



200509220197
Skagit County Auditor

9/22/2005 Page 1 of 8 3:51PM

After Recording Return To:
Carmen Jordan
Amegy Bank National Association
5 Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027

LAND TITLE OF SKAGIT COUNTY

118007-S

**ASSIGNMENT OF LESSOR'S INTEREST
IN LEASES AND SECURITY AGREEMENT**

Assignor: Dubose Model Home Investments #115, Ltd., a Texas limited partnership
Assignee: Amegy Bank National Association, a national banking association , Trefco Finance Company II, LLC
Abbreviated Legal: Lot 7, Skagit Highlands Div. 1.
Full Legal: Page 7
Tax Parcel No.: 4867-000-007-0000/P123147
Lease recorded 9/22/05 Auditors # 200509220195

ASSIGNMENT OF LESSOR'S INTEREST IN LEASES
AND SECURITY AGREEMENT

THIS ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AND SECURITY AGREEMENT (this "Assignment") dated as of September 22, 2005, is by and between DUBOSE MODEL HOME INVESTMENTS #115, LTD., a Texas limited partnership (the "Assignor"), and TREFCO FINANCE COMPANY II, LLC, a Texas limited liability company (together with any permitted successor or assigns, the "Assignee").

WITNESSETH:

FOR VALUE RECEIVED, the Assignor hereby grants, transfers and assigns to the Assignee, its successors and assigns, all of the rights, titles and interests of the Assignor in and to any and all leases covering all or portions of that certain parcel of land described in Exhibit "A" attached hereto (the "Premises"), and the improvements thereon, including, without limitation, the Model Home Purchase and Leaseback Agreement dated September 7, 2005 between Assignor and The Quadrant Corporation, a Washington corporation, together with any renewals, extensions, or amendments of such leases and any guarantees of or security agreements securing the lessee's obligations under such leases (such leases as described in this paragraph, together with all such guarantees, amendments and extensions, being herein called the "Leases" and the tenant or lessee under the Leases being herein called the "Lessee"). The Assignor does hereby grant the Assignee a security interest in and to the Leases, together with all rights, titles, interests, liens, and security interests securing the performance of the Lessees' obligations under the Leases and all proceeds, monies, payments, income, collections, rentals and benefits attributable or accruing to the Assignor, as the Lessor, by virtue of the Leases.

This Assignment is entered into for the purpose of securing the following:

- (a) the obligations and indebtedness of Assignor to Assignee evidenced by that certain promissory note in the original principal amount of \$187,530.00 dated of even date herewith, executed by Assignor and payable to the order of Assignee (the "Note");
- (b) all future advances by Assignee to Assignor;
- (c) all costs and expenses, including without limitation all attorneys' fees and legal expenses, incurred by Assignee to collect the obligations herein described, and enforce this Assignment; and
- (d) all extensions, renewals, and modifications of any of the foregoing.

2. The Assignor shall (a) fulfill or perform each and every condition and covenant of the Leases to be fulfilled or performed by the Assignor, as the Lessor, (b) give prompt notice to the Assignee of any notice received by the Assignor of default by the Assignor under the Leases, together with a complete copy of any such notice, (c) at the sole cost and expense of the Assignor, enforce, short of termination of the Leases, the performance or observance of each and every covenant and



condition of the Leases by the Lessee to be performed or observed, (d) not modify, waive, excuse, discount, set off, compromise or in any manner release or discharge the Lessee or in any way alter the terms of the Leases, (e) not terminate the term of the Leases nor accept a surrender thereof unless required to do so by the terms of the Leases, (f) except for a security deposit equal to one (1) month's rent, not anticipate the rents thereunder for more than sixty (60) days prior to accrual, and (g) neither waive nor release the Lessee from any obligations or conditions to be performed by the Lessee under the terms of the Leases.

3. The Assignor represents and warrants to Assignee that (a) Assignor is the owner of the Premises, has good title to the Leases, has not executed any prior assignment of any of the Assignor's rights under the Leases, has not granted any security interest in the Leases to any other party and the Assignor has the right to hereby assign the Leases to the Assignee, (b) the Assignor has not done anything which might prevent the Assignee from or limit the Assignee in operating under any of the provisions hereof, (c) except for said security deposits, the Assignor has not accepted rent under the Leases more than sixty (60) days in advance of its due date, (d) there is presently no default by the Lessee under the Leases, (e) the Leases are currently in full force and effect, and (f) the Assignor shall notify in writing all present or future Lessees of this Assignment.

4. The rights assigned hereunder include all the Assignor's rights and powers to modify the Leases or to terminate the term of the Leases or to accept a surrender thereof or to waive or release the Lessee from the performance or observance by the Lessee of any obligation or condition thereof, provided that Assignee shall not exercise such rights unless an Event of Default (as defined in the Note) has occurred and is continuing.

5. At the Assignor's sole cost and expense, the Assignor shall appear in and defend any action growing out of or in any manner connected with the Leases or the obligations or liabilities of the Lessor, Lessee or any guarantor thereunder.

6. Should the Assignor fail to make any payment or to do any act under the Leases as herein provided, then the Assignee, but without any obligation to do so and without notice to or demand on the Assignor and without releasing the Assignor from any obligation herein, may make or do the same, including, specifically, without limiting its general powers, appearing in and defending any action purporting to affect the security hereof or the rights, powers or security interest of the Assignee and performing any obligation of the Lessor contained in the Leases, and in exercising any such powers, pay all necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees; and the Assignor will pay to the Assignee, immediately upon demand, all sums expended by the Assignee under the authority hereof, together with interest thereon at a rate equal to the maximum non-usurious rate; and such amounts shall become additional indebtedness secured hereby.

7. After any attempt by the Assignor to exercise any of the rights described in Paragraph 3 hereof, or after any Event of Default or after any default by the Assignor in the performance of any obligation of the Assignor herein, or in the event any representation or warranty of the Assignor herein shall be found to be untrue, then in any such event the Assignee, at its option irrespective of whether notice of such event has been delivered to the Assignee either in person or by agent, with or without bringing any action or proceeding, or by a receiver to be appointed by a court, may (a) enter upon, take possession of and operate the Premises, (b) make, enforce, modify and accept the surrender of



200509220197
Skagit County Auditor

9/22/2005 Page

3 of

8 3:51PM

the Leases, (c) obtain and evict tenants or the Leases, (d) fix or modify rents, (e) decorate, clean and make repairs and do any acts which the Assignee deems proper and necessary to protect the security hereof until all indebtedness secured hereby is paid in full, and (f) either with or without taking possession of the Premises, terminate the Assignor's right to receive all rents and the Assignee, in its own name, sue for or otherwise collect and receive all rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby in such order as the Assignee may determine. In addition, the Assignee shall, in event of any such default, have all other rights and remedies provided hereunder, in the Loan Agreement, the Loan Documents (as defined in the Note), or by law, including all the rights and remedies of Assignee under the Texas Business and Commerce Code, as amended, and a foreclosure by the Assignee under the terms of the Deed of Trust (as defined in the Note) shall be deemed a foreclosure of the Assignor's rights in and to the Leases. Prior to any such foreclosure, any income received by the Assignee from the Premises in excess of the amount necessary to meet all obligations of the Assignor secured hereby, including any accelerated indebtedness, and in excess of the amount estimated by the Assignee to be necessary to meet such obligations for the subsequent six (6) months' period, shall be paid over to the Assignor by the Assignee promptly after the expiration of each six (6) months' period following the date of such entry. The entering upon and taking possession of said Premises, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not (unless the all past due Obligations are fully and finally satisfied) cure or waive any default or Event of Default or waive, modify or affect any notice of any default or Event of Default under any Loan Document or invalidate any act done pursuant to such notice.

8. The Assignee, by acceptance of this Assignment shall not be deemed to be a mortgagee in possession prior to taking possession of the Premises and shall not be obligated to perform or discharge any obligation of the Assignor under the Leases, appear in or defend any action or proceeding relating to the Leases or the Premises, or to take any action hereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty or liability under the Leases or to assume any obligation or responsibility for any security or other deposits delivered to the Assignor by the Lessee and not delivered to the Assignee, nor shall the Assignee be liable in any way for any injury or damage to any person or property sustained by any person, firm or corporation in or about the Premises; and the Assignor hereby agrees to indemnify the Assignee and hold the Assignee harmless against and from any and all liability, loss or damage which the Assignee may or might incur under the Leases or under or by reason of this Assignment, and of and from 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 of the Leases; should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in defense against any such claims or demands, the amount thereof, including all costs, expenses and reasonable attorneys' fees, together with interest thereon at the maximum non-usurious rate shall be additional indebtedness secured hereby, and the Assignor shall reimburse the Assignee therefor immediately upon demand.

9. So long as there shall exist no Event of Default, the Assignor shall have the right to collect, but not more than sixty (60) days in advance of the date when due, all rents, issues and profits from the Premises, and the Assignor shall receive and hold same as a trust fund to be applied, and the Assignor hereby covenants to so apply same, first to the payment of taxes and assessments upon the Premises, second to the cost of such insurance and of such maintenance and repairs as is required by



the terms of the Deed of Trust, and third to the payment of all indebtedness then due the Assignee under the terms of the Loan Documents, before using any part of same for any other purposes.

10. Upon the payment in full of all indebtedness secured hereby, as evidenced by the recording or filing of an instrument of satisfaction or full release of the Deed of Trust without the recording of another Deed of Trust in favor of the Assignee affecting the Premises, this Assignment and shall become and be void and of no effect.

11. All notices, requests, demands and other communications required or permitted to be given hereunder shall be given as provided in the Note.

12. Any provision of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. This Assignment and all obligations of the Assignor hereunder shall be binding upon the Assignor and its successors and assigns, and shall inure to the benefit of the Assignee and its successors and assigns. This Assignment shall be governed by, construed and interpreted in accordance with the laws of the State of Texas, except to the extent federal laws of the United States of America may apply.

14. The Assignor agrees to pay, and to save the Assignee harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all property, excise, sales or other taxes which may be payable or determined to be payable with respect to the Premises or by the Assignor in connection with any of the transactions contemplated by this Assignment.

15. No failure to exercise and no delay in exercising, on the part of the Assignee, any right, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law or in any other agreement.

16. This Assignment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

17. This Assignment may not be amended except in writing signed by the Assignor and the Assignee.

18. THIS AGREEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT BETWEEN ASSIGNOR AND ASSIGNEE WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF OR THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF ASSIGNOR AND ASSIGNEE. THERE ARE NO ORAL AGREEMENTS BETWEEN ASSIGNOR AND ASSIGNEE.



IN WITNESS WHEREOF, the Assignor and Assignee have duly executed and delivered this Assignment as of the date first set forth above.

DUBOSE MODEL HOME INVESTMENTS #115, LTD.

By: Dubose GP Management III, L.P.

By: [Signature]
Larry G. Dubose
Vice President

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
DATE

SEP 22 2005

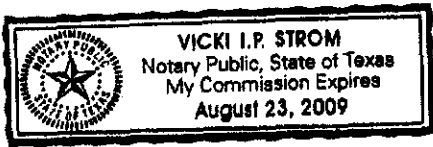
Amount Paid \$
Skagit County Treasurer
By: [Signature] Deputy

TREFCO FINANCE COMPANY II, LLC

By: [Signature]
Larry G. Dubose
President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on September 22, 2005, by Larry G. Dubose, as the Vice President of Dubose GP Management III, L.P., a Texas limited partnership, as the sole general partner of Dubose Model Home Investments #115, Ltd., a Texas limited partnership, on behalf of said partnership.

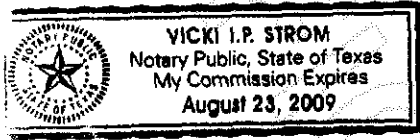


[Signature]
Notary Public in and for
The State of TEXAS



THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on September 22, 2005, by Larry G. Dubose, President of Trefco Finance Company II, LLC, a Texas limited liability company, on behalf of said company.




Notary Public in and for
The State of T E X A S



200509220197
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EXHIBIT "A"

Premises

Lot 7, "Skagit Highlands, Division 1", a Planned Unit Development, recorded on August 16, 2005, under Auditor's File No. 200508160182, records of Skagit County, Washington.



200509220197
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