



200605150148
Skagit County Auditor

5/15/2006 Page 1 of 12 1:36PM

DOCUMENT PREPARED BY AND
WHEN RECORDED, RETURN TO:

Sheppard, Mullin, Richter & Hampton LLP
650 Town Center Drive, Fourth Floor
Costa Mesa, California 92626-1993
Attention: Steven L. Satz, Esquire

CHICAGO TITLE IC38275

[SPACE ABOVE LINE FOR RECORDER'S USE ONLY]

Loan No. 76-0054165

J & J PATTERSON, LLC and A & E THORSETT, LLC
(Borrower)

to

GENERAL ELECTRIC CAPITAL CORPORATION
(Lender)

ASSIGNMENT OF LEASES AND RENTS

Dated as of May 3, 2006

Property Location: Algers Self Storage
Bellingham, Washington

PTN. GOV. LOT 4, SEC. 7, T36N, R4EWM

See Exhibit A attached hereto for a complete description of the Property covered hereby

ASSESSOR'S TAX PARCEL ID #
360407-0-008-0504

ASSIGNMENT OF LEASES AND RENTS

This Assignment of Leases and Rents (this "Agreement") is executed as of May 3, 2006 by **J & J PATTERSON, LLC**, a Washington limited liability company, and **A & E THORSETT, LLC**, a Washington limited liability company, whose address for notice is c/o Occidental Holdings, Inc., 180 Gold Club Road, Suite 112, Pleasant Hill, California 94523, Attention: James Patterson ("Borrower"), to **GENERAL ELECTRIC CAPITAL CORPORATION**, a Delaware corporation, whose address for notice is c/o GEMSA Loan Services, L.P., 1500 City West Boulevard, Suite 200, Houston, Texas 77042-2300, Attention: Portfolio Manager/Access Program. ("Lender").

AGREEMENT:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

1. **Absolute Assignment.** Borrower unconditionally and absolutely assigns to Lender all of Borrower's right, title and interest in and to: (a) all leases, subleases, occupancy agreements, licenses, concessions, rental contracts and other agreements (written or oral) now or hereafter existing relating to the use or occupancy of the project located on the real property described in Exhibit A hereto (the "Property"), together with all guarantees, letters of credit and other credit support, modifications, extensions and renewals thereof (whether before or after the filing by or against Borrower of any petition of relief under 11 U.S.C. § 101 et seq., as same may be amended from time to time [the "Bankruptcy Code"]), and all related security and other deposits (collectively, the "Leases"); (b) all rents, revenues, issues, profits, income and proceeds due or to become due from tenants of the Property, including rentals and all other payments of any kind under the Leases for using, leasing, licensing, possessing, operating from, rendering in, selling or otherwise enjoying the Property (collectively, the "Rents"); (c) all of Borrower's claims and rights (the "Bankruptcy Claims") to the payment of damages arising from any rejection by a lessee of any Lease under the Bankruptcy Code; and (d) any and all other rights of Borrower in and to the items set forth in subsections (a) through (c) above, and all amendments, modifications, replacements, renewals, proceeds and substitutions thereof. This Agreement is an absolute assignment to Lender and not an assignment as security for the performance of the obligations under the Loan Documents (defined below), or any other indebtedness.

2. **Rights of Lender.** Subject to the provisions of Section 6 below, Lender shall have the right, power and authority to: (a) notify any person that the Leases have been assigned to Lender and that all Rents are to be paid directly to Lender, whether or not Lender has commenced or completed foreclosure or taken possession of the Property; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Property; (e) lease all or any part of the Property; and/or (f) perform any and all obligations of Borrower under the Leases and exercise any and all rights of Borrower therein contained to the full extent of Borrower's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. At Lender's request, Borrower shall deliver a copy of this Agreement to each tenant under a Lease and to each manager and managing agent or operator of the Property. Borrower irrevocably directs any tenant, manager, managing agent, or operator of the Property,

without any requirement for notice to or consent by Borrower, to comply with all demands of Lender under this Agreement and to turn over to Lender on demand all Rents which it receives.

3. **No Obligation or Liability.** Notwithstanding Lender's rights hereunder, Lender shall not be obligated to perform, and Lender does not undertake to perform, any obligation, duty or liability with respect to the Leases, Rents or Property on account of this Agreement. Lender shall have no responsibility on account of this Agreement for the control, care, maintenance or repair of the Property, for any waste committed on the Property, for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property. Lender shall not be liable for any loss sustained by Borrower resulting from Lender's failure to let the Property after an Event of Default (as defined in the Loan Agreement) or from any other act or omission of Lender in managing the Property after an Event of Default. Nothing herein contained shall be construed as constituting Lender a "mortgagee in possession" in the absence of the taking of actual possession of the Property by Lender. In the exercise of the powers herein granted Lender, no liability shall be asserted or enforced against Lender, all such liability being expressly waived and released by Borrower.

4. **Right to Apply Rents.** Lender shall have the right, but not the obligation, to use and apply any Rents received hereunder in such order and such manner as Lender may determine for:

(a) **Enforcement or Defense.** The payment of costs and expenses of enforcing or defending the terms of this Agreement or the rights of Lender hereunder, and collecting any Rents;

(b) **Loan Payments.** Interest, principal or other amounts payable pursuant to (i) the Loan Agreement of even date between Lender and Borrower (the "**Loan Agreement**"); (ii) the Promissory Note of even date herewith in the stated principal amount of \$2,718,000.00, executed by Borrower, bearing interest and being payable to the order of Lender (the "**Note**"); (iii) the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, of even date, executed by Borrower for the benefit of Lender and relating to the Property (the "**Mortgage**"); and all other documents and instruments evidencing, governing and securing the loan evidenced by the Note (the "Loan") and any and all modifications, amendments or extensions thereof or replacements or substitutions therefor (the Loan Agreement, the Note, the Mortgage, such other documents and instruments, and such modifications, amendments, extensions, replacements, and substitutions thereof being herein collectively called the "**Loan Documents**"); and

(c) **Operating Expenses.** Payment of costs and expenses of the operation and maintenance of the Property, including (i) rentals and other charges payable by Borrower under any ground lease or other agreement affecting the Property; (ii) electricity, telephone, water and other utility costs, taxes, assessments, water charges and sewer rents and other utility and governmental charges levied, assessed or imposed against the Property; (iii) insurance premiums; (iv) costs and expenses with respect to any litigation affecting the Property, the Leases or the Rents; (v) wages and salaries of employees, commissions of agents and attorneys' fees and expenses; and (vi) all other carrying costs, fees, charges, reserves, and expenses whatsoever relating to the Property.

After the payment of all such costs and expenses and after Lender has established such reserves as it, in its sole and absolute discretion, deems necessary for the proper management of the Property, Lender shall apply all remaining Rents received by it to the reduction of the Loan.



200605150148

Skagit County Auditor

5. **No Waiver.** The exercise or nonexercise by Lender of the rights granted in this Agreement or the collection and application of Rents by Lender or its agent shall not be a waiver of any default by Borrower under this Agreement or any other Loan Document. No action or failure to act by Lender with respect to any obligations of Borrower under the Loan Documents, or any security or guaranty given for the payment or performance thereof, shall in any manner affect, impair or prejudice any of Lender's rights and privileges under this Agreement, or discharge, release or modify any of Borrower's duties or obligations hereunder.

6. **Revocable License.** Notwithstanding that this Agreement is an absolute assignment of the Rents and Leases and not merely the collateral assignment of, or the grant of a lien or security interest in the Rents and Leases, Lender grants to Borrower a revocable license to collect and receive the Rents and to retain, use and enjoy such Rents. Such license may be revoked by Lender upon the occurrence of any Event of Default and Lender shall immediately be entitled to receive and apply all Rents, whether or not Lender enters upon and takes control of the Property. Prior to such revocation, Borrower shall apply any Rents which it receives to the payment of debt service on the Note and other payments due under the Loan Agreement, taxes, assessments, water charges, sewer rents and other governmental charges levied, assessed or imposed against the Property, insurance premiums, operation and maintenance charges relating to the Property, and other obligations of lessor under the Leases before using such proceeds for any other purpose. Lender is hereby granted and assigned by Borrower the right, at its option, upon the revocation of the license granted herein to enter upon the Property in person, by agent or by court-appointed receiver to collect the Rents. Any Rents collected after the revocation of the license herein granted may be applied toward payment of the Indebtedness in such priority and proportion as Lender, in its discretion, shall deem proper.

7. **Term.** This Agreement shall continue in full force and effect until (a) all amounts due under the Loan Documents are paid in full; and (b) all other obligations of Borrower under the Loan Documents are fully satisfied.

8. **Appointment.** Borrower irrevocably appoints Lender its true and lawful attorney in fact, which appointment is coupled with an interest, to execute any or all of the rights or powers described herein with the same force and effect as if executed by Borrower, and Borrower ratifies and confirms any and all acts done or omitted to be done by Lender, its agents, servants, employees or attorneys in, to or about the Property.

9. **Liability of Lender.** Lender shall not in any way be liable to Borrower for any action or inaction of Lender, its employees or agents under this Agreement.

10. **Indemnification.** Borrower shall indemnify, defend and hold harmless Lender from and against all liability, loss, damage, cost or expense which it may incur under this Agreement or under any of the Leases, including any claim against Lender by reason of any alleged obligation, undertaking, action, or inaction on its part to perform or discharge any terms, covenants or conditions of the Leases or with respect to Rents, and including attorneys' fees and expenses, but excluding any claim to the extent caused by Lender's gross negligence or willful misconduct. Any amount covered by this indemnity shall be payable on demand, and shall bear interest from the date of demand until the same is paid by Borrower to Lender at a rate equal to the Default Rate (as defined in the Loan Agreement).

11. **Modification.** This Agreement may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of such change is sought.



200605150148

Skagit County Auditor

12. Bankruptcy.

(a) Upon or at any time after the occurrence of a Event of Default, Lender shall have the right to proceed in its own name or in the name of Borrower in respect of any claim, suit, action or proceeding relating to the rejection of any Lease, including, without limitation, the right to file and prosecute, to the exclusion of Borrower, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of the lessee under such Lease under the Bankruptcy Code.

(b) If there shall be filed by or against Borrower a petition under the Bankruptcy Code, and Borrower, as lessor under any Lease, shall determine to reject such Lease pursuant to Section 365(a) of the Bankruptcy Code, then Borrower shall give Lender not less than ten (10) days' prior notice of the date on which Borrower shall apply to the bankruptcy court for authority to reject the Lease. Lender shall have the right, but not the obligation, to serve upon Borrower within such ten-day period a notice stating that (i) Lender demands that Borrower assume and assign the Lease to Lender pursuant to Section 365 of the Bankruptcy Code and (ii) Lender covenants to cure or provide adequate assurance of future performance under the Lease. If Lender serves upon Borrower the notice described in the preceding sentence, Borrower shall not seek to reject the Lease and shall comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after the notice shall have been given, subject to the performance by Lender of the covenant provided for in clause (ii) of the preceding sentence.

13. Authority. Borrower represents and warrants that it has full power and authority to execute and deliver this Agreement and the execution and delivery of this Agreement has been duly authorized and does not conflict with or constitute a default under any law, judicial order or other agreement affecting Borrower or the Property.

14. Liability. If Borrower consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several.

15. Headings, Etc. The headings and captions of various paragraphs of this Agreement are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

16. Notices. Any notice required or permitted to be given under this Agreement shall be (a) in writing, (b) sent in the manner set forth in the Loan Agreement, and (c) effective in accordance with the terms of the Loan Agreement.

17. Successors and Assigns. This Agreement shall inure to the benefit of Lender and its successors and assigns and shall be binding on Borrower and its successors and assigns.

18. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State where the Property is located and the applicable laws of the United States of America.

19. Conflict. If any conflict or inconsistency exists between the absolute assignment of the Rents and the Leases in this Agreement and the assignment of the Rents and Leases as security in the Mortgage, the terms of this Agreement shall control.



200605150148

Skagit County Auditor

5/15/2006 Page

5 of 12 1:36PM

20. **Limitation on Liability.** Borrower's liability hereunder is subject to the limitation on liability provisions of Article 12 of the Loan Agreement.

21. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

22. **Obligations of Borrower, Joint and Several.** If more than one person or entity has executed this Agreement as "Borrower," the obligations of all such persons and entities hereunder shall be joint, several and independent. Section 11.25 of the Loan Agreement (the "joint borrower" provisions) is by this reference incorporated herein in its entirety.

Remainder Of Page Intentionally Left Blank



200605150148

Skagit County Auditor

EXECUTED as of the date first written above.

J & J PATTERSON, LLC,
a Washington limited liability company

By: _____

James R. Patterson
James R. Patterson
Its Manager

A & E THORSETT, LLC,
a Washington limited liability company

By: _____

Allen Thorsett
Allen Thorsett
Its Manager



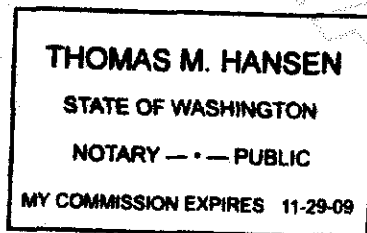
200605150148
Skagit County Auditor

ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF King)

On this 11th day of May, 2006, before me personally appeared James R. Patterson, to me known to be the Manager of J & J Patterson LLC, a Washington LLC that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Signature:

Thomas M. Hansen

Printed Name:

Thomas M. Hansen

NOTARY PUBLIC in and for the State of Washington, residing at Seattle, Washington

My appointment expires: 11/29/09

[SEAL]



200605150148

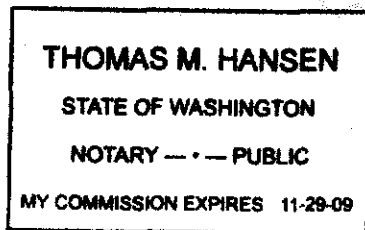
Skagit County Auditor

ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF King)

On this 11th day of May, 2006, before me personally appeared Allen A. Thorsett, to me known to be the Manager of A+E Thorsett, LLC, a Washington LLC that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Company, for the uses and purposes therein mentioned, and on oath stated that ☒ he was authorized to execute said instrument on behalf of said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Signature:

Thomas M. Hansen

Printed Name:

Thomas M. Hansen

NOTARY PUBLIC in and for the State of Washington, residing at Seattle, Washington

My appointment expires: 11/29/09

[SEAL]

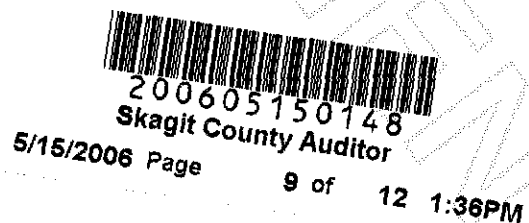


EXHIBIT A

Legal Description

That certain real property situated in the State of Washington, County of Skagit, described as follows:

ATTACHED

WA ASSIGNMENT OF LEASES AND RENTS - EXHIBIT A
Algers Self Storage
W02-OC:NSS\41423587.1



200605150148
Skagit County Auditor

EXHIBIT 'A'

PARCEL A:

That portion of Government Lot 4 of Section 7, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Commencing at the Southwest corner of said Government Lot 4;
thence South 89°01'34" East a distance of 1,451.78 feet to the Southeast corner of said Government Lot 4, being the Southeast corner of Skagit County Short Plat No. 11-85, approved March 10, 1986, and recorded March 11, 1986, under Auditor's File No. 8603110018, records of Skagit County, Washington, and the point of beginning;
thence North 00°18'56" West along the East line of said government lot and said short plat a distance of 1,201.82 feet to the Southerly line of Alger-Lake Samish Road;
thence North 70°55'30" West along said Southerly line a distance of 261.41 feet to the centerline of Patrick Lane as shown upon said short plat;
thence South 03°20'47" East along said centerline a distance of 22.10 feet;
thence South 25°41'33" West along said centerline a distance of 215.99 feet;
thence South 03°03'26" West along said centerline a distance of 123.31 feet;
thence North 89°01'34" West a distance of 290.00 feet;
thence South 30°00'00" West a distance of 150.00 feet;
thence South 13°00'00" West a distance of 100.00 feet;
thence South 15°50'30" West a distance of 104.59 feet to the Easterly line of Interstate Highway No. 5;
thence Southerly along said Easterly line the following courses:
South 23°56'55" East a distance of 301.93 feet;
thence South 27°24'52" East a distance of 146.80 feet;
thence South 27°56'00" East a distance of 237.89 feet to the South line of said Government Lot 4;
thence South 89°01'34" East along said South line a distance of 467.09 feet to the point of beginning;

(Being Parcel 5 of an unrecorded survey.)

Situated in Skagit County, Washington.

PARCEL B:

An easement for ingress, egress, and utilities, described as follows:

That portion of Government Lot 4 of Section 7, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the intersection of the Southerly line of Alger-Lake Samish Road with the Easterly line of Interstate Highway No. 5;
thence Southerly along said Easterly line as shown on Skagit County Short Plat No. 11-85 the following courses:
South 19°04'31" West a distance of 95.97 feet;
thence South 12°27'14" West a distance of 308.83 feet;
thence South 05°44'23" East a distance of 150.30 feet;
thence departing from said Easterly line of Interstate Highway No. 5 South 89°01'34" East a distance of 489.51 feet to the Westerly line of Patrick Lane as shown on said short plat;
thence North 03°03'26" East along said Westerly line a distance of 20.01 feet;
thence departing therefrom North 89°01'34" West a distance of 462.38 feet to a line parallel with and 30 feet Easterly of said Easterly line of Interstate Highway No. 5;
thence North 05°44'23" West parallel with said Easterly line a distance of 128.89 feet;
thence North 12°27'14" East parallel with said Easterly line a distance of 73.47 feet;
thence South 89°01'34" East a distance of 30.61 feet to a line parallel with and 60 feet Easterly of said Easterly line;

continued....



200605150148

Skagit County Auditor

EXHIBIT 'A' continued:

thence North 12°27'14" East parallel with said Easterly line a distance of 221.00 feet;
thence North 19°04'31" East parallel with said Easterly line a distance of 32.50 feet;
thence North 66°21'56" East a distance of 88.46 feet to said Southerly line of Alger-Lake Samish Road;
thence North 70°55'30" West along said Southerly line a distance of 125.00 feet to the point of beginning.

Situated in Skagit County, Washington.

PARCEL C:

An easement for ingress, egress, and utilities over that portion of the above described Patrick Lane delineated on Skagit County Short Plat No. 11-85, approved March 10, 1986, and recorded March 11, 1986, under Auditor's File No. 8603110018, records of Skagit County, Washington; being a portion of Government Lot 4 of Section 7, Township 36 North, Range 4 East of the Willamette Meridian, lying North of the Easterly projection of the South line of the 20-foot wide portion of the following parcel:

That portion of Government Lot 4 of Section 7, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the intersection of the Southerly line of Alger-Lake Samish Road with the Easterly line of Interstate Highway No. 5;

thence Southerly along said Easterly line as shown on Skagit County Short Plat No. 11-85 the following courses:

South 19°04'31" West a distance of 95.97 feet;

thence South 12°27'14" West a distance of 308.83 feet;

thence South 05°44'23" East a distance of 150.30 feet;

thence departing from said Easterly line of Interstate Highway No. 5 South 89°01'34" East a distance of 489.51 feet to the Westerly line of Patrick Lane as shown on said short plat;

thence North 03°03'26" East along said Westerly line a distance of 20.01 feet;

thence departing therefrom North 89°01'34" West a distance of 462.38 feet to a line parallel with and 30 feet Easterly of said Easterly line of Interstate Highway No. 5;

thence North 05°44'23" West parallel with said Easterly line a distance of 128.89 feet;

thence North 12°27'14" East parallel with said Easterly line a distance of 73.47 feet;

thence South 89°01'34" East a distance of 30.61 feet to a line parallel with and 60 feet Easterly of said Easterly line;

thence North 12°27'14" East parallel with said Easterly line a distance of 221.00 feet;

thence North 19°04'31" East parallel with said Easterly line a distance of 32.50 feet;

thence North 66°21'56" East a distance of 88.46 feet to said Southerly line of Alger-Lake Samish Road;

thence North 70°55'30" West along said Southerly line a distance of 125.00 feet to the point of beginning.

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



200605150148

Skagit County Auditor

5/15/2006 Page

12 of

12

1:36PM