

9. Prepayments. Seller shall immediately pay to Bank any payments made by a purchaser under a Contract in excess of required minimum payments under the Contract.

10. Condemnation. Seller shall be responsible to defend any condemnation action affecting the Property, and the net proceeds of any award after deducting reasonable costs, expenses and attorneys' fees incurred by Seller in the action shall be paid to Bank for application to the Indebtedness.

11. Release. After full payment of the Indebtedness, Bank shall release this Mortgage and Assignment and, upon written demand of Seller, will terminate its financing statements affecting the Property and the Contracts.

12. Default. The following are events of default:
(1) Any payment of principal or interest due on any of the Notes, or on any other part of the Indebtedness, is not paid when due;
(2) Seller or Debtor's death, dissolution, termination of existence, or failure to pay debts as they become due; appointment of a receiver for any part of Seller's or Debtor's assets; assignment by Seller or Debtor for the benefit of creditors; or the commencement of any proceedings under any bankruptcy or insolvency law by or against Seller or Debtor;
(3) Any default under any Contract, or any event or condition not cured within ten days, which with the lapse of time or the giving of notice, would constitute a default under any Contract, or would justify a declaration of default under any Contract, whether or not waived by Seller, or any failure of Seller to notify Bank of such a default, event, or condition;
(4) The Property or any Contract is or becomes subject to any lien or encumbrance, other than Permitted Encumbrances;
(5) Failure of the Seller to perform any other covenant under this Agreement within 15 days after Bank mails or, at Bank's option, delivers written notice specifying the failure; or
(6) Any representation of Seller proves to have been false when made.

13. Direct Collection. Either before or after default, Bank shall have the right to notify the purchasers and other obligors under any Contracts to make payments owing on the Contracts directly to the Bank, and the purchasers and other obligors shall thereafter be required to do so. At the request of Bank, the Seller shall promptly at Seller's expense notify the purchasers and other obligors under any or all Contracts to make payments directly to the Bank. After notification, the Seller shall not solicit payments from the notified persons. If Seller nevertheless has or comes into possession of payments made on any Contracts, Seller shall immediately remit them to the Bank, and until remitted shall hold them separate and as an express trust for Bank. Purchasers and other persons obligated under the Contracts are hereby authorized and directed to recognize the rights of Bank, including the rights of Bank to receive payments under the Contracts, without investigating the existence, amount, or validity of the Indebtedness owed to Bank, the existence or non-existence of a default, the reason for Bank's action or claim, the application of payments, or any other facts, and Seller hereby agrees, for the benefit of Bank and the purchasers and other obligors, that Seller shall indemnify and hold harmless the Bank and the purchasers and other obligors against the claims of Seller and all other persons relating to payment by them to Bank, including legal fees and costs of defending against such claims. A receipt of Bank for payments shall be a full discharge and release of the obligation of the purchaser or other obligor to make the payments for which the receipt is given. Checks for payments shall be made to the order of Bank only.

14. Collection Agencies and Escrows. If amounts due under any Contract are being collected by an agent, or paid to an escrow holder, this Agreement is an irrevocable instruction from Seller to any such agent or escrow holder to pay and deliver to Bank, at Bank's request, any money due under the Contracts or any other property or documents which are, or would otherwise be, payable or deliverable to Seller or to an account or person named by Seller.

15. Rights Upon Default. After the occurrence of any event of default, in addition to or in place of its rights under Section 13, the Bank may at Bank's option exercise any one or more of the following rights and remedies:

(1) The right, without notice, presentment, or demand, to declare the entire Indebtedness immediately due and payable.
(2) With respect to all or any part of the Property or the Contracts, the right to foreclose by judicial proceedings.
(3) The rights and remedies of a secured party under the Uniform Commercial Code, as well as those stated herein. The Bank may without notice take possession of all personal property not already in its possession and/or require Seller to assemble it and turn it over to Bank at a reasonably convenient place designated by the Bank. Although the Bank may in its discretion and without liability do so, the Bank shall have no duty to take any action to preserve rights against any party to the Contracts, to instruments, or to other personal property in its possession, either before or after default, and shall have no duty whatsoever with respect to personal property in its possession beyond the use of ordinary reasonable care in its physical custody and preservation. The Bank may retain personal property in which it has a security interest in satisfaction of the Indebtedness or may sell or otherwise dispose of such personal property at either public or private sale, first giving Seller ten days' notice of the date and place of public sale or the date after which private sale may be made. The Seller agrees that ten days' notice is reasonable notice. The Seller shall be liable for any deficiency and the Bank shall account for any surplus.

In exercising its rights and remedies, the Bank shall be free to sell or otherwise dispose of all or any part of the Contracts or Properties, separately or at once, and on any terms. The Bank shall be entitled to purchase all or any portion of the Property or the Contracts at any public sale.

16. Debtor's Signature. If Seller and Debtor are not the same, Debtor's signature indicates Debtor's agreement to those provisions that may affect Debtor. This Assignment does not give Debtor any interest in the Properties or the Contracts.

17. Waiver, Notice and Other Collateral.

(1) A waiver by Bank of a breach of this Agreement shall not constitute a waiver of, or prejudice the Bank's right to demand strict compliance with, that provision or any other provision.
(2) Seller waives presentment, demand, notice and protest with regard to any part of the Indebtedness, and consents to any exchange or any release of collateral pledged by any person with respect to the Indebtedness. Bank may realize upon and apply any collateral it may have with respect to the Indebtedness in any manner and in any order without affecting Bank's rights to realize upon and apply the proceeds of the Properties or the Contracts.

18. Special Provisions. None.

William H Wren
Seller's Signature

Lavada Nored Wren
Debtor's Signature (if Seller and Debtor are not the same)

CORPORATE ACKNOWLEDGEMENT

STATE OF OREGON)

) SS.

County of)

Personally appeared _____,

who, being sworn, stated that _____ is the _____ of the corporation that executed this Mortgage and Assignment of Seller's Interest and that the seal affixed hereto is its seal and that this Mortgage and Assignment of Seller's Interest was voluntarily signed and sealed in behalf of the corporation by authority of its Board of Directors.

Before me:

Notary Public for Oregon
My commission expires: _____

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF ~~OREGON~~ WASHINGTON)

) SS.

County of FRANKLIN)

Personally appeared the above-named WILLIAM H. WREN & LAVADA NORED WREN and acknowledged the foregoing Mortgage and Assignment of Seller's Interest to be THEIR voluntary act and deed.

Before me:

Notary Public for WASHINGTON
My commission expires: 4-28-80

PARTNERSHIP ACKNOWLEDGEMENT

STATE OF OREGON)

) SS.

County of)

Personally appeared _____,

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 6 day of June A.D., 19 77 at 9:44 o'clock A M., and duly recorded in Vol. M77 of Mortgage on Page 9757.

FEE \$6.00

WM. D. MILNE, County Clerk

By Glenn Drazic Deputy