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ASSIGNMENT AND MORTGAGE

For value received, DONALD R. CLAUNCH and BETTY J. CLAUNCH ("Assignor") assign and convey the following described property ("Collateral") and grant a security interest therein to FIRST INTERSTATE BANK OF OREGON, N.A. ("Bank"), its successors and assigns: all Assignor's right, title and interest in and to that certain Contract dated March 1, 1977, between Melvin W. McCollum, as seller, and Assignor as purchaser, and to that certain Memorandum of Agreement dated March 1, 1977, recorded May 13, 1977, in Book 77 at page 8346, records of Klamath County, Oregon, and the real property described in the Contract and more specifically described on Exhibit A attached hereto. Said property is subject to a mortgage dated May 19, 1971, recorded June 24, 1971 in Book M-71 at page 6575, official records of Klamath County to the Federal Land Bank of Spokane. This conveyance is intended as a mortgage to secure performance by Assignor of the covenants and agreements to be kept and performed by Assignor. Where reference is made to "assignment" it shall, where applicable, mean assignment and mortgage.

Assignor warrants to Bank that they have not previously transferred or assigned said Collateral or any right or interest therein or thereto.

Assignor covenants to and with Bank that they will strictly and promptly perform each of the terms, conditions, covenants, and agreements required of Assignor under the Collateral.

This assignment is made as security for the guaranty by Assignor of payment of a \$3,420,000 term debt of Stukel Rock & Paving, Inc. and any and all indebtedness of that corporation now or at any time in the future owing to Bank, whether absolute, contingent, due or to become due, primary or secondary, and however evidenced.

It is expressly understood that Bank does not hereby assume to pay or perform any obligations of Assignor to seller, nor to pay or perform any obligations of Assignor with respect to the real property and Assignor indemnifies Bank as to such obligations; provided, however, it is understood and agreed that upon default by Assignor in payment or performance of their obligations (1) to seller under Collateral, or (2) under this assignment or any other agreement of Assignor with Bank, Bank may, at its option pay or perform Assignor's obligations to seller.

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Assignor does hereby constitute and appoint Bank, its successors and assigns, their true and lawful attorney in fact, irrevocably, with full power of substitution, to enforce the obligations of seller to Assignor, to demand and receive a deed to the property described in said Contract in accordance with the terms and conditions of Collateral and to take possession thereof. In its own right or in the place and stead of Assignor, Bank may take any action or institute or take part in any proceeding, either in its own name or in the name of Assignor, which Bank, in its sole discretion deems necessary, convenient, or proper to protect or enforce its or Assignor's rights in Collateral. The foregoing powers are given as security for an indebtedness and shall be irrevocable and in full force and effect until renounced by Bank.

If Bank demands a deed from seller to the above described property, seller shall be under no obligation to determine that any indebtedness secured by this assignment is owing prior to delivery of the deed, and delivery to Bank of the deed shall constitute a complete acquittance of seller's obligations to Assignor under Collateral to the extent the deed conforms to the requirements of Collateral.

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

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

. If more than one assignor executes this assignment the liability of each assignor shall be joint and several.

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IN WITNESS WHEREOF, Assignor has executed this
assignment this 16th day of August
1982.

Donald R. Claunch
DONALD R. CLAUNCH
Betty J. Claunch
BETTY J. CLAUNCH



STATE OF OREGON,

County of Klamath

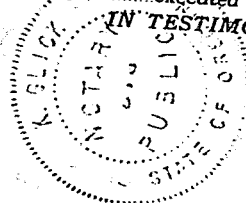
ss.

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, OR.

BE IT REMEMBERED, That on this 16th day of August, 1982,
before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within
named Donald R. Claunch and Betty J. Claunch

known to me to be the identical individual s described in and who executed the within instrument and
acknowledged to me that they executed the same freely and voluntarily.

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



Notary Public for Oregon.

My Commission expires June 16, 1986

Return to:

First Interstate Bank of Oregon
Klamath Falls Branch
601 Main St.
Klamath Falls, Oregon 97601

ATTN: Dennis Roach

STATE OF OREGON; COUNTY OF KLAMATH, ss.

Filed for record ..

this 16 day of August A.D. 1982 at 3:33 o'clock PM, and
duly recorded in Vol. M 82, of Page 10658

Fee \$12.00

By Evelyn Behm, County Clerk

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CONTRACT OF SALE

THIS CONTRACT OF SALE made this 15 day of March, 1977, by and among MELVIN W. McCOLLUM, hereinafter referred to as "seller", and DONALD R. CLAUNCH and BETTY J. CLAUNCH, husband and wife, as tenants by the entirety, hereinafter referred to as "purchasers",

WITNESSETH:

Seller hereby agrees to sell to purchasers and purchasers hereby agree to purchase as tenants by the entirety from seller that certain real property situated in Klamath county, Oregon more particularly described as follows:

PARCEL 1: The SW1/4 NE1/4, N1/2 SE1/4 of section 30; SW1/4 NW1/4, NW1/4 SW1/4 of section 29, township 38 south, range 11-1/2 east of the Willamette Meridian.

PARCEL 2: The S1/2 SE1/4 of section 19; lots 1, 2, and the E1/2 NE1/4, NW1/4 NE1/4, E1/2 NW1/4 of section 30, township 38 south, range 11-1/2 east of the Willamette Meridian.

PARCEL 3: The S1/2 SW1/4 of section 20; N1/2 NW1/4 of section 29, township 38 south, range 11-1/2 east of the Willamette Meridian.

PARCEL 4: The SW1/4 SW1/4 of section 29; SE1/4 SE1/4 of section 30; NE1/4 NE1/4 of section 31; NW1/4 NW1/4 of section 32, township 38 south, range 11-1/2 east of the Willamette Meridian.

PARCEL 5: That portion of the SE1/4 NE1/4 lying northerly of the existing Highway 140 (Klamath Falls to Lakeview Highway) in section 31, township 38 south, range 11-1/2 east of the Willamette Meridian.

SUBJECT TO:

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1. Rights of the public in and to any portion of said premises lying within the limits of roads and highways.
2. Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals, of Pine Flat District Improvement Company.

upon the following terms and conditions, to-wit:

1. PURCHASE PRICE: Purchasers agree to pay seller as the purchase price of said property the sum of \$349,700.00 as

follows:	a. Trust Deed on other property	\$ 45,000.00
	b. Taxes assumed by purchaser	9,005.36
	c. Drainage District charges assumed	982.18
	d. Cash down payment	1,911.22
	e. The balance of the purchase price in the manner hereinafter provided in the sum of	<u>292,801.24</u>
	TOTAL	\$349,700.00

2. PAYMENT OF BALANCE OF PURCHASE PRICE: Purchasers agree to pay said balance of \$292,801.24 in annual installments of not less than \$30,000.00 per annum, the first annual payment to be made on December 31, 1977 and a like payment on the 31st day of each and every December thereafter until the full balance of the purchase price and interest have been paid provided, however, that the full balance of the purchase price and interest shall become due and payable on December 31, 1987.

3. INTEREST ON UNPAID BALANCE: Purchasers shall pay interest at the rate of 8% per annum upon the unpaid balances, interest to commence as of the date of this contract. Said interest shall be first deducted from each annual payment and

the balance of the annual payment shall be applied to the reduction of the principal of the purchase price.

4. RIGHT OF PREPAYMENT: Purchasers shall have the right to make additional payments of principal and interest as follows:

Seller intends to treat this sale on an installment basis according to Section 453 of the Internal Revenue Code and no additional payments may be made on the principal during the calendar year 1977.

At any time after January 1, 1978 purchasers may pay any part or all of the purchase price and interest without penalty. In the event purchasers shall make prepayments after January 1, 1978 they shall be excused from the regular annual payments due hereunder to the extent of such prepayments.

5. UTILIZATION OF RANCH: Purchasers shall at all times conduct their farming and ranch operations upon the premises in such a manner as to conserve the property and avoid waste thereof and shall so use the pastures and premises as to avoid overgrazing and the farming and ranch operations shall be in accordance with the standards and customs generally prevailing with respect to similarly situated ranch and farm properties in the area.

6. TITLE AND POSSESSION OF PROPERTY: Title to the real property shall remain in seller until the purchase price and interest have been paid. Purchasers, however, shall be entitled to possession of said real property as long hereafter as they are not in default in the performance of this agreement.

7. REAL PROPERTY TAXES AND ASSESSMENTS: Real property taxes and assessments for the current tax year 1976-77 shall be prorated between the parties as of the date of this contract. Seller shall pay his portion of such taxes and purchasers shall pay the remainder of such taxes as the same become due and payable.

Purchasers agree to pay all future taxes and assessments levied or assessed against said property promptly as the same become due and payable.

In the event that the purchasers shall allow the taxes or other assessments upon said property to become delinquent or shall fail to remove any lien or liens imposed upon said property, the seller, without obligation to do so, shall have the right to pay the amount due and to add said amount so paid to the principal remaining due under this contract to bear interest at 8% per annum.

8. FIRE INSURANCE COVERAGE: Purchasers agree to keep the residence, barns and other outbuildings and sheds situated upon said premises insured against loss by fire with extended coverage in an amount not less than the reasonable replacement value. There shall be affixed to the policy of fire insurance a loss payable clause showing the interest of seller and purchasers under the terms of this agreement. The original policy of insurance shall be retained by seller and a memo copy of the policy shall be furnished to purchasers.

9. COVENANTS OF PURCHASERS: Purchasers agree:

- a. That they will keep the residences, machine shed, hay sheds, corrals and fences upon said property in as good condition and repair as they are now in provided, however, they shall have the right to remove the two barn sheds next to the main residence;
- b. That they will keep said property free and clear of all liens and encumbrances;
- c. That they will not commit nor suffer any waste or damage to be committed to said property;
- d. That they will not cut or remove any timber, rock, gravel or cinders from said property;
- e. That they will not sell, assign or transfer any interest in this agreement or in or to said property without first obtaining the written consent of seller. Seller agrees, however, not to arbitrarily withhold giving such consent.

10. MORTGAGE TO FEDERAL LAND BANK: This property is currently subject to a mortgage dated May 19, 1971, recorded June 24, 1971 in book M-71 at page 6575, official records of Klamath county to the Federal Land Bank of Spokane, a corporation organized and existing under the Federal Farm Loan Act given to secure the payment of a note for \$80,000.00 with interest thereon. Seller agrees to make all payments on said mortgage promptly as they become due, to indemnify and hold purchasers free and clear from any and all liability thereon and upon full payment of the purchase price by purchasers, seller agrees to convey said property free and clear of said mortgage. In the event seller fails to pay said

mortgage according to the tenor thereof, purchasers shall have the right to make any such delinquent payments to the Federal Land Bank of Spokane and in the event that it is necessary for them to do so, any such payment shall be applied to reduce the next payment coming due under this contract.

DR
D.J.C.
11. TITLE INSURANCE: ~~Upon payment of the entire purchase price for the property as provided herein and performance by purchasers of all other terms, conditions and provisions hereof,~~ seller shall deliver an ^{purchasers} ~~owner's~~ title insurance policy insuring purchasers that they have a marketable title free and clear of liens and encumbrances excepting matters contained in the usual printed exceptions in such title insurance policies, easements, conditions and restrictions of record, liens and encumbrances herein specified, if any, and liens and encumbrances placed upon the property or suffered by purchasers subsequent to the date of this agreement.

12. ESCROW: Seller shall deposit in escrow at the Western Bank, main branch, Klamath Falls, Oregon:

- a. A warranty deed conveying the above described property to purchasers subject to the exceptions set forth above;
- b. A copy of this agreement.

13. ESCROW INSTRUCTIONS: The parties agree to execute instructions which said bank may require as a condition to the acceptance of said escrow and each party shall pay one-half of the original escrow fee involved.

14. TIME OF ESSENCE: Time is of the essence of this agreement.

15. DEFAULT: In the event of the failure of purchasers to make any of the payments herein provided or to perform any of the other terms or conditions of this agreement on their part to be kept and performed, then seller at his option, shall have the right to declare the entire balance of the purchase price immediately due and payable and exercise any of the following rights or remedies:

- a. Retake possession of said property, in which event any payments made by purchasers shall be considered as rental for said property and as liquidated damages for the breach of agreement;
- b. Bring suit to foreclose this agreement in the manner provided by law;
- c. Sue purchasers for the balance of the purchase price then due;
- d. Exercise any other right or remedy which may be available to him either in law or in equity.

16. NOTICE OF DEFAULT: Before declaring any default hereunder seller shall notify purchasers by United States certified mail addressed to purchasers at Dairy Star Route,
Dairy, Oregon, in which notice he shall specify the respects in which he claims this agreement is in default and purchasers shall have thirty (30) days from the date of the mailing of such notice in which to remove such claimed default, if any in fact exists, and to reinstate this agreement.

17. WAIVER OF PERFORMANCE: Purchasers agree that the failure by seller at any time to require performance by purchasers of any provision hereof shall in no way affect his right hereunder to enforce the same, nor shall any waiver by seller of any breach of any provision hereof be held to be a waiver of the provision itself.

18. ATTORNEY'S FEES: In the event that suit or action shall be filed by either of the parties to enforce or establish any rights or remedies under this agreement, the party prevailing in such suit or action shall be entitled to recover such additional sum from the other party as the court may adjudge reasonable as attorney's fees in such suit or action and in any appeal therefrom.

19. WARRANTIES AND REPRESENTATIONS: Purchasers acknowledge that they have purchased said property and executed this agreement on the basis of their own examination and personal knowledge of the property and their opinion of the value thereof. They further acknowledge that seller has not, either directly or through any agent or representative, made any representations as to the condition or repair of the property or as to any other matters concerning the same. They acknowledge that no representations, warranties or verbal statements of any kind have been made to them except as set forth herein.

20. MEMORANDUM OF AGREEMENT: The parties contemporaneously herewith have executed a memorandum of agreement for purposes of recordation in Klamath county, Oregon and seller cove-


nants and agrees to record the same within 15 days from the date of execution hereof.

21. TAX STATEMENTS: Unless a change is requested, all tax statements shall be sent to the following address:

Dairy Star Route
Dairy, Oregon


22. JOINT AND SEVERAL LIABILITY: The liability of the purchasers under this contract shall be joint and several.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first hereinabove written.


Melvin W. McCollum

"seller"


Donald R. Claunch

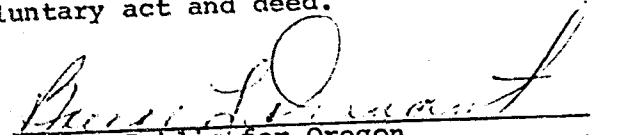

Betty V. Claunch

"purchasers"

STATE OF OREGON)
County of Klamath) ss.

On this 1st day of March, 1977, personally appeared the above named Melvin W. McCollum and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me:


Notary Public for Oregon
My commission expires: 10-10-78

STATE OF OREGON)
County of Klamath) ss.

On this 1 day of March, 1977, personally appeared the above named Donald R. Claunch and Betty J. Claunch, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

Bruce L. Dwyer
Notary Public for Oregon
My commission expires: 12-20-78

RERECORDED WITH EXHIBIT A ATTACHED

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record . . . 11:07
this 25 day of August A.D. 1982 at o'clock A. M.

duly recorded in Vol. M 82, of Deeds-Mtge on Page 11091

Fee \$52.00

EV. LYN BIEHL County Clerk
By Joyce Mc Dwyer