

AFTER RECORDING RETURN TO:

THE FIRST NATIONAL BANK
OF NORTH IDAHOVol. M86 Page 1916PO Drawer G
Sandpoint,
Idaho 83864**ASSIGNMENT OF VENDOR'S INTEREST IN
REAL ESTATE CONTRACT**

1. This agreement made at Sandpoint, Id, this 9th
day of January, 19 86, by and between Michael A. O'Keefe and Judith L.
O'Keefe

(Assignor) and The First National Bank of North Idaho, N.A., (Assignee) at PO Drawer G, Sandpoint, Idaho (address).

2. For the purpose of securing payment of the indebtedness evidenced by a promissory note, of even date herewith, executed by Assignor in the sum of \$ **30,000.00**, final payment due April 15, 1988, and to secure payment of all further sums as may be loaned or advanced by the Assignee herein to the Assignor herein or any or either of them for any purpose, and of any notes, drafts, or other instruments representing such further loans, advances or expenditures together with interest on all such sums at the rate therein provided. Provided, however, that the making of such further loans, advances, or expenditures shall be optional with the Assignee, and provided, further, that it is the express intention of the parties to this agreement that it shall stand as continuing security until paid for all such advances together with all other obligations of Assignor to Assignee, direct or indirect, absolute or contingent, now existing or hereafter arising together with interest thereon.

3. Assignor hereby grants to Assignee a security interest in and assignment of all of Assignor's right, title, and interest which Assignor now has or may hereafter acquire in that certain real estate contract dated March 26, 19 79, between Assignor as seller and Lyman G. and Kathleen Mason as buyer of the following described real property:

See attached legal description marked Exhibit A

to secure the payment and performance of all of Assignor's obligations to the Assignee.

4. Assignor represents and warrants that Assignor's interest in said contract and real property has not been transferred, assigned or otherwise disposed of and is now owned by Assignor, free and clear of all liens and encumbrances whatsoever, except as may herein be stated. Assignor agrees that no further assignment hereof shall be made until the hereinabove described indebtedness is repaid and discharge of the debt is acknowledged by Assignee. Assignor further represents and warrants that there are no defenses, offsets, or counterclaims to Assignor's interest in said contract.

5. If Assignor is a corporation, Assignor is duly organized and existing under the laws of its state of incorporation and is duly qualified and in good standing in every other state in which it is doing business.

6. If Assignor is a corporation, the execution, delivery, and performance hereof are within Assignor's corporate powers, have been duly authorized, and not in contravention of law or the terms of Assignor's charter, bylaws, or other incorporation papers, or of any indenture, agreement, or undertaking to which Assignor is a party or by which it is bound.

7. Assignor shall not sell or alienate the contract described above. Assignor shall not modify or make a substitution on the contract without the express written consent of the Assignee.

8. Assignor has good marketable title to the subject real property and is not in default of any provision of the contract. Assignor shall defend the contract against any adverse claims and shall appear in and defend any action or proceeding purporting to affect the security hereof or powers of Assignee and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Assignee may appear.

9. Assignor shall provide additional collateral to Assignee at Assignee's request.

10. Assignor shall pay, at least ten days before delinquency, all taxes and assessments affecting said property, when due, all encumbrances, charges, and liens on said real property which appear to be prior or superior hereto.

11. Any award of damages in connection with any condemnation of the real property or injury to the real property is hereby assigned and shall be paid to Assignee who may apply the proceeds as set forth above.

12. Events of Default; Acceleration: Any or all of Assignor's obligations secured hereunder shall, at the option of Assignee and notwithstanding any time or credit allowed by any instrument evidencing a liability, become immediately due and payable without notice or demand upon the occurrence of any of the following events of default:

a. Default in the payment or performance of any obligation, covenant, or liability contained or referred to herein or in any note secured hereby;

b. Default of Assignor or any other debtor under the contract or contracts subject to this assignment;

c. Breach of any warranty, representation, or covenant made or furnished to Assignee by or on behalf of Assignor;

d. Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the property of, assignment for the benefit of creditors, by or the commencement of any proceeding under any bankruptcy or insolvency laws or against debtor or any guarantor or surety of debtor, or entry of any judgment against them or failure of any guarantor or surety of debtor to provide Assignor with financial information promptly when requested;

e. Any event which gives Assignee a good-faith belief that the obligations of Assignor are inadequately secured or that prospect of payment, performance, or observance of any of the obligations is impaired;

f. Any modification, assignment, transfer, or other disposition of the subject real estate contract or substitution of parties thereunder without the express written consent of Assignee.

13. Assignor is, and will stay, free from default with respect to any prior encumbrances against the real or personal property underlying the assigned contract, in due course will satisfy any such prior encumbrances, and will not modify its agreements connected with such encumbrances without Assignee's written consent. Assignor guarantees the obligations of all contract debtors.

14. At Assignee's request, Assignor will provide and pay for insurance satisfactory to Assignee on any real or personal property underlying the contract or contracts assigned. Likewise, Assignor shall obtain loss payable clauses satisfactory to Assignee and shall provide Assignee with proper evidence of all the foregoing. In any event, Assignor assigns to Assignee as additional collateral all of Assignor's rights to benefits resulting from insurance coverage on any of the collateral.

15. Should Assignor fail to make any payment or do any act as herein provided, then Assignee, without obligation to do so and without prior notice to or demand on Assignor and without release of Assignor from any obligation, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Assignor shall upon demand reimburse Assignee for any sums Assignee expends under this section and such sums shall draw interest at the rate shown on the note secured hereby. Under no circumstances shall Assignee become liable for obligations of Assignor to persons with prior encumbrances or to the purchasers upon any real or personal property underlying the contract or contracts assigned.

16. Assignor shall collect payments on the contract until any event of default.

17. Assignee may notify contract debtors of this assignment. After an event of default, Assignee may notify contract debtors that their payments shall be made to Assignee, or in that event Assignor upon request will so notify contract debtors and will indicate to such contract debtors that payments are to be made directly to Assignee. Any contract payments thereafter received by the Assignor shall be promptly turned over to Assignee in the exact form in which they are received.

18. After an event of default, Assignee shall have full power to collect, compromise, foreclose, endorse, sell, or otherwise deal with collateral or proceeds thereof in its own name or that of Assignor. Without regard to the adequacy of Assignee's collateral and without notice to Assignor, Assignee shall, after any event of default, be entitled to have a receiver appointed to assist in making collections or to assist in possessing, managing, or maintaining any of the collateral. Assignor assigns as additional security all of his rights to rents and profits from the real or personal properties underlying the assigned contract or contracts.

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19. Assignor will furnish to Assignee such reports and other information concerning the collateral as Assignee may request. Assignor will maintain such records concerning the collateral as will enable the Assignee to determine at any time the status of the collateral and Assignor will permit Assignee, at any time, to inspect Assignor's records and all other papers in Assignor's possession pertaining to the collateral. Assignor shall stamp on his records concerning the collateral notation in form satisfactory to Assignee of the security interest of Assignee hereunder.

20. Assignee shall not be deemed to have waived any of Assignee's rights hereunder or under any other agreement or writings signed by Assignor unless such waiver be in writing and signed by Assignee. No delay or omission on the part of Assignee in exercising any right shall operate as a waiver of such rights or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All of Assignee's rights and remedies, whether evidenced hereby or by any other writings, shall be cumulative and may be exercised singularly or concurrently.

21. Any demand upon or notice to Assignor that Assignee may elect to give shall be effective when deposited in the mails addressed to Assignor at the address at which Assignee customarily communicates with Assignor.

22. If at any time or times, by assignment or otherwise, Assignee transfers any obligation secured hereunder and collateral or other security therefor, such transfer shall carry with it Assignee's powers and rights under this agreement with respect to the obligations and collateral or other security transferred and the transferee shall become vested with said powers and rights, whether or not they are specifically referred to in the transfer. If and to the extent that Assignee retains any other obligations or collateral or other security, Assignee shall continue to have the rights and powers herein set forth with respect thereto.

23. Assignor shall pay to Assignee on demand together with interest at the rate shown on the note secured hereby, any and all expenses, including legal expenses and reasonable attorney's fees, reasonably incurred or expended by Assignee in the collection or attempted collection or liquidation of collateral (including foreclosure or receivership expenses) and in protection and enforcing the obligations secured hereunder and other rights of the Assignee hereunder.

24. Additional Security: Regardless of the adequacy of any collateral which Assignee may at any time hold hereunder, and regardless of the adequacy of any other collateral which Assignee may obtain at any of its offices from Assignor in connection with any other transactions, any deposits of other moneys due from Assignee at any of its offices to Assignor shall constitute additional security for, and may be set off against, loans secured hereby even though said loans may not then be due. Any and all instruments, documents, policies and certificates of insurance, securities, goods, accounts receivable, choses in action, chattel paper, cash, property, and the proceeds thereof (whether or not the same are collateral or proceeds thereof hereunder) owned by Assignor or in transit by mail or carrier to or from Assignee or in possession of any third party possession or control of Assignee at any of its offices or in transit by mail or carrier to or from Assignee or in possession of any third party acting in Assignee's behalf without regard to whether Assignee received the same in pledge, for safe keeping, as agent for collection or transmission or otherwise, or whether Assignee has conditionally released the same, shall constitute additional security for obligations secured hereunder and may be applied at any time to such obligations which are then due by acceleration or otherwise.

25. If the contract which is the subject of this assignment is placed with an escrow agent, the agent shall be instructed by an executed copy of this instrument placed with the agent that the agent shall promptly notify Assignee of any notice of default of said contract delivered to the Agent. Deposit of this assignment with said agent shall also be sufficient notice to the agent of the Assignee's security interest in the contract. Upon deposit of the contract with the escrow agent, said agent shall be deemed the agent of the Assignee for purposes of perfection.

26. In the event any portion of this assignment or part thereof shall be determined by any court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions hereunder, or parts thereof, shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby, it being understood that such remaining provisions shall be construed in a manner most closely approximating the intention of the parties with respect to the invalid, void, or unenforceable provision or part thereof.

27. Upon the occurrence of any of the above events of default and at any time thereafter (such default not having previously been cured) the Assignee shall have, in addition to all other rights and remedies, the remedies of a secured party under the Uniform Commercial Code of Idaho. Unless the contract threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Assignee shall give to the Assignor at least ten (10) days' prior written notice of the time and place of any public sale of the contract or of the time after which any private sale or any other intended disposition is to be made. The Assignee may at any time in its discretion transfer the contract or other property constituting collateral into its own name or that of its nominee and receive the income thereon and hold the same as security for liabilities or apply it on principal or interest due on liabilities. Insofar as collateral shall consist of accounts receivable, insurance policies, instruments, chattel paper, choses in action, general intangibles, or the like, the Assignee may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose or realize upon collateral as the Assignee may determine, whether or not liabilities or collateral are then due and for the purpose of realizing the Assignee's rights therein, the Assignee may receive, open and dispose of mail addressed to the Assignor and endorse notes, checks, drafts, money orders, documents of title or other evidences of payment, shipment or storage or any form of collateral on behalf of and in the name of the Assignee.

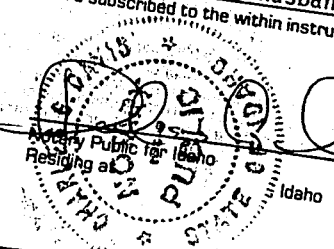
28. The Assignor waives demand, notice, protest, notice of acceptance of this agreement, notice of loans made, credit extended, collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect both to liabilities and collateral, the Assignor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Assignee may deem advisable. The Assignee shall have no duty as to the collection or protection of collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof. The Assignee may exercise its rights with respect to collateral without resorting or regard to other collateral or sources of reimbursement for liability. The Assignee shall not be deemed to have waived any of its rights upon or under liabilities or collateral unless such waiver be in writing and signed by the Assignee.

DATED this 9th day of January, 1986.

Assignor: Michael A. O'Keefe
Assignor: Judith L. O'Keefe

STATE OF IDAHO
County of Bonner

On this 9th day of January, 1986, before me, the undersigned Notary Public, personally appeared Michael A. O'Keefe and Judith L. O'Keefe, husband and wife, known to me to be the person s whose name s is/are subscribed to the within instrument, and acknowledged to me that they executed the same.



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EXHIBIT A

The following described real property situated in Klamath County, Oregon:

PARCEL 1: The N-1/2 NW-1/4; NW-1/4 NE-1/4 of Section 13, Township 35 South, Range 9 East of the Willamette Meridian.

That portion of the NE-1/4 of Section 14, Township 35 South, Range 9 East of the Willamette Meridian, lying Easterly of the thread of Sprague River; SAVING AND EXCEPTING therefrom that portion which lies between Sprague River and the Chiloquin-Sprague River Highway and Northerly of a line described as beginning in the center of Chiloquin-Sprague River Highway at a point that is 118-1/2 feet Northwesterly of the center of a cattle guard; said cattle guard being near the East line of said Section 14, in said road; thence extending South 70° West to the center of Sprague River.

PARCEL 2: The North 489.5 feet of the SE-1/4 NW-1/4 and the North 489.5 feet of the S-1/2 NE-1/4 of Section 13, Township 35 South, Range 9 East of the Willamette Meridian. TOGETHER WITH a strip of land 60 feet in width described as follows: Beginning at a point 489.5 feet South of the Northwest corner of the SE-1/4 NW-1/4 of Section 13, Township 35 South, Range 9 East of the Willamette Meridian, thence East 60 feet parallel to the North line of said SE-1/4 NW-1/4, thence South parallel with the West line of said SE-1/4 NW-1/4 to the Northerly boundary line of the Chiloquin-Sprague River Highway, thence Northwesterly along said Northerly boundary line of the said Chiloquin-Sprague River Highway to the West line of said SE-1/4 NW-1/4, thence North to the point of beginning.

PARCEL 3: The S-1/2 NW-1/4, NW-1/4 SW-1/4, E-1/2 SW-1/4, W-1/2 SE-1/4, SW-1/4 NE-1/4, Section 12, Township 35 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.



STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record ~~XXXXXX~~

this 30th day of October

A. D. 19 79 at 4:24

P

M., and

duly recorded in Vol. M79

of Mortgages

on Page

25631

Wm D. MILNE, County Clerk

Fee \$10.50

INDEXED

D. 1

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of

of January

A.D., 19 86

at 12:05 o'clock

P

M., and

the

31st

day

on Page

1916

duly recorded in Vol.

M86

Evelyn Biehn,

By

County Clerk

FEE

\$13.00