grays Harbor, WA	FF&E		
2. 076 - Totem Lake	11747 - 124 th NE Kirkland, WA 98034	King, WA	FF&E		
3. 063 - Mt. Vernon AW	2003 Riverside Drive Mt. Vernon, WA 98273	Skagit, WA ✓	FF&E		
4. 056 - Monroe	19619 State Hwy 2 Monroe, WA 98272	Snohomish, WA	FF&E		
5. 066 - Broadway	2702 Broadway Everett, WA 98201		FF&E		
6. 077 - Smokey Point	3433 - 169th Place NE Arlington, WA 98223		FF&E		

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SKAGIT COUNTY WASHINGTON
 REAL ESTATE EXCISE TAX

APR 12 2004

Amount: \$
 Skagit Co. Treasurer
 By *Lp* Deputy

ASSIGNMENT OF LESSEE'S INTEREST IN LEASE

THIS ASSIGNMENT OF LESSEE'S INTEREST IN LEASE (the "Assignment") is made effective this 19th day of Dec., 2003 by NORTHWEST RESTAURANTS, INC., a Washington corporation, and NORTHWEST RESTAURANTS OREGON, INC., a Oregon corporation, whose address is 17331 135th Avenue NE, Suite B, Woodinville, Washington 98072 (herein collectively "Assignor"); to and in favor of BANK OF AMERICA, N.A. ("Assignee");

WITNESSETH:

WHEREAS, pursuant to the terms and conditions of the Loan Documents (as hereinafter defined), Assignee has agreed to make to, and in favor of, Assignor (as hereinafter defined) a reducing revolving loan in the amount of \$30,000,000.00 (the "Loan"); and

WHEREAS, Assignor has executed, among other loan documents, that certain Reducing Revolving Promissory Note dated of even date herewith in the original principal sum of Thirty Million and No/100 Dollars (\$30,000,000.00) (the "Note");

WHEREAS, the Note is secured, in part, by, among other documents, those certain Deeds of Trust and Security Agreements (fee and leasehold), that certain Security Agreement and those certain Uniform Commercial Code Financing Statements (UCC-1) encumbering, among other items, the fee and leasehold interests in and to the Premises (as hereinafter defined), and all fixtures, equipment and signage located in, upon and about, or used in connection with, those certain tracts real property (collectively, the "Premises") described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, Assignee desires additional security for the Note pursuant to the terms and conditions of that certain Loan Agreement dated of even date hereof, as amended from time to time, by and between Assignor and the Assignee (the "Loan Agreement") and have requested, and Assignor has agreed to execute and deliver this Assignment (this Assignment, the Note, the Loan Agreement, together with any and all other documents, instruments and agreements evidencing and/or securing the Loan executed and delivered by Assignor are hereinafter collectively called the "Loan Documents"); capitalized terms used herein shall have the meanings ascribed to them in the Loan Agreement, unless otherwise defined herein; and

WHEREAS, Assignor entered into those certain leases (collectively, the "Lease") described on Schedule I, attached hereto and made a part hereof, by and between Assignor as Tenant and the respective Landlord's described on Schedule I, attached hereto;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and undertakings herein specified and other good and valuable consideration, all of which is hereby mutually acknowledged, Assignor agrees as follows:

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1. Assignment. To secure (i) the payment of principal of, and accrued interest on, the Note and (ii) the performance of all other obligations of the Assignor set forth in the Loan Agreement and the other Loan Documents executed and delivered in connection therewith, Assignor hereby grants, sells, assigns, transfers, sets over and delivers unto Assignee, its successors and assigns, all right, title and interest of Assignor in, to and under the Lease and in and to Assignor's interest in and to the Premises.

2. Representations and Warranties. To induce the Assignee to accept this Assignment, Assignor hereby represents and warrants to the Assignee that:

(a) Assignor has full power and authority to assign the Lease. Assignor has not executed any prior deed of trust conveying any of Assignor's interest in the Premises or any assignment of any of its rights under the Lease to any person other than the Assignee;

(b) The Lease is valid, enforceable and in full force and effect; and

(c) No default exists under the Lease.

3. Affirmative Covenants. Assignor hereby covenants, promises and agrees that it shall:

(a) Observe, fulfill and perform each and every condition, covenant and provision of the Lease which is required to be fulfilled or performed by Assignor; and

(b) Give prompt notice to Assignee of any notice of default given or received by Assignor under the Lease, together with a true copy of such notice and any supporting materials.

4. Negative Covenants. Assignor shall not, without the prior written consent of Assignee:

(a) Cause, by its acts or omissions, the term of the Lease to be terminated or surrender the Lease or the Premises;

(b) Waive or release any landlord from any obligations or conditions to be performed by that landlord under the Lease;

(c) Pledge, transfer, mortgage or otherwise encumber or assign the Leases; or

(d) Materially modify or alter the terms of the Lease.



5. Indemnification. The Assignee shall not be obligated to perform or discharge any obligation of Assignor under the Lease, or under or by reason of this Assignment, unless the Assignee exercise their rights under Section 7 hereunder, whereupon the Assignee shall be deemed to be bound by all of the terms, provisions, covenants and obligations under the Lease on Assignor's part, as tenant or lessee, to be kept or performed. Assignor hereby agrees to indemnify and defend the Assignee against and hold the Assignee harmless from (i) any and all liability, loss or damage which the Assignee may incur under the terms of the Lease or this Assignment and (ii) any and all claims and demands whatsoever which may be asserted against the Assignee by reason of any alleged obligation on the Assignee' part to perform any obligation under the Lease, including any obligations of the Assignee incurred by reason of the exercise of any right or remedy set forth in Section 7 hereof. Should the Assignee incur any such liability, loss or damage under the Lease or this Assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees shall be added to the obligations secured hereby and Assignor shall reimburse the Assignee therefor, immediately upon demand. Nothing herein shall obligate Assignor to indemnify or defend the Assignee with respect to their own gross negligence, bad faith or wilful misconduct.

6. Rights and Privileges. Prior to an "Event of Default", as set forth and defined in the Loan Agreement or in any other Loan Document, Assignor shall retain all rights and privileges of tenant which arise from or out of the Lease, including but not limited to the use and enjoyment of the Premises and the right to the profits arising from the use of the Premises.

7. Default. After a Default has occurred and is continuing, Assignee, as agent, at its option, without notice may (i) assume the role of tenant under the Lease, (ii) enter upon and, as tenant, take possession of and operate the Premises, (iii) surrender the Lease, (iv) make any alterations, renovations, repairs and replacements to the Premises in accordance with the Lease, (v) sublease or assign its rights and remedies hereunder and (vi) bring or defend any suit in connection with the Premises in accordance with the Lease in its own name or in the name of Assignor.

8. Termination. This Assignment shall terminate and shall for all purposes be rendered null and void, without the necessity of further documentation, upon payment in full to the Assignee of all amounts owing by Assignor under the Note and satisfaction and performance by Assignor of all its obligations under the Loan Documents.

9. Assigns. This Assignment and all representations, warranties, powers and rights herein contained or resulting herefrom are binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided; that the Assignor may not assign its rights or obligations under this Assignment without the prior written consent of Assignee.

10. Governing Law. This Assignment shall be governed by, and construed in accordance with, the laws of the State in which the Premises is located.



11. Terms Defined. Terms used herein and not defined herein have their respective defined meanings as set forth in the Loan Agreement.



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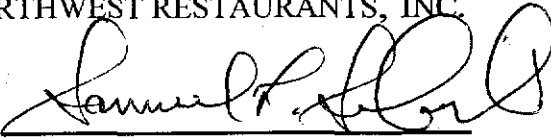
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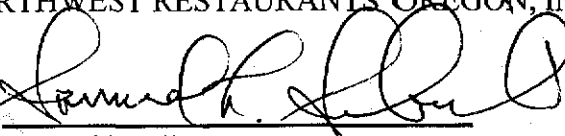
IN WITNESS WHEREOF, Grantor, by its duly authorized officer, has executed and delivered this Instrument. **PLEASE BE ADVISED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

GRANTOR: ASSIGNOR

NORTHWEST RESTAURANTS, INC.

By: 
Samuel L. Sibert
President

NORTHWEST RESTAURANTS OREGON, INC.

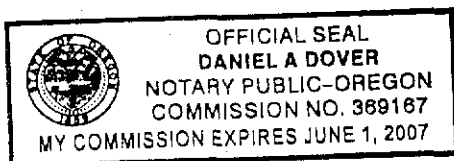
By: 
Samuel L. Sibert
President

[CORPORATE SEAL]

STATE OF Oregon,
COUNTY OF Multnomah, SS:

On this 19th day of December, 2003, before me, a Notary Public in and for said County and State, personally appeared Samuel L. Sibert, with whom I am personally acquainted, known to me to be the person who as President of NORTHWEST RESTAURANTS, INC., the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said corporation as such officer and by authority of a resolution of its management board; and that the same is his free act and deed as such officer and the free and corporate act and deed of said corporation.

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




Notary Public

My Commission Expires: June 1, 2007

County of Residence: Washington

c:\BOA\North\WA.Lex



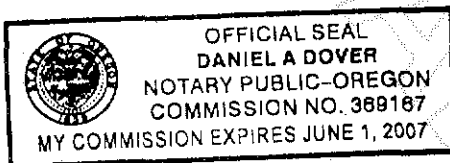
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Skagit County Auditor

STATE OF Oregon,

COUNTY OF Multnomah, SS:

On this 19th day of December, 2003, before me, a Notary Public in and for said County and State, personally appeared Samuel L. Sibert, with whom I am personally acquainted, known to me to be the person who as President of NORTHWEST RESTAURANTS OREGON, INC., the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said corporation as such officer and by authority of a resolution of its management board; and that the same is his free act and deed as such officer and the free and corporate act and deed of said corporation.

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



Daniel A. Dover
Notary Public

My Commission Expires: June 1, 2007

County of Residence: Washington

THIS INSTRUMENT PREPARED BY:

Catherine P. Powell, Esquire
Tatum Levine & Powell, LLP
1199 Oxford Road, N.E.
Atlanta, Georgia 30306



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SCHEDULE I

[Description of OR Leases]



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Store Name and Number	Address	County	Fee Owner	Current Landlord & Tenant	Original Landlord & Tenant	Date of Lease	Commencement Term	Amendments	Assignments	Memorandum
51 - Lacey	4521 Lacey Blvd SE Lacey, WA 98503	Thurston, WA	Paul Gyys & Ruth Gyys	Paul Gyys & Ruth Gyys/ South Sound Restaurants, Inc.	Paul Gyys & Ruth Gyys/ South Sound Restaurants, Inc.	9/21/1995	09/25/1995 - 9/28/2005	as amended 1/11/22/2002	None	9/21/1995
52 - Centralia	619 West Main Centralia, WA 98531	Lewis, WA	Paul Gyys & Ruth Gyys	Paul Gyys & Ruth Gyys/ South Sound Restaurants, Inc.	Paul Gyys & Ruth Gyys/ South Sound Restaurants, Inc.	9/21/1995	9/25/1995 - 9/28/2005	as amended 1/11/22/2002	None	9/21/1995
54 - Tumwater	5110 Capitol Blvd Tumwater, WA 98501	Thurston, WA	Zia Zivchys	Zia Zivchys/ South Sound Restaurants, Inc.	Zia Zivchys/ South Sound Restaurants, Inc.	9/21/1995	9/25/1995 - 9/30/2005	as amended 07/01/2002	None	9/21/1995
57 - Woodinville	17101 -140th Ave NE Woodinville, WA 98072	King, WA	Pickle Point Properties, LLC	Pickle Point Properties, LLC/ South Sound Restaurants, Inc.	Pickle Point Properties, LLC/ South Sound Restaurants, Inc.	3/31/1999	4/01/1999 - 3/30/2019		None	9/8/1999
58 - Everett	7407 Evergreen Way Everett, WA 98203	Snohomish, WA	Koehler Family Partnership	Koehler Family Partnership/ South Sound Restaurants, Inc.	Koehler Family Partnership/ South Sound Restaurants, Inc.	6/27/1999	8/01/1999 - 8/4/2014		None	6/27/1999, filed 08/14/1999 as instrument numb 199906140824
59 - Marysville	1234 State Street Marysville, WA 98270	Snohomish, WA	Caplec Net Lease Realty, Inc.	Caplec Net Lease Realty, Inc./ South Sound Restaurants, Inc.	Caplec Net Lease Realty, Inc./ South Sound Restaurants, Inc.	6/6/1999	8/01/1999 - 8/1/2019		None	
61 - Bellingham	1411 Grand Street Bellingham, WA 98225	Whatcom, WA	Linda Valenti	Linda Valenti/ Northwest Restaurants, Inc. successor in interest of Valenti Northwest Inc.	Daniel Valenti & Linda Valenti/ Valenti Northwest, Inc.	9/17/1985	9/1/1985 - 9/1/1999	as amended 04/01/1987 as further amended 9/21/1994		
71 - Bellevue	15 Bellevue Way SE Bellevue, WA 98004	King, WA	The Case Family Living Trust U/T/A/ South Sound Restaurants, Inc.	The Case Family Living Trust U/T/A/ South Sound Restaurants, Inc.	Bellevue Properties/ Gill A. Cariboll and Alma Cariboll	3/14/2003	6/1/1977 - 5/30/1977	as amended 4/19/1977, as further amended 9/20/1985, as further amended 1/1/07/1986, as further amended 04/29/1996	assigned from Bellevue Properties to Emil Case assigned 8/15/1983 from Gill A. Cariboll Alma Cariboll & Gill's Enterprises to Collins Foods International, as further assigned 3/14/1997 from Collins Collins Food International to Kentucky Fried Chicken	9/21/1999, filed 9/22/1999 as instrument numb 9809221307



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- Tigard	11433 SW Pacific Hwy Tigard, OR 97223	Washington, O	American Real Estate Partners	American Real Estate Partners/ Northwest Restaurants Oregon, Inc.	American Property Investors II/ Collins Food International, Inc.	8/14/1973	10/1/1974 - 12/31/1996		assigned 03/14/1991 from Collins Food International, Inc. to Kentucky Fried Chicken of California, Inc. as further assigned 04/23/2002 from KFC of America, Inc. to Northwest Restaurants Oregon, Inc.	
- Hillsboro	115 SW Oak Street Hillsboro, OR 97123	Washington, O	Alford Fune & Carol E Fune	Alford Fune & Carol E Fune/ Northwest Restaurants Oregon, Inc.	Alford Fune & Carol E Fune/ Northwest Restaurants Oregon, Inc.	9/1/1999	9/01/1999 - 9/1/2004	None	None	
- King Road	4380 SE King Road Milwaukie, OR 97222	Lackamas, OR	Dieringer's Properties Inc.	Dieringer's Properties Inc./ Northwest Restaurants Oregon, Inc.	Dieringer's Properties Inc./ The Shack Enterprises Inc.	4/14/1971	8/01/1971 - 7/31/1986	as amended 05/21/1984 as further amended 07/01/1986 as further amended 02/23/1998 as to landlord 03/03/1998 as to tenant		07/08/1998, filed 07/28/1998 as instrument number 98-086647
- Oregon City	1101 Main Street Oregon City, OR 97045	Lackamas, OR	Elizabeth J. Caldwell/ Thomas E. Busch, Sr/ Robert G. Orr/ Trust dated 06/07/1993 & Dorothy Ann Orr Trust dated 06/07/1993	Elizabeth J. Caldwell/ Thomas E. Busch, Sr/ Robert G. Orr/ Trust dated 06/07/1993 & Dorothy Ann Orr Trust dated 06/07/1993/ Northwest Restaurants Oregon, Inc.	John C Busch/ & Cecilia K. Busch/ Bucky Spack Enterprises, Inc.	8/18/1971	11/01/1971 - 11/1/1991		assigned 03/14/1991 from Collins Food International, Inc. to Kentucky Fried Chicken of California, Inc.	07/21/1998, filed 07/12/1998 as instrument number 98-086650
- Sandy	37456 Highway 26 Sandy, OR 97055	Lackamas, OR	Brad G. Pickling/ AKKA Broadband G. Pickling & Vidal L. Pickling	Brad G. Pickling/ AKKA Broadband G. Pickling & Vidal L. Pickling/ Northwest Restaurants Oregon, Inc.	Brad G. Pickling/ Kentucky Fried Chicken of California, Inc.	8/19/1983	3/30/1984 - 2/28/2004	as amended 12/05/2002	assigned 07/21/1998 from Kentucky Fried Chicken of California, Inc. to Northwest Restaurants Oregon, Inc.	07/20/1998, filed 07/20/1998 as instrument number 98-086653 OTE Memorandum is for KFC not Northwest



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7 - Lake Oswego	15645 Boones Ferry Rd Lake Oswego, OR 97035	Lackamas, OR	Moran, LLC	Moran LLC/ Northwest Restaurants Oregon, Inc.	Ernie Moran Carlson & Lewis H. Moran Trust Ernie Moran Carlson Trustee/ Kentucky Fried Chicken of California, Inc.	1/8/1984	7/31/1985 - 6/30/2000	as amended 01/01/1986 as further amended 05/01/2003	07/20/1998, filed 07/20/1998 as instrument number 98-058535
9 - Western	10190 Beaverton Hillsdale H Beaverton, OR 97005	Washington, O	G. O. S.		G. O. S/ Kentucky Fried Chicken of California, Inc.	8/10/1987	12/01/1987 - 11/30/2002		
0 - Clatsop	7340 NW Butler Rd Hillsboro, OR 97124	Washington, O	Pacific Realty Associates, LP	Pacific Realty Associates, LP/ Northwest Restaurants Oregon, Inc.	Pacific Realty Associates, LP/ Northwest Restaurants Oregon, Inc.	7/30/2002		as amended 04/20/03	



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#63 – Mt. Vernon
2003 Riverside Drive
Mt. Vernon, WA 98273

LOT 2, BINDING SITE PLAN NO. MV-1-99, APPROVED MAY 13, 2002, AND
RECORDED MAY 31, 2002, UNDER AUDITOR'S FILE NO. 200205310140, BEING
A PORTION OF THE SOUTHEAST $\frac{1}{4}$ OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 18,
TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M., IN THE COUNTY OF SKAGIT
AND STATE OF WASHINGTON.



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