

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, HENRIS ROOFING & SUPPLY OF KLAMATH COUNTY, INC., an Oregon Corporation, hereinafter called "Assignor", do hereby transfer and assign to HAROLD P. HENRIS and MARGUERITE A. HENRIS, husband and wife, or survivor, hereinafter called "Assignee", entire Lessee's interests in and to that certain Lease dated August 15, 1979, wherein Harold P. Henris and Marguerite A. Henris, husband and wife, are Lessor and HENRIS ROOFING CO., an Oregon corporation, is Lessee, heretofore assigned by said HENRIS ROOFING CO., an Oregon corporation, to Assignor covering certain premises described therein, a copy of which Assignment of Lease is recorded in Volume M-79, Page 27581, Records of Klamath County, Oregon, to which said Lease is attached, and to which recorded document reference is hereby made and thereby incorporated herein as though fully set forth hereat, together with the use and occupancy of the premises described in said Lease and from any and all leases of the premises which may be executed in the future during the term of this Assignment.

This Assignment is made to secure:

1. Payment of the sum of \$28,800.00 according to the terms of a covenant not to compete (hereinafter called "Covenant") and Security Agreement dated the same date as this Collateral Assignment, wherein Assignee is payee and/or secured party and Assignor is payor and/or debtor;

2. Payment of other sums, which interest becoming due and payable to Assignee under this Assignment, or under the above described Covenant and/or Security Agreement; and

3. Performance and discharge of each and every obligation and agreement of Assignor under this Assignment or under the above described Covenant and/or Security Agreement.

Assignor warrants:

1. That Assignor is the sole owner of the entire Lessee's interest in the Lease above described, subject only to the terms of said Lease;

2. That the Lease above described is valid and enforceable and has not been altered, modified, or amended by Assignor in any manner whatsoever.

3. That no assignment of said Lease has been made by Assignor other than is hereby made; and

4. That the Lease is current and not in default. 28953

Assignor agrees:

1. To observe and perform all the obligations imposed upon Assignor under the above Lease;

2. Not to execute any assignment of Assignor's interest in the assigned Lease, nor to modify the terms of the assigned Lease, nor to cancel, terminate, nor accept a surrender of the Lease so as to effect (directly or indirectly) a termination or diminution of the obligations of the Lessor or the Lessee under the terms of said Lease without the prior written consent of Assignee;

3. At the request of Assignee to assign to Assignee any subsequent Lease upon any part of the premises described in the Lease hereby assigned and to execute and deliver to Assignee such further assurances and assignment in the premises as Assignee shall from time to time require.

This Assignment is made on the following terms and conditions:

1. Until default by Assignor in payment of the principal and interest is secured by the above described Covenant and Security Agreement, or in performance of any of the obligations of said Security Agreement, this Assignment, or the Lease assigned hereunder, Assignor may retain the use enjoy the premises described in the Lease subject to this Assignment.

2. Upon, or at any time after any such default in the payment of principal or interest secured by the above described Covenant and Security Agreement and this Assignment, or in the performance of any of the obligations or agreements under this Security Agreement, this Assignment, or the Lease assigned hereby, Assignee may, at their option, without notice and without regard to the adequacy of the security, either in person or by agent, with or without bringing an action or proceeding, or by a receiver appointed by a Court, take possession of the premises described in the Lease subject to this Assignment and hold, manage, lease, and operate the same upon such terms and for such period of time as Assignee may deem proper with full power to use said premises. Exercise or non-exercise by Assignee of the authority granted in this paragraph shall not be considered a waiver of any default by Assignor under the terms of the above described Covenant or Security Agreement, nor under the Lease assigned hereby nor the terms of this Assignment.

3. Assignee shall not be liable for any loss sustained by Assignor resulting from any act or admission of Assignee in managing the premises in the event Assignee elects to take possession under the terms of this Assignment unless such loss is caused by the willful misconduct and bad faith of Assignee. Nor shall Assignee be obligated to perform or discharge nor do the Assignee undertake hereby to perform or discharge any obligation, duty, or liability under the Lease or under or by reason of this Assignment as an Assignor agree to indemnify Assignee or, and hold Assignee harmless from, any liability, loss, or damage which may be incurred under the Lease assigned hereby or under or by reason of this Assignment and from any claims and demands which may be asserted against Assignee by reason of any obligation or undertaking by Assignor or discharge of any of the terms,

covenants or agreements contained in the Lease hereby assigned. Should Assignee incur any such liability under the Lease hereby assigned or under or by reason of this Assignment or in defense of any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorney fees shall be secured by this Assignment, and Assignor shall reimburse Assignee therefor immediately upon demand and upon the failure of Assignor to do so, Assignee may, at the option of the Assignee, declare all sums secured by this Assignment or by the Covenant or Security Agreement immediately due and payable, subject, however, to the terms, covenants, and conditions of said Security Agreement. And it is further understood that this Assignment shall not operate to place responsibility for the control, care, management, or repair the premises upon Assignee by virtue of this Assignment alone; nor shall it operate to make Assignee responsible or liable for any waste committed on the property by others than Assignee, nor for any dangerous or defective condition of the premises, or for any negligence in the management, upkeep, repair, or control of the premises.

4. Upon payment in full of the principal, interest, and all other indebtedness secured by this Assignment or by the aforesaid Covenant or by the aforesaid Security Agreement, or any or all of the aforesaid instruments, and this Assignment, this Assignment shall cease and be of no further effect but the affidavit, certificate, letter, or statement of Assignee showing any part of the principal, or interest to remain unpaid shall constitute conclusive evidence of the validity, effectiveness, and continuing force of this Assignment and any person may, and is hereby authorized to, rely thereon. Assignor hereby authorizes and directs the Lessor named in the Lease or any other future Lessor of the premises, upon written notice from the holder of the aforesaid Covenant and Security Agreement, or both, that a default exists thereunder or under this Assignment to accept from the holder all rents occurring under the Lease or from the premises and to continue to do so until otherwise notified by the holder.

5. Assignee may take a release of the security for payment of the secured principal and interest, may release any party primarily or secondarily liable, and may apply any other security held by Assignee to the satisfaction of the secured principal and interest without prejudice to any rights under this Assignment.

6. "Lease" or "the Lease" as used in this Assignment means the Lease hereby assigned and, at the option of the Assignee, any extension or renewal of it and any lease subsequently executed during the term of this Assignment covering the premises or any part thereof.

7. Nothing contained in this Assignment and no act done or omitted by Assignee pursuant to its terms shall be deemed a waiver by Assignee of any rights or remedies under the Covenant or Security Agreement, or both, and this Assignment is made and accepted without prejudice to any of the rights or remedies possessed by Assignee under the terms of the aforesaid Covenant or Security Agreement, or both. The right of Assignee to collect the secured principal and interest and to enforce any other security may be exercised by Assignee prior to, simultaneously with, or subsequent to any action taken under this Assignment.

28955

This Assignment, together with the agreements and warranties contained in it, shall inure to the benefit of Assignee and any subsequent holder of the Covenant or the Security Agreement, or both, hereby secured and shall be binding upon the Assignor.

IN WITNESS WHEREOF, the Assignor has hereunto set its hand and seal this 24 day of October, 1979.

HENRIS ROOFING & SUPPLY OF KLAMATH COUNTY, INC.

By James R. Baker
President - James R. Baker

By Byron B. Bortis
Secretary - Byron B. Bortis

Jack M. Baker
JACK M. BAKER

Linda Baker
LINDA BAKER

Byron B. Bortis
BYRON B. BORTIS

Karen Bortis
KAREN BORTIS

James R. Baker
JAMES R. BAKER

Barbara E. Baker
BARBARA E. BAKER

STATE OF OREGON, County of Klamath) ss.

On October 24, 1979, personally appeared JAMES R. BAKER and BYRON B. BORTIS who, being duly sworn each for himself and not one for the other, did say that the former is the President and that the latter is the Secretary of HENRIS ROOFING & SUPPLY OF KLAMATH COUNTY, INC., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me: Eda Gilbert
Notary Public for Oregon
My Commission Expires: 6/1/81

STATE OF OREGON)
) ss.
County of Klamath)

28956

On this 24 day of October, 1979, personally appeared the above named Jack M. Baker and Linda Baker, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

(SEAL)

Ede Gilbert
Notary Public for Oregon
My Commission expires: 6/1/81

STATE OF OREGON)
) ss.
County of Klamath)

On this 24 day of October, 1979, personally appeared the above named Byron B. Bortis and Karen Bortis, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

(SEAL)

Ede Gilbert
Notary Public for Oregon
My Commission expires: 6/1/81

STATE OF OREGON)
) ss.
County of Klamath)

On this 24 day of October, 1979, personally appeared the above named James R. Baker and Barbara E. Baker, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

(SEAL)

Ede Gilbert
Notary Public for Oregon
My Commission expires: 6/1/81

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of _____

this 17th day of December A. D. 1979 at 4:07 o'clock P. M., and

fully recorded in Vol. 270, of Deeds, on Page 28956

Notary Public

GIACOMINI, JONES & ASSOCIATES
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
635 MAIN STREET
KLAMATH FALLS, OREGON 97601

Fee \$17.50

Wm D. MILNE, County Clerk

By Barbara E. Baker

Collateral Assignment of Lease
Page -5-