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MTG-152746
ASSIGNMENT OF LEASES AND RENTS

Vol. M85 Page 16978

Date: October 18, 1985

THIS ASSIGNMENT OF LEASES AND RENTS is made by GERTRUDE L. CARTWRIGHT and WILLIAM E. CARTWRIGHT, (hereinafter "Assignor"), with their address at 1501 Chapin Avenue, No. 102, Burlingame, California 94010, in favor of ELBERT W. STILES and WYOMING STILES (hereinafter "Assignee"), with their address at P. O. Box 217, Klamath Falls, Oregon 97601.

WITNESSETH:

FOR VALUE RECEIVED, Assignor does hereby assign to Assignee the Identified Leases set forth on Schedule 1 attached hereto and incorporated by reference, any and all existing and future leases (including subleases thereof), and any and all extensions, renewals and replacements thereof, upon all or any part of the premises described more particularly in Exhibit A attached hereto and by this reference incorporated herein (the "Premises"). All such leases, subleases and tenancies are hereinafter referred to as the "Leases."

TOGETHER with any and all guaranties of tenants' performance under the Leases.

TOGETHER with the immediate and continuing right to collect and receive all of the rents, income, receipts, revenues, issues and profits (the "rents") now due or which may become due or to which Assignor may now or shall hereafter (including those rents coming due during any redemption period) become entitled or may demand or claim, arising or issuing from or out of the Leases or from or out of the Premises or any part thereof, including but not limited to minimum rents, additional rents, percentage rents, deficiency rents and liquidated damages following default, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Premises, together with any and all rights and claims of any kind which Assignor may have against any tenant under the Leases or any subtenants or occupants of the Premises, EXCEPTING THEREFROM, any sums which by the express provisions of any of the Leases are payable directly to any governmental authority or to any other person, firm or corporation other than the landlord under the Lease.

TO HAVE AND TO HOLD the same unto the Assignee, its successors and assigns, until termination of the assignment as hereinafter provided.

SUBJECT, however, to a license hereby granted by Assignee to Assignor, to collect and receive all of the rents; provided, however, such license is limited as herein after provided.

FOR THE PURPOSE OF SECURING the payment of the indebtedness evidenced by a certain note of even date herewith made by Assignor, payable to the order of Assignee in the amount of \$222,000 and presently held by Assignee, including any extensions, modifications and renewals thereof and any supplemental note or notes increasing such indebtedness, as well as the payment, observance, performance and discharge of all other obligations, covenants, conditions and warranties contained in the Trust Deed of even date herewith, made by Assignor and in any extensions, modifications, supplements and consolidations thereof, covering the Premises and securing the notes and supplemental notes, if any, (all of which is hereinafter collectively referred to as the "Note and Trust Deed").

TO PROTECT THE SECURITY OF THE ASSIGNMENT IT IS COVENANTED AND AGREED AS FOLLOWS:

1. Assignor's Warranties Regarding Leases and Rents.
Assignor represents and warrants:

(a) that it has good title to the Leases and rents hereby assigned and good right to assign the same, and that no other person, firm or corporation has any right, title or interest therein;

(b) that Assignor has duly and punctually performed all the terms, covenants, conditions and warranties of the Leases on Assignor's part to be kept, observed and performed;

(c) that the Identified Leases and all other existing Leases are valid and unmodified except as indicated herein and in full force and effect;

(d) that Assignor has not previously sold, assigned, transferred, mortgaged or pledged the rents from the Premises, whether now due or hereafter to become due;

(e) that any of the rents due and issuing from the Premises or from any part thereof for any period

subsequent to the date hereof have not been collected and that payment of any of same has not otherwise been anticipated, waived, released, discounted, set off or otherwise discharged or compromised;

(f) that Assignor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued rents; and

(g) that the tenants under the Identified Leases and all other existing Leases are not in default of any of the terms thereof.

2. Assignor's Covenants of Performance. Assignor covenants and agrees:

(a) to observe, perform and discharge, duly and punctually, all the obligations, terms, covenants, conditions and warranties of the Note and Trust Deed, of the Identified Leases, and of all existing and future Leases affecting the Premises, on the part of Assignor to be kept, observed and performed, and to give prompt notice to Assignee of (i) any failure on the part of Assignor to observe, perform and discharge same, and (ii) any notice, demand or other document received by Assignor from any tenant or subtenant under the Leases specifying any default claimed to have been made by the Assignor under the Leases;

(b) to notify and direct in writing each and every present or future tenant or occupant of the Premises or of any part thereof that any security deposit or other deposits heretofore delivered to Assignor have been retained by Assignor or assigned and delivered to Assignee as the case may be;

(c) to enforce or secure in the name of Assignee (upon notice to Assignee) the performance of each and every obligation, term, covenant, condition and agreement in the Leases by any tenant to be performed, and to notify Assignee of the occurrence of any default under the Leases;

(d) to appear in and defend any action or proceeding arising under, occurring out of, or in any manner connected with the Leases or the obligations, duties or liabilities of Assignor and any tenant thereunder, and upon request by Assignee, to do so in the name and on behalf of Assignee, but in all cases at the expense of Assignor;

(e) to pay all costs and expenses of Assignee, including attorney fees in a reasonable sum, in any action or proceeding in which Assignee may appear in connection herewith; and

(f) to neither create nor permit any lien, charge or encumbrance upon its interest as lessor of the Leases except the lien of the Trust Deed or as provided in the Trust Deed.

3. Prior Approval For Actions Affecting Leases.
Assignor, without the prior written consent of the Assignee, further covenants and agrees:

(a) not to receive or collect any rents from any present or future tenant of the Premises or any part thereof for a period of more than one month in advance of the date on which such payment is due (whether in cash or by promissory note), nor pledge, transfer, mortgage or otherwise encumber or assign future payments of rents;

(b) not to waive, excuse, condone, discount, set off, compromise, or in any manner release or discharge any tenant under any Leases of the Premises, of and from any obligations, covenants, conditions and agreements by tenant to be kept, observed and performed, including the obligation to pay the rents thereunder in the manner and at the place and time specified therein;

(c) not to cancel, terminate or consent to any surrender of any of the Leases, nor permit any of the aforementioned, nor commence an action of ejectment or any summary proceedings for dispossession of the tenant under any of the Leases, nor exercise any right of recapture provided in any Leases, nor modify, or in any way alter the terms thereof;

(d) not to lease any part of the Premises, nor renew or extend the term of any Leases of the Premises unless an option therefor was originally so reserved by tenants in the Leases for a fixed and definite rental;

(e) not to relocate or expand the floor space of any said tenant within the Premises, nor consent to any modification of the express purposes for which the Premises have been leased, nor consent to any subletting of the Premises or any part thereof, or to any assignment or further subletting of any sublease;

(f) subparagraphs (d) and (e) of this Paragraph 3 shall not apply if any renewal, extension, relocation, expansion, modification, subletting or reletting results in the same or a higher rental for the Premises involved.

4. Rejection of Leases. Assignor further covenants and agrees that in the event any lessee under the Leases should be the subject of any proceeding under the Federal Bankruptcy Act or any other federal, state or local statute which provides for the possible termination or rejection of the Leases assigned hereby, Assignor covenants and agrees that in the event any of the Leases is so rejected, no damages settlement shall be made without the prior written consent of the Assignee; and further that any check in payment of damages for rejection of any such Lease will be made payable both to the Assignor and Assignee; and Assignor hereby assigns any such payment to Assignee and further covenants and agrees that upon request of Assignor it will duly endorse to the order of Assignee any such check, the proceeds of which will be applied to any portion of the indebtedness secured by this Assignment as Assignee may elect.

5. Default Deemed Default Under Trust Deed. In the event any representation or warranty herein of Assignor shall be found to be untrue or Assignor shall default in the observance or performance of any obligation, term, covenant, condition or warranty herein, then in each such instance, the same shall constitute and be deemed to be a default under the Note and Trust Deed, thereby entitling Assignee to declare all sums secured thereby and hereby immediately due and payable and to exercise any and all of the rights and remedies provided thereunder and herein, as well as by law.

6. License to Collect Rents. As long as there shall exist no default by Assignor in the payment of any indebtedness secured hereby or in the observance and performance of any other obligation, term, covenant or condition or warranty herein or in the Note and Trust Deed or contained in the Leases, Assignor shall have the right under a license granted hereby (but limited as provided in the following paragraph) to collect, but not prior to accrual, all of the rents arising from or out of said Leases, or any renewals, extensions and replacements thereof, or from or out of the Premises or any part thereof; and Assignor shall receive such rents and shall hold them, as well as the right and license to receive them, as a trust fund to be applied, and Assignor hereby covenants to so apply them as required by the Assignee, firstly to the payment of taxes and assessments upon said Premises before penalty or interest is due

thereon; secondly to the cost of insurance, maintenance and repairs required by the terms of the Trust Deed; thirdly to the satisfaction of all obligations specifically set forth in the Leases; and fourthly to the payment of interest and principal becoming due on the Note and Trust Deed, before using any part of the same for any other purposes.

7. Performance and Termination of License. Upon the conveyance by Assignor and its successors and assigns of the fee title of the Premises, all right, title, interest and powers granted under the license aforesaid shall automatically pass to and may be exercised by each such subsequent owner; and upon or at any time after default in the payment of any indebtedness secured hereby or in the observance or performance of any obligation, term, covenant, condition or warranty herein, in the Note and Trust Deed or in the Leases, Assignee, at its option and without notice, shall have the complete right, power and authority hereunder to exercise and enforce any or all of the following rights and remedies at any time:

(a) to terminate the license granted to Assignor to collect the rents without taking possession, and to demand, collect, receive, sue for, attach and levy against the rents in Assignee's own name; to give proper receipts, releases and acquittances therefor; and after deducting all necessary and proper costs and expenses of operation and collection as determined by Assignee, including reasonable attorney fees, to apply the net proceeds thereof, together with any funds of Assignor deposited with Assignee, upon any indebtedness secured hereby and in such order as Assignee may determine;

(b) to declare all sums secured hereby immediately due and payable and, at its option, exercise all or any of the rights and remedies contained in the Note and Trust Deed;

(c) without regard to the adequacy of the security or the solvency of Assignor, with or without any action or proceeding through any person or by agent, or by the Trustee under any Trust Deed secured hereby, or by a receiver to be appointed by a court, and without regard to Assignor's possession, to enter upon, take possession of, manage and operate the Premises or any part thereof; make, modify, enforce, cancel or accept surrender of any Leases now or hereafter in effect on said Premises or any part thereof; remove and evict any lessee; increase or decrease rents; decorate, clean and repair; and otherwise do any act or incur any costs or

expenses as Assignee shall deem proper to protect the security hereof, as fully and to the same extent as Assignor could do if in possession; and in such event, to apply the rents so collected in such order as Assignee shall deem proper to the operation and management of said Premises, including the payment of reasonable management, brokerage and attorney fees, payment of the indebtedness under the Note and Trust Deed, and payment to a reserve fund for replacements, which fund shall not bear interest; and

(d) require Assignor to transfer all security deposits to Assignee, together with all records evidencing such deposits.

Provided, however, that the acceptance by Assignee of this Assignment, with all of the rights, powers, privileges and authority so created, shall not, prior to entry upon and taking possession of said Premises by Assignee, be deemed or construed to constitute Assignee a "Mortgagee in Possession," nor thereafter or at any time or in any event obligate Assignee to appear in or defend any action or proceeding relating to the Leases or to the Premises, or to take any action hereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty or liability under the Leases, or to assume any obligation or responsibility for any security deposits or other deposits delivered to Assignor by any lessee thereunder and not assigned and delivered to Assignee; nor shall Assignee be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Premises; and

Provided further, that the collection of rents and application as aforesaid and/or the entry upon and taking possession of the Premises shall not cure or waive any default; or waive, modify or affect any notice of default required under the Note and Trust Deed; or invalidate any act done pursuant to such notice. The enforcement of any right or remedy by Assignee, once exercised, shall continue until Assignee shall have collected and applied such rents as may have cured (for the time) the original default. Although the original default be cured and the exercise of any such right or remedy be discontinued, the same or any other right or remedy hereunder shall not be exhausted and may be reasserted at any time and from time to time following any subsequent default. The rights and powers conferred on Assignee hereunder are cumulative of and not in lieu of any other rights and powers otherwise granted Assignee.

8. Appointment of Attorney. Assignor hereby irrevocably constitutes and appoints Assignee its true and lawful attorney, coupled with an interest of Assignor; and in the name, place and stead of Assignor, to subordinate at any time and from time to time, any Leases affecting the Premises or any part thereof, to the lien of the Trust Deed, or any other trust deed encumbering the Premises, or to any ground lease of the Premises; and to request or require such subordination where such option or authority was reserved to Assignor under any such Leases, or in any case where Assignor otherwise would have the right, power or privilege so to do. This appointment is to be irrevocable and continuing and these rights, powers and privileges shall be exclusive in Assignee, its successors and assigns, as long as any part of the indebtedness secured hereby shall remain unpaid. Assignor hereby warrants that it has not, at any time prior to the date hereof, exercised any right to subordinate any of such Leases to the Trust Deed or to any other trust deed or ground lease, and further covenants not to exercise any such right.

9. Indemnification. Assignor hereby agrees to indemnify and hold Assignee harmless from any and all liability, loss, damage or expense which Assignee may incur under or by reason or in defense of any and all claims and demands whatsoever which may be asserted against Assignee arising out of the Leases, including, but not limited to, any claims by any tenants of credit for rental for any period under any Leases more than one month in advance of the due date thereof paid to and received by Assignor, but not delivered to Assignee. Should Assignee incur any such liability, loss, damage or expense, the amount thereof (including reasonable attorneys' fees) with interest thereon at the maximum rate permitted by law shall be payable by Assignor immediately without demand, and shall be secured as a lien hereby and by the Trust Deed.

10. Records. Until the indebtedness secured hereby shall have been paid in full, Assignor shall deliver to Assignee executed copies of any and all renewals of existing leases and all future leases upon all or any part of the Premises, and will transfer and assign such Leases upon the same terms and conditions as herein contained. Assignor hereby covenants and agrees to make, execute and deliver unto Assignee upon demand and at any time any and all assignments and other records and instruments, including, but not limited to, rent rolls and books of account sufficient for the purpose that Assignee may deem to be advisable for carrying out the purposes and intent of this Assignment.

11. No Waiver. The failure of Assignee to avail itself of any of the terms, covenants and conditions of this Assignment for any period of time or at any time shall not be construed or deemed to be a waiver of any such right, and nothing herein contained nor anything done or omitted to be done by Assignee pursuant hereto shall be deemed a waiver by Assignee of any of its rights and remedies under the Note and Trust Deed or the laws of the state in which the said Premises are situated. The rights of Assignee to collect the said indebtedness, to enforce any other security therefor, or to enforce any other right or remedy hereunder, may be exercised by Assignee either prior to, simultaneously with, or subsequent to, any other action taken hereunder and shall not be deemed an election of remedies.

12. Primary Security. This Assignment of Leases and Rents is primary in nature to the obligation evidenced and secured by the Note, Trust Deed and any other document given to secure and collateralize the indebtedness. Assignor further agrees that Assignee may enforce this Assignment without first resorting to or exhausting any other security or collateral; however, nothing herein contained shall prevent Assignee from suing on the Note, foreclosing the Trust Deed or exercising any other right under any other document collateralizing the Note.

13. Termination of Assignment. Upon payment in full of all of the indebtedness secured by the Note and Trust Deed and payment of all sums payable hereunder, this Assignment shall be void and of no effect; and no judgment or decree entered as to said indebtedness shall operate to abrogate or lessen the effect of this Assignment until such indebtedness has actually been paid. The affidavit, certificate, letter or statement of any officer of Assignee showing any part of said indebtedness to remain unpaid shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment. Any person, firm or corporation may and is hereby authorized to rely on such affidavit, certificate, letter or statement. A demand by Assignee of any tenant for payment of rents by reason of any default claimed by Assignee shall be sufficient direction to said tenant to make future payments of rents to Assignee without the necessity for further consent by or notice to Assignor.

14. Notice. All notices, demands or documents of any kind which Assignee may be required or may desire to serve upon Assignor hereunder shall be sufficiently served by delivering same to Assignor personally; or by leaving a copy of same addressed to Assignor at the address appearing hereinabove; or by depositing a copy of said in the United States mail, postage prepaid, certified or registered mail, addressed to Assignor at said address.

15. Assignment Binds Successors. The terms, covenants, conditions and warranties contained herein and the powers granted hereby shall run with the land and shall inure to the benefit of and bind all parties hereto and their respective heirs, successors and assigns; all tenants and their subtenants and assigns; and all subsequent owners of the Premises and subsequent holders of the Note and Trust Deed.
16. Additional Rights and Remedies. In addition to but not in lieu of any other rights hereunder, Assignee shall have the right to institute suit and obtain a protective or mandatory injunction to prevent a breach or default of, or to enforce the observation by such Assignor of, the agreements, covenants, terms and conditions contained herein, and shall have the right to ordinary and punitive damages occasioned by any such breach of default by Assignor.
17. Location of Performance. Assignor expressly agrees that this Assignment is performable in Klamath County, Oregon, waives the right to be sued elsewhere, and agrees and consents to the jurisdiction of any court of competent jurisdiction located in Klamath County, Oregon.
18. Severability. If any provision of this Assignment or the application thereof to any entity, person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Assignment and the application of such provisions to other entities, persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
19. No Third-Party Beneficiaries. It is expressly agreed by Assignor that this Assignment shall not be construed or deemed made for the benefit of any third party or parties.
20. Entire Agreement. This document contains the entire agreement concerning the assignment of rents and leases between the parties hereto. No variations, modifications or changes herein or hereof shall be binding upon any party hereto unless set forth in a document duly executed by or on behalf of such party.
21. Construction. Whenever used herein whenever the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. All obligations of each Assignor hereunder shall be joint and several.

22. Governing Law. The parties agree that the law of the state of Oregon shall govern the performance and enforcement of this Assignment.

IN WITNESS WHEREOF, the Assignor has executed this Assignment of Leases and Rents on the date first written above.

Gertrude L. Cartwright
 Gertrude L. Cartwright
 by William E. Cartwright as her
attorney-in-fact
William E. Cartwright
 William E. Cartwright

STATE OF Oregon)
 County of Hamath) ss.

Personally appeared the above-named William E. Cartwright as
power of attorney for
Gertrude L. Cartwright
 Cartwright and acknowledged the foregoing instrument to be her voluntary act and deed.

Before me: 7/14/89 10-18-85-

Judith Steller
 Notary Public for Oregon
 My Commission Expires 7-14-89

STATE OF Oregon)
 County of Hamath) ss.

Personally appeared the above-named William E. Cartwright and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me: 7/14/89 10-18-85-

Judith Steller
 Notary Public for Oregon
 My Commission Expires 7-14-89

SCHEDULE OF OPERATING AGREEMENTS

<u>Date</u>	<u>Lessee</u>	<u>Term</u>
1. June 1, 1978	Paul & Phyllis Goebel	June 1, 1978 - May 31, 1986 (extended to May 31, 1989 per Lease Extension Agreement dated September __, 1985)
2. January 26, 1985	James E. and Mary F. Hammond	March 1, 1985 - February 29, 1988
3. January 1, 1979	Lawrence Slater Agency	January 1, 1979 - January 1, 1989
4. February 1, 1983	Frederick Ehlers	January 1, 1983 - December 31, 1992
5. October 1, 1985	Gerald Horgan & Amber Software Corporation	October 15, 1985 - October 15, 1986

EXHIBIT A

16990

PARCEL 1: A tract of land in the NE 1/4 NE 1/4 of Section 32, Township 38 South, Range 9 described as follows:

Beginning at the Northwest corner of Block 78 of Klamath Addition to Klamath County, Oregon; thence North 38°56' East, a distance of 204 feet to the point of beginning; thence South 51°04' East, a distance of 100 feet; thence North 38°56' East, a distance of 116 feet to a point; thence North 51°04' West, a distance of 100 feet to a point; thence South 38°51' West, a distance of 116 feet to the point of beginning.

Note: Said Property is not platted however, it has been also described as Lots 1 and 2 and the Northeasterly 12 feet of Lot 3 all in Block 79, Klamath Addition, Klamath County, Oregon.

PARCEL 2: A tract of land in the NE 1/4 NE 1/4 of Section 32, Township 38 South, Range 9 described as follows:

Beginning at the Northwest corner of Block 78 of Klamath Addition to Klamath County, Oregon; thence North 38°56' East, a distance of 164 feet to the point of beginning; thence North 38°56' East a distance of 40 feet; thence South 51°04' East, a distance of 100 feet; thence South 38°56' West a distance of 40 feet; thence North 51°04' West, a distance of 100 feet to the point of beginning.

Note: Said property is not platted however, it has been also described as the Southwesterly 40 feet of Lot 3 of Block 79, Klamath Addition, Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: SS.

Filed for record at request of _____
of October A.D., 19 85 at 3:33 o'clock P M., and duly recorded in Vol. 18th day
of Mortgages on Page 16978 M85

FEE

\$54.00

By Evelyn Biehn County Clerk

Ram Smith

Return:
MTC.