

ASSIGNMENT

For value received,

FREDERICK D. EHLERS and HELEN A. EHLERS

("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 September 27, 1979 in the principal amount of \$4,465,191.00, 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

Collateral, a deed or bill of sale to property being purchased by 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.

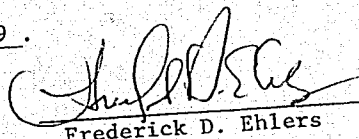
Assignor shall pay to Bank upon demand, any and all expenses, including reasonable attorney's fees, incurred or paid by Bank without suit or action in protecting its rights upon or under this assignment. In the event suit or action is instituted in connection with any controversy arising out of this 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.

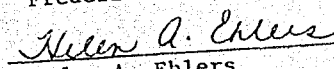
Assignor agrees that at any time or from time to time, upon written request of Bank, he will execute and deliver such further documents and do such further acts and things as Bank may request in order to further effect the purposes of this assignment.

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.

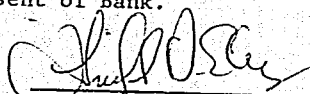
Notwithstanding anything contained herein to the contrary, this assignment is to become operative only upon failure of Assignor to perform and discharge each and every obligation, covenant and agreement of Assignor herein or arising from the aforesaid note and any mortgage which secures said note.

IN WITNESS WHEREOF, Assignor has executed this agreement this \_\_\_\_\_  
 27th day of September, 19 79.

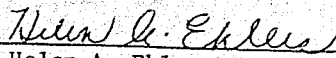
  
 Frederick D. Ehlers

  
 Helen A. Ehlers

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.



Frederick D. Ehlers



Helen A. Ehlers

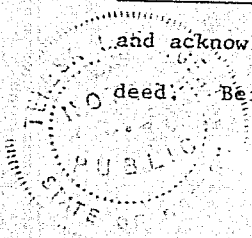
STATE OF Oregon )  
COUNTY OF Klamath ) ss.

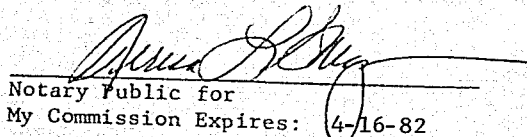
September 27, 19 79

Personally appeared the above named \_\_\_\_\_

Frederick D. Ehlers and Helen A. Ehlers

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



  
Notary Public for  
My Commission Expires: 4-16-82

STATE OF )  
COUNTY OF ) ss.

19 \_\_\_\_\_

Personally appeared \_\_\_\_\_

and \_\_\_\_\_ who being duly sworn, did say that they are \_\_\_\_\_ and \_\_\_\_\_ respectively of \_\_\_\_\_

and that the seal affixed to the foregoing instrument, if any, is the corporate seal of said corporation and that said instrument was signed in behalf of said corporation by authority of its board of directors and \_\_\_\_\_

\_\_\_\_\_ acknowledged said instrument to be its voluntary act and deed. Before me:

\_\_\_\_\_  
Notary Public for  
My Commission Expires:

EXHIBIT "A"  
LEGAL DESCRIPTION

A parcel of land lying in the Northwest quarter of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Starting at the Northwest corner of said Section 3; thence South 00° 00' 30" East along the Westerly boundary of Section 3 and the centerline of Washburn Way, 917.42 feet to the intersection with the present centerline of Sixth Street, formerly known as the Dalles-California Highway, recorded bearing South 55° 52' 30" East, at Engineers Station 9 + 17.42 feet on Washburn Way and Engineers Station 16 + 14.87 feet on Sixth Street present centerline, and continuing thence along said boundary and centerline 48.32 feet to Engineers Station 9 + 65.74 feet on South boundary of Sixth Street, which is distant 40 feet at right angles Southwesterly from centerline of Sixth Street at Engineers Station 16 + 41.99 feet; thence South 55° 52' 30" East parallel to said centerline 463.02 feet to the true point of beginning of this description; thence from said true beginning point continuing South 55° 52' 30" East parallel to said centerline 795.36 feet; thence at right angles South 34° 07' 30" West, 204.00 feet; thence South 55° 52' 30" East parallel to Sixth Street 145.00 feet; thence at right angles South 34° 07' 30" West, 183.80 feet, more or less, to Northerly right of way line of the Oregon, California and Eastern Railroad; thence North 66° 57' 30" West along said line 982.45 feet, more or less, to a point on the Easterly right of way line of Washburn Way which is 40.00 feet Easterly of said centerline; thence North 00° 00' 30" West along said right of way line 503.39 feet; thence South 55° 52' 30" East, 306.22 feet; thence North 34° 07' 30" East, 160.00 feet to the true point of beginning.



STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Transamerica Title Co.

this 27th day of September A. D. 1979 at 3:42'clock P. M., and

fully recorded in Vol. M79, of Mortgages on Page 22934

Wm D. MILNE, County Clerk

By Dorothy A. Helock

Fee \$17.50