

For value received, Charles H. Schuler and Carol E. Schuler*** ("Assignor") assigns the following described property ("Collateral") and grants a security interest therein to FIRST INTERSTATE BANK OF OREGON, N.A., ("Bank") its successors and assigns: all of Assignor's right, title and interest in and to any and all leases or agreements now or hereafter existing, however evidenced, covering all or a portion of the real property described below, together with all rents and monies due or to become due Assignor thereunder, including but not limited to those certain lease(s) executed between Assignor, as Lessor and Lessee(s) so described in Exhibit A, which is attached hereto and by this reference made a part hereof. "Obligor" shall mean the Account Debtor, Lessee, Contract Purchasers or other person(s) obligated for the payment of money, as the case may be.

LOTS 4 AND 5, BLOCK 10, BUENA VISTA ADDITION TO THE CITY OF KLAMATH FALLS, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON. TOGETHER WITH THAT PORTION OF VACATED OREGON AVENUE ADJACENT TO SAID LOTS 4 AND 5.

AKA: 738, 740, 742, 744, W. Oregon Ave
Klamath Falls, OR 97601

***Henry T Holman and Patricia R Holman
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;
- (VI) he has not received any monies which are not due under this Collateral until a date more than 30 days from the date on which this assignment is executed.

Assignor covenants to Bank that he will strictly and promptly perform each of the terms, conditions, covenants and agreements contained in the collateral on his part to be performed.

This assignment is made as security for the payment of any and all indebtedness now or at any time hereafter owing by Assignor to Bank, whether absolute, contingent, due or to become due, primary or secondary and however evidenced, including but not limited to the payment of Assignor's promissory note to Bank dated April 28, 1987, in the principal amount of \$ 60,300.00, together with interest thereon in accordance with its terms and tenor, (together with any renewals or extensions thereof), and secured by that certain mortgage dated April 28, 1987 and recorded April 30, 1987 in Volume M87, page 7287 Microfilm Records of Klamath County, Oregon.

Upon or at any time after default in the payment of the principal sum, interest and other indebtedness secured hereby and by said mortgage or in the performance of any obligation, covenant or agreement herein or in said note, mortgage or lease contained on the part of the Assignor to be performed, the Assignee without in any way waiving such default may at its option without notice and without regard to the adequacy of the security for the said principal sum, interest and other indebtedness secured hereby and by said mortgage, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the premises described in said lease and/or mortgage and have, hold, manage, lease and operate the same on such terms and for such period of time as the Assignee may deem proper and either with or without taking possession of said premises in its own name, demand, sue for or otherwise collect and receive all rents, income and profits of said premises, including those past due and unpaid with full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof as may seem proper to the Assignee and to apply such rents, income and profits to the payment of: (a) all expenses of managing the premises, including, without being limited thereto, the salaries, fees and wages of a managing agent and such other employees as the Assignee may deem necessary or desirable and all expenses of operating and maintaining the premises, including, without being limited thereto, all taxes, charges, claims, assessments, water rents, sewer rents and any other Liens, and premiums for all insurance which the Assignee may deem necessary or desirable; and (b) the principal sum, interest and indebtedness secured hereby and by said mortgage, incident to taking and retaining possession of the premises; and the costs of all alterations, renovations, repairs or replacements, and all expenses together with all costs and attorney fees, in such order of priority as to any of the items mentioned in this document as the Assignee in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. The exercise by the Assignee of the option granted it in this paragraph and the collection of the rents, income and profits and the application thereof as herein provided shall not be considered a waiver of any default by the Assignor under said note or mortgage or under said lease or this assignment.

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 Collateral and to accept 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 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 agrees to indemnify Bank against and hold it harmless from any and all liability, loss or damage which it may or might incur under the Collateral or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligation or undertaking on Bank's or Assignor's part to perform or discharge any of the terms of the 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. This power is given as security for an indebtedness and the authority thereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Bank.

Assignors shall not without Bank's written consent, now or at any time, regardless of whether Assignor has failed to perform any covenant or obligation of the indebtedness secured hereunder, modify the collateral or terminate the term or accept a surrender thereof or waive or release the Obligor from the performance or observance by the Obligor of any obligation or condition thereof or accept the payment of money thereunder for more than 30 days prior to accrual.

Assignor shall pay to Bank upon demand, any and all expenses, including reasonable attorney fees, incurred or paid by Bank with or 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 and 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, 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.

The parties agree that all notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and shall be deemed given when sent by registered or certified mail addressed to Assignor at **Schulers; 912 W Oregon Avenue Klamath Falls, and to Bank at Headquarters, Real Estate Loan Division, T-8, P.O. Box 3131, Portland, Oregon 97208, and that such addresses may be changed from time to time by either party serving notice as above provided.

IN WITNESS WHEREOF, Assignor has executed this Assignment this 28 day of April, 19 87.

Charles H. Schuler Carol E. Schuler
Charles H. Schuler and Carol E. Schuler
Henry T. Holman Patricia R. Holman
Henry T. Holman and Patricia R. Holman

STATE OF OREGON,

County of Klamath

April 28, 19 87

Personally appeared the above named

Charles H. Schuler, Carol
E. Schuler, Henry T. Holman &
Patricia R. Holman
 instrument to be their voluntary act and deed.

STATE OF OREGON, County of _____, ss.

Personally appeared _____ and

_____ 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

_____, 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:

(OFFICIAL
SEAL)

Notary Public for Oregon

My commission expires:

Before me:
 (OFFICIAL SEAL) Patricia Spencer
 Notary Public for Oregon
 My commission expires: 8/16/88

The undersigned acknowledges receipt of a copy of the foregoing assignment on _____, 19 _____. The undersigned has not received notice of a prior assignment of sums owing Assignor under or in connection with Collateral. Undersigned agrees not to assert against Bank any defense or claim which it may have against Assignor and undersigned agree to pay Bank sums owing under or in connection with Collateral free of offset, counterclaim, or setoff.

Notwithstanding receipt of notice of the foregoing Assignment, undersigned may continue to pay Assignor sums owing under or in connection with Collateral until Bank gives undersigned notice to the contrary. Upon receipt of such notice from Bank undersigned agrees to pay all sums owing or in connection with Collateral to Bank at the place specified by Bank in such notice.

Undersigned agrees not to make any advance payment of sums owing under or in connection with Collateral or to enter into any agreement modifying or altering Collateral without the prior written consent of Bank.

**Holmans; 2461 Hawkins Klamath Falls, OR 97601

Return to me

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company the 30th day of April, A.D., 19 87 at 11:24 o'clock A M., and duly recorded in Vol. M87, of Mortgages on Page 7292.

FEE \$9.00

Evelyn Biehn, County Clerk
 By Ann Smith