

Return Address:

**C. Ross Bartley
Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Houston, TX 77027**



**200805300221
Skagit County Auditor**

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LAND TITLE OF SKAGIT COUNTY

1180X

Document Title(s) (for transactions contained therein): 1. Assignment of Rents (with License Back) 2. 3. 4.
Reference Number(s) of Documents assigned or released: (on page of documents(s))
Grantor(s) 1. Dubose Model Home Income Fund #4, Ltd., A Texas Limited Partnership 2. 3. 4.
Additional Names on page of document.
Grantee(s) 1. Trefco Finance Company II, A Texas Limited Liability Company 2. 3. 4.
Additional Names on page of document.
Legal Description (abbreviated i.e. lot, block, plat or section, township, range) Lot 36, "Skagit Highlands, Division 1", a Planned Unit Development, recorded on August 16, 2005, under Auditor's File No. 200508160182, records of Skagit County, Washington. Situat in the City of Mount Vernon, County of Skagit, State of Washington.
Additional legal is on page of document.
Assessor's Property Tax Parcel/Account Number 4867-000-036-0000/P123176
The Auditor/Recorder will rely on information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

After Recording Return To:
C. Ross Bartley
Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Houston, TX 77027

ABSOLUTE ASSIGNMENT OF RENTS (WITH LICENSE BACK)

THIS ABSOLUTE ASSIGNMENT OF RENTS (WITH LICENSE BACK) ("Assignment"), made effective as of May 30, 2008, by and between DUBOSE MODEL HOME INCOME FUND #4, LTD., a Texas limited partnership (herein called "Assignor"), whose mailing address is 14405 Walters Road, Suite 310, Houston, Texas 77014, and TREFCO FINANCE COMPANY II, LLC (herein called "Assignee"), whose mailing address is 14405 Walters Road, Suite 310, Houston, Texas 77014.

WITNESSETH:

Assignor owns the land (the "Property") described on Exhibit A attached hereto and has executed that certain Deed of Trust dated as of even date herewith in favor of Assignee covering the Property (as the same may be amended, supplemented or modified from time to time, the "Deed of Trust") to secure, among other things, Assignor's obligations to Lender evidenced by that certain Promissory Note dated of even date herewith, executed by Assignor and payable to the order Assignee in the original principal amount of \$178,679.00 (as the same may be renewed, extended or modified, the "Note").

A. IT IS AGREED THAT THIS ASSIGNMENT SHALL BE ON THE FOLLOWING TERMS:

For and in consideration of the foregoing and other good and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Assignor hereby agrees as follows :

1. Assignor hereby absolutely and unconditionally GRANTS, BARGAINS, SELLS, ASSIGNS AND CONVEYS to Assignee, subject only to the limited license set forth in Section A.2 below, all rents, revenues, income, profits and proceeds of the foregoing ("Rents") payable under each Lease now or at any time hereinafter existing, such assignment being upon the terms set forth herein, it being the intention of Assignor and Assignee that this conveyance be absolute and presently and immediately effective. The term "Lease" or "Leases" shall mean all leases or other agreements which grant a possessory interest in and to, or the right to use, any portion of the Property or which relate to the use or construction of the Improvements, including, but not limited to, all lease agreements between Assignor and The Quadrant Corporation, a Washington corporation, including, but not limited to, that certain Model Home Purchase and Leaseback Agreement dated as of May 26, 2008. All capitalized terms not otherwise defined in this Assignment shall have the respective meanings given to them in the Deed of Trust. Each time Assignor enters into a Lease, such Lease shall automatically become subject to this Assignment without further action.

2. The transfer of Rents to Assignee shall be upon the following terms: (a) until receipt from Assignee of notice of the occurrence of an Event of Default (as defined in the Deed of

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Trust), Assignor shall have the right solely under a retained and reserved license (but limited as provided herein) to collect Rents and each tenant may pay Rents directly to Assignor; provided that upon the occurrence of an Event of Default, Assignor's license shall automatically terminate and be revoked; (b) Assignor covenants to hold such Rents in trust to be applied, and to apply such Rents as collected, first to the payment of any indebtedness under the Note, second to the payment and performance of all other obligations under the Deed of Trust and the Note, third for taxes, insurance premiums, utility changes, maintenance and repair obligations, and other operation, management and maintenance expenses of the Property, and last in any manner not inconsistent with the terms of the Deed of Trust and the Note; (c) upon receipt from Assignee of notice that an Event of Default exists, each tenant is hereby authorized and directed to pay directly to Assignee all Rents thereafter accruing or payable and receipt of Rents by Assignee shall be a release of such tenant to the extent of all amounts so paid; (d) Rents so received by Assignee shall be applied by Assignee, first to the collection costs, if any, and then in accordance with the terms of the Deed of Trust; (e) Assignee may, at its option, at any time and from time to time, release to Assignor Rents so received by Assignee or any part thereof without impairing its rights hereunder; (f) Assignee shall be accountable only for Rents that it shall actually receive and shall not be liable for its failure to collect or its failure to exercise diligence in the collection of any Rents; (g) the assignment of Rents shall terminate upon the release of the Deed of Trust, but no tenant shall be required to take notice of termination until a copy of such release shall have been delivered to such tenant; (h) the assignment of Rents herein provided is intended to be absolute, unconditional and presently effective and it shall never be necessary for Assignee to institute legal proceedings of any kind whatsoever to enforce the provisions of this Assignment; (i) it is agreed that any Rents retained and reserved by Assignor pursuant to the aforementioned license will not constitute a payment by Assignor to Assignee of any portion of the Obligations (and hence will not be credited to the Obligations) until the Rents are actually paid to Assignee and retained by Assignee and then, in such event, the Rents so received shall be applied in accordance with Section A.3. **Notwithstanding anything to the contrary in this document, this Section shall not make Assignee an owner or operator of the Property for the purposes of environmental liability and this Section shall not make Assignee a partner of Assignor.**

3. Upon the occurrence of an Event of Default, Assignor agrees to deliver to Assignee possession and control of all Rents held by Assignor. Assignor specifically agrees that Assignee may upon the occurrence of any Event of Default or at any time thereafter, personally or through an agent selected by Assignee, or by receiver to be appointed by the court, take or have the Trustee (as named in the Deed of Trust) take possession and control of all or any part of the Property and may, with or without possession of the Property, receive and collect all Rents thereto accrued and all thereafter accruing therefrom until the final termination of the Deed of Trust or until the foreclosure of the lien of the Deed of Trust, applying so much thereof as may be collected before sale of the Property by the Trustee or judicial foreclosure of the Deed of Trust first to the expenses of Assignee incurred in obtaining the Rents and then applying the Rents so received in accordance with the provisions of the Deed of Trust. Any of the foregoing actions by Assignee shall not operate as a waiver of the Event of Default in question, or as an affirmation of any Lease or of the rights of any tenant in the event title to that part of the Property covered by the Lease or held by the tenant should be acquired by Assignee or other purchaser at foreclosure sale. Assignee, Assignee's agent or the Trustee may, upon the occurrence of an Event of Default or any time thereafter, use against Assignor or any other

person such lawful or peaceable means as the person so acting may deem appropriate to enforce the collection of any such Rents or to secure possession of the Property, or any part of it and may settle or compromise on any terms as Assignee, Assignee's agent or the Trustee deems appropriate, the liability of any person or persons for any such Rents. In particular, Assignee, Assignee's agent or the Trustee may, upon the occurrence of any Event of Default or at any time thereafter, institute and prosecute to final conclusion actions of forcible entry and detainer, or actions of trespass to try title, or actions for damages, or any other appropriate actions for damages, or any other appropriate actions, in the name of Assignee, Assignor, or the Trustee, and may settle, compromise or abandon any such actions as Assignee, Assignee's agent or the Trustee may deem appropriate; and Assignor binds itself and its successors and assigns to take whatever lawful or peaceable steps Assignee, Assignee's agent or the Trustee may ask of it or any such person or concern so claiming to take for such purposes, including the institution and prosecution of actions of the character above stated. However, neither Assignee, Assignee's agent or the Trustee shall be obligated to collect any such Rents or be liable or chargeable for failure to do so. Upon any sale of the Property or any part thereof in foreclosure of the lien or security interest created by the Deed of Trust, such Rents so sold which thereafter accrue shall be deemed included in such sale and shall pass to the purchaser free and clear of the assignment made in this Assignment. Nothing in this Assignment is intended to require the Assignee to institute any legal proceeding or engage in any self help remedies in order to make the absolute assignment of the Rents to Assignee operative.

4. Assignee's acceptance of this assignment shall not, before entry upon and taking possession of the Property by Assignee, be deemed to constitute Assignee a "mortgagee in possession," nor obligate Assignee to appear in or defend any proceeding relating to any of the Leases or the Property, take any action hereunder, expend any money, incur any expenses or perform any obligation or liability under the Leases, or assume any obligation under the Leases including the obligation to return any deposit delivered to Assignor by any tenant. Assignee shall not be liable for any injury or damage to person or property in or about the Property. Neither the collection of Rents due under the Leases herein described nor possession of the Property by Assignee shall render Assignee liable with respect to any obligations of Assignor under any of the Leases.

5. Assignor covenants, warrants and represents that:

- (a) Neither Assignor nor any previous owner (except as have been previously discharged or terminated) has entered into any prior oral or written assignment, pledge or reservation of the Rents, entered into any prior assignment or pledge of Assignor's landlord interests in any Lease or performed any act or executed any other instruments which might prevent or limit Assignee from operating under the terms and conditions of this Assignment;



- (b) Assignor has good title to the Leases and Rents hereby assigned and the authority to assign the same, and no other person or entity has any right, title or interest in and to the landlord's interests therein;
- (c) All existing Leases are valid, unmodified and in full force and effect, except as indicated herein, and no default exists thereunder, except as disclosed to Assignee in writing before the date hereof;
- (d) No Rents have been, nor does Assignor, anticipate that any Rents will be, waived, released, discounted, set off or compromised, except as disclosed to Assignee in writing before the date hereof;
- (e) Except as disclosed to Assignee in writing before the date hereof, Assignor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents;
- (f) Assignor shall (i) perform all of the terms and conditions of the Leases, and (ii) upon Assignee's request after the occurrence of an Event of Default, execute an additional assignment to Assignee of all Leases then effecting the Property and all Rents and other sums due thereunder by assignment(s) in form and substance satisfactory to Assignee. Assignor will not, without the prior written consent of Assignee, amend, modify, extend, renew, terminate, cancel or surrender any Lease or suffer or permit any of the foregoing, orally or in writing, except in the ordinary course of business or otherwise as permitted under the terms of the Note;
- (g) Assignor shall not execute any Lease unless the form of the Lease has been approved by Assignee and the tenant under such Lease and the terms of such Lease shall comply with leasing standards for the Property from time to time approved by Assignee in writing;
- (h) Assignor shall give immediate notice to Assignee of any notice Assignor received from any tenant or subtenant under any Leases specifying any claimed material default by any party under such Leases;
- (i) Assignor shall enforce the tenants' obligations under the Leases;
- (j) Assignor shall defend, at Assignor's expense, any proceeding pertaining to the Leases, including, if Assignee so requests, any such proceeding to which Assignee is a party;
- (k) Assignor shall neither create nor permit any encumbrance upon its interest as landlord under the Leases, except for this Assignment, the Deed of Trust and any other encumbrances permitted by the Deed of Trust;



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(l) Assignor shall not encumber or assign, or permit the encumbrances or assignment of, any Leases or Rents without the prior written consent of Assignee, except for this Assignment, the Deed of Trust and any other encumbrances permitted by the Deed of Trust; and

(m) Assignor shall from time to time furnish to Assignee, within thirty (30) days after demand therefor, true, correct and complete copies of all Leases or any portion of the Leases specified by Assignee.

6. There shall be no merger of the leasehold estates created by the Leases with the fee or any other estate in the Property without the prior written consent of Assignee.

7. By Assignee's acceptance of this Assignment, it is understood and agreed that a full and complete release of the Deed of Trust shall operate as a full and complete reassignment to Assignor of Assignee's rights and interests under this Assignment, subject to reinstatement provisions of Section A.8 below.

8. Assignor agrees that, if at any time all or part of any payment previously applied by Assignee to the Obligations is or must be returned by Assignee or recovered from Assignee for any reason (including the order of any bankruptcy court), this Assignment shall automatically be reinstated to the same effect as is the prior application had not been made, and, in addition, Assignor hereby agrees to indemnify Assignee against, and to save and hold Assignee harmless from any required return by Assignee or recovery from Assignee of any such payment because of its being deemed preferential under applicable bankruptcy, receivership or insolvency laws, or for any other reason.

9. That should Assignor fail to make any payment or to do any act as herein provided then, following any notice, cure and grace periods expressly provided in the Note, the Assignee, but without further obligation to do so and without notice to or demand on Assignor, and without releasing Assignor from any obligation hereof, may make or do the same in such manner and to such extent as the Assignee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security or the rights or powers of the Assignee, and also the right to perform and discharge each and every obligation, covenant and agreement of lessor in the Leases contained; and in exercising any such powers to pay necessary costs and expenses, employ legal counsel and incur and pay reasonable attorneys' fees.

10. Assignor agrees to pay immediately upon demand (except as otherwise expressly provided in the Note) all sums expended by the Assignee under the authority hereof, together with interest thereon at the non-default interest rate provided in the Note (as defined in the Deed of Trust) prior to an Event of Default and after an Event of Default at the Default Rate (as defined in the Note).

B. IT IS FURTHER MUTUALLY AGREED THAT:



1. This Assignment inures to the benefit of the named Assignee and its successors and assigns, and binds the Assignor and Assignor's heirs, legatees, devisees, administrators, executors, successors and assigns. In this Assignment, whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and conversely. All obligations of each Assignor hereunder are joint and several.

2. All notices required or permitted to be given hereunder shall be given in the manner provided for the giving of notices set forth in the Note.

3. Assignee may take or release security, may release any party primarily or secondarily liable for the Obligations may grant extensions, renewals or indulgences with respect to the Obligations and may apply any security therefor held by it to the satisfaction of the Obligations without prejudice to any of its rights hereunder.

4. Nothing herein contained and no act done or omitted by Assignee pursuant to the powers and rights granted it herein shall be deemed to be a waiver by Assignee of its rights and remedies under the Loan Documents, but this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under the terms of the Loan Documents. The right of Assignee to collect the Obligations and to enforce any security therefor owned by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

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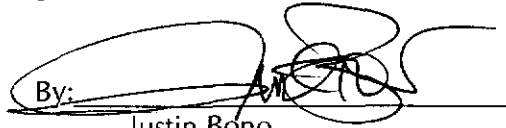


EXECUTED as of the date first above written.

ASSIGNOR:

DUBOSE MODEL HOME INCOME FUND #4, LTD.

By: Dubose GP Management II, L.P., its sole general partner

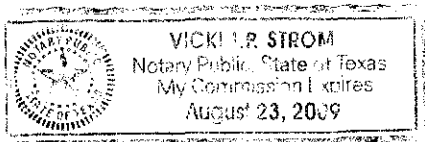
By: 
Justin Bono
President

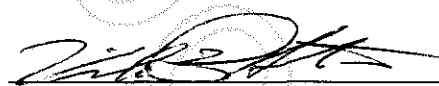
THE STATE OF TEXAS

§
§
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COUNTY OF HARRIS

This instrument was acknowledged before me on May 28, 2008, by Justin Bono, as the President of Dubose GP Management II, L.P., a Texas limited partnership, as the sole general partner of Dubose Model Home Income Fund #4, Ltd., a Texas limited partnership, on behalf of said partnership.




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

List of Exhibits

Exhibit "A" - Property Description



EXHIBIT "A"

Property Description

Lot 36, "SKAGIT HIGHLANDS, DIVISION 1", a Planned Unit Development, recorded on August 16, 2005, under Auditor's File No. 200508160182, records of Skagit County, Washington.

Situated in the City of Mount Vernon, County of Skagit, State of Washington.



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