

CONDITIONAL ASSIGNMENT OF RENTALS

THIS AGREEMENT, Entered into this 23rd day of March, 1976,
between ROBERT J. KRUSMARK and WILMA J. KRUSMARK, husband and wife

hereinafter referred to as Owner, and FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF KLAMATH FALLS, A Federal Corporation, hereinafter referred
to as Mortgagee.

W I T N E S S E T H:

WHEREAS, Owner is the present owner in fee simple of property
described as:

Beginning at a point on the north right of way line of the County road known as Hilyard Avenue, 30 feet North and at right angles from the center line of Hilyard Avenue, this point of beginning being North 0°04' West a distance of 30 feet and North 89°56' East a distance of 514.1 feet from the iron axle which marks the quarter corner common to Sections 1 and 12 in Township 39 South, Range 9 E.W.M., thence North 29°06' East and along the line of property conveyed to Edward D. and Ester V. Ault by deed recorded in Volume 252, page 435 of Klamath County Deed Records, a distance of 552.6 feet, more or less, to the Southerly right of way line of the Dalles-California State Highway; thence North 46°09' West along said right of way line a distance of 334.2 feet to a point; thence South 43°51' West a distance of 405.8 feet to a point; thence South 3°24' East a distance of 415 feet, more or less, to the North line of said Hilyard Avenue; thence North 89°56' East along said North line of Hilyard Avenue a distance of 230 feet to the point of beginning, and containing 5.30 acres, more or less.

EXCEPT THEREFROM that portion conveyed to State of Oregon by instrument recorded June 19, 1972 in Volume M 72 page 6558.

in Klamath County, State of Oregon, and the mortgagee is owner and holder of a first mortgage covering said premises, which said mortgage is in the original principal sum of \$30,000.00, made by owner to mortgagee under the date of March 24, 1976; and

WHEREAS, Mortgagee, as a condition to making said loan and accepting said mortgage has required the execution of this assignment of the rentals of the mortgage premises by owner.

NOW, THEREFORE, in order further to secure the payment of the indebtedness of the owner to mortgagee and in consideration of the accepting of the aforesaid mortgage and the note secured thereby, and in further consideration of the sum of One Dollar paid by mortgagee to owner, receipt of which is hereby acknowledged, the said owner does hereby sell, assign, transfer and set over unto mortgagee all of the rents, issues and profits of the aforesaid mortgaged premises, this assignment to become operative upon any default being made by the owner (mortgagor) under the terms of the aforesaid mortgage or the note secured thereby, and to remain in full force and effect so long as any default continues to exist in the matter of the making of any of the payments or the performance of any of the covenants set forth in the aforesaid mortgage or the notes secured thereby.

1. In furtherance of the foregoing assignment, the owner hereby authorizes the mortgagee, its employees or agents, at its option, after the occurrence of a default as aforesaid to enter upon the mortgaged premises and to collect, in the name of the owner, or in their own name as assignee, the rents accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter accruing and becoming payable during the period of the continuance of the said or any other default; and to this end, the owners further agree they will facilitate

in all reasonable ways the mortgagee's collection of said rents and will upon request by mortgagee, execute a written notice to the tenant directing the tenant to pay rent to the said mortgagee.

2. The owner also hereby authorizes the mortgagee upon such entry, at its option, to take over and assume the management, operation and maintenance of the said mortgaged premises and to perform all acts necessary and proper and to expend such sums out of the income of the mortgaged premises as may be needful in connection therewith, in the same manner and to the same extent as the owner theretofore might do, including the right to effect new leases, to cancel or surrender existing leases, to alter or amend the terms of existing leases, to renew existing leases, to make concessions to tenants, the owner hereby releasing all claims against mortgagee arising out of such management, operation and maintenance excepting the liability of the mortgagee to account as hereinafter set forth.

3. The mortgagee shall, after payment of all proper charges and expenses, including reasonable compensation to such Managing Agent as it shall select and employ and 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 mortgaged premises by virtue of this assignment, to any amounts due and owing to it by the owners under the terms of the mortgage and the note secured thereby but the manner of the application of such net income and what items shall be credited, shall be determined in the sole discretion of the mortgagee. The mortgagee shall not be accountable for more moneys than it actually received from the mortgaged premises; nor shall it be liable for failure to collect rents. The mortgagee shall make reasonable effort to collect rents, reserving, however, within its own discretion, the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents shall be prosecuted.

4. In the event, however, that the owner shall reinstate the mortgage loan completely in good standing, having complied with all the terms, covenants and conditions of the said mortgage and the note secured thereby, then the mortgagee within one month after demand in writing shall re-deliver possession of the mortgaged premises to owner, who shall remain in possession unless and until another default occurs, at which time the mortgagee may, at its option, again take possession of the mortgaged premises under authority of this instrument.

5. The owner hereby covenants and warrants to the mortgagee that neither it, nor any previous owner, have executed any prior assignment or pledge of the rentals of the mortgaged premises, nor any prior assignment or pledge of its landlords' interest in any lease of the whole or any part of the mortgaged premises. The owner also hereby covenants and agrees not to collect the rents of the said mortgaged premises in advance, other than as required to be paid in advance by the terms of any rental agreement, and further agrees not to do any other act which would destroy or impair the benefits to the mortgagee of this assignment.

6. It is not the intention of the parties hereto that an entry by the mortgagee upon the mortgaged premises under the terms of the instrument shall constitute the said mortgagee a "mortgagee in possession" in contemplation of law, except at the option of the mortgagee.

7. This assignment shall remain in full force and effect as long as the mortgage debt to the mortgagee remains unpaid in whole or in part.

8. The provisions of this instrument shall be binding upon the owner, its successors or assigns, and upon the mortgagee and its successors or

visions. The word "owner" shall be construed to mean any one or more persons or parties who are holders of the legal title or equity of interest in the aforesaid mortgaged premises. The word "note" shall be construed to mean the instrument, whether note or bond, given to evidence indebtedness held by the mortgagee against the mortgaged premises; and the word "mortgage" shall be construed to mean, the instrument securing the said indebtedness owned and held by the mortgagee, whether such instrument be mortgage, loan deed, trust deed, vendor's line or otherwise.

It is understood and agreed that a full and complete release of the aforesaid mortgage shall operate as a full and complete release of all the mortgagee's rights and interests hereunder, and that after said mortgage has been fully released, this instrument shall be void and of no further effect.

Dated at Klamath Falls, Oregon, this 23 day of March, 1976.

Robert J. Krusmark
(SEAL)

Wilma J. Krusmark
(SEAL)

STATE OF Oregon)
COUNTY OF Klamath) ss.

THIS CERTIFIES, that on this 23 day of March, 1976 before me, the undersigned, a Notary Public for said state, personally appeared the within named ROBERT J. KRUSMARK and WILMA J. KRUSMARK to me known to be the identical persons described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily for the purpose therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

Robert J. Krusmark
Notary Public for the State of Oregon

My commission expires 10-13-78

STATE OF OREGON, COUNTY OF KLAMATH; ss.
Filed for record at request of Robert J. Krusmark and Wilma J. Krusmark
this 25th day of March, A. D. 1976 at 2:52 P. M. and
duly recorded in Vol. 176, of INDEXES on Page 4258
Wm D. MILNE, County Clerk
By Hazel W. Hazel

Return
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540 Main
Klamath Falls, Oregon
97601