

For value received,

Dale M. Zerull and Lesley M. Zerull

("Assignor")

assigns the following described property ("Collateral") and grants a security interest therein to FIRST NATIONAL BANK OF OREGON, ("Bank") its successors and assigns: all rents, issues, income and profits now existing or hereafter arising out of or in any way connected with the following described real property:

See Attached Exhibit A

"Obligor" shall mean the account debtor, lessee, contract purchaser or the other person(s) obligated for the payment of money as the case may be.

Assignor warrants to Bank that:

- (i) he is the absolute owner of said Collateral.
- (ii) he has not heretofore assigned or granted a security interest in the Collateral or any sums of money due or to become due thereunder, or any right or interest therein or thereto.
- (iii) the full amount payable according to the terms of the Collateral is justly owing and payable in accordance with the terms thereof.
- (iv) there are no defaults existing under the Collateral.
- (v) there are no offsets or counterclaims to the Collateral.

Assignor covenants to Bank that he will strictly and promptly perform each of the terms, conditions, covenants and agreements in the Collateral contained on his part to be performed.

This assignment is made as security for the payment of Assignor's promissory note to Bank dated May 12, 1978, in the principal amount of \$ 99,338.00, together with interest thereon in accordance with its terms and tenor.

Assignor hereby authorizes and directs Obligor to pay and deliver to Bank, upon Bank's demand to Obligor, all sums of money payable by the terms of the Collateral and to accept the receipt of Bank therefor. Until Bank makes demand on Obligor, Assignor shall continue to collect the proceeds of Collateral. Assignor shall, at the request of Bank, hold the proceeds

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received from collection in trust for Bank without commingling the same with other funds of Assignor and shall turn the same over to Bank immediately upon receipt in the identical form received. Assignor shall, at the request of Bank, notify Obligor of Bank's interest in Collateral and Bank may, itself, at any time so notify Obligor. Obligor shall be under no obligation to determine that any indebtedness hereby secured is owing or to see to the application of any sums of money paid to Bank and the receipt of Bank shall constitute a complete acquittance to the extent of any payment made to Bank by Obligor until Bank shall notify Obligor in writing that Assignor is no longer indebted to Bank.

It is expressly understood and agreed that Bank shall not be required or obligated in any manner to make any demand or to take any action to collect or enforce the payment of any amount which may have been assigned to it or to which it may have been entitled hereunder at any time or times.

This assignment is not a delegation or assignment to Bank of Assignor's duties or obligations under or in connection with Collateral. Bank's acceptance of this assignment does not constitute a promise by it nor does it in any way obligate it to perform any of Assignor's duties or obligations under or in connection with Collateral.

Assignor hereby appoints Bank, its successors and assigns, his attorney in fact, irrevocable, with full power of substitution, to demand, collect, receive, receipt for, sue and recover all sums of money which may now or hereafter become due, owing or payable from Obligor in accordance with the terms of the Collateral; to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment therefor and to settle or compromise any and all claims arising under the Collateral assigned to Bank and, in the place and stead of Assignor, execute and deliver its release and acquittance therefor; to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Assignor, or otherwise, which, in the discretion of Bank may seem to be necessary or advisable; to execute in Assignor's name and deliver to Obligor on Assignors behalf, at the time and in the manner specified

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by the Collateral, a deed or bill of sale to property being purchased by Obligor pursuant to the Collateral and described therein. This power is given as security for an indebtedness and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Bank.

Assignor shall pay to Bank upon demand, any and all expenses, including reasonable attorney's fees, incurred or paid by Bank without suit or action in protecting its rights upon or under this assignment. In the event suit or action is instituted in connection with any controversy arising out of this assignment, the prevailing party shall be entitled to recover, at trial and on appeal, such sums as the court may adjudge reasonable as attorney's fees, in addition to costs and necessary disbursements.

Assignor agrees that at any time or from time to time, upon written request of Bank, he will execute and deliver such further documents and do such further acts and things as Bank may request in order to further effect the purposes of this assignment.

In the construction of this agreement, the singular includes the plural and the masculine pronouns include the feminine and neuter. If more than one Assignor executes this assignment the liability of each assignor shall be joint and several.

Notwithstanding anything contained herein to the contrary, this assignment is to become operative only upon failure of Assignor to perform and discharge each and every obligation, covenant and agreement of Assignor herein or arising from the aforesaid note and any mortgage which secures said note.

IN WITNESS WHEREOF, Assignor has executed this agreement this 12th day of May, 1978.

Lesley M. Zerull
Date M. Zerull
Lesley M. Zerull
Lesley M. Zerull

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Assignor warrants that there has not been and will not be any advance payment of sums owing under or in connection with Collateral and warrants further that it will not enter into any agreement modifying or altering Collateral without the prior written consent of Bank.

Dale M. Zerull
Dale M. Zerull
Lesley M. Zerull
Lesley M. Zerull

STATE OF OREGON)
) ss.
COUNTY OF Klamath)

May 12, 19 77

Personally appeared the above named _____

Dale M. Zerull and Lesley M. Zerull

and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:

[Signature]
Notary Public for
My Commission Expires: 11-30-81

Parcels of land in the NW $\frac{1}{4}$ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, more particularly described as follows:

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PARCEL 7. Starting at the Northwest corner of Section 3, Township 39 South, Range 9 East, W.M., Oregon, and running thence South $00^{\circ}00\frac{1}{2}'$ East along the Westerly boundary of Section 3, 977.8 feet, more or less, to its intersection with a line parallel with and 50 feet distant at right angles Southwesterly from the center line of the Dalles-California State Highway, also known as South Sixth Street as the same is now located and constructed; thence South $55^{\circ}52\frac{1}{2}'$ East along said parallel line 2322.07 feet; thence at right angles to South Sixth Street South $34^{\circ}07\frac{1}{2}'$ West 58 feet to Point F, the true beginning point of this description from which a cross chiseled in the sidewalk bears North $34^{\circ}07\frac{1}{2}'$ East 70 feet; thence North $55^{\circ}52\frac{1}{2}'$ West 61 feet to Point G, from which a cross chiseled in the sidewalk bears North $34^{\circ}07\frac{1}{2}'$ East 70 feet; thence South $34^{\circ}07\frac{1}{2}'$ West 119.61 feet to Point H; thence South $66^{\circ}57\frac{1}{2}'$ East 62.15 feet to Point E; thence North $34^{\circ}07\frac{1}{2}'$ East 107.65 feet to the point of beginning.

PARCEL 2. Beginning at said Point A; thence North $55^{\circ}52\frac{1}{2}'$ West 121 feet to _____ of South Sixth

Parcels of land in the NW $\frac{1}{4}$ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, more particularly described as follows: **10184**

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PARCEL 8: Beginning at said Point A; thence North 55°52 $\frac{1}{2}$ ' West 121 feet to Point G; thence North 34°07 $\frac{1}{2}$ ' East 68 feet to the South line of South Sixth Street; thence South 55°52 $\frac{1}{2}$ ' East along said line 121 feet; thence South 34°07 $\frac{1}{2}$ ' West 68 feet to the point of beginning.

PARCEL 9. Beginning at said Point G; thence South 34°07 $\frac{1}{2}$ ' West 119.61 feet to Point H; thence North 66°57 $\frac{1}{2}$ ' West 102.51 feet; thence North 34°07 $\frac{1}{2}$ ' East 139.34 feet; thence South 55°52 $\frac{1}{2}$ ' East 100.59 feet to the point of beginning.

PARCEL 10. Beginning at said Point G; thence North 55°52 $\frac{1}{2}$ ' West 100.59 feet, thence North 34°07 $\frac{1}{2}$ ' East 68 feet to the South line of South Sixth Street; thence South 55°52 $\frac{1}{2}$ ' East 100.59 feet; thence South 34°07 $\frac{1}{2}$ ' West 68 feet to the point of beginning.

PARCEL 11. Beginning at said Point D; thence North 66°57 $\frac{1}{2}$ ' West 225.80 feet; thence South 34°07 $\frac{1}{2}$ ' West 30.57 feet to the Northerly right of way line of the Oregon California and Eastern Railway Company; thence South 66°57 $\frac{1}{2}$ ' East along said line 225.80 feet; thence North 34°07 $\frac{1}{2}$ ' East 30.57 feet to point of beginning.

Return to
First Nat Bank of Or.
RELD F-7 Income Prop.
P.O. Box 313
Portland, Or 97208



STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 16 day of May A.D., 19 78 at 10:36 o'clock A. M., and duly recorded in Vol. M 78, of Mortgages on Page 10180.

FEE \$15.00

WM. D. MILNE, County Clerk

By Bernetha M. Heltsch Deputy