

BUYER'S SECURITY ASSIGNMENT OF LAND SALE CONTRACT

DATE July 8, 1988

ASSIGNOR (hereinafter called "Buyer"): Klamath Potato Distributors, Inc.

DEBTOR: Vincent O. Cheyne and Diane L. Cheyne

ASSIGNEE: UNITED STATES NATIONAL BANK OF OREGON, Klamath Falls Branch

The Buyer is the purchaser of certain property described as follows:

That portion of the 1/4 SE 1/4 lying Southwesterly of the Northeasterly line of the C & Lateral and the West half of the Southeast quarter of the Southeast quarter and the South-west quarter of the Southeast quarter of Section 7 and the North half of the Northeast quarter of Section 18, in Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

(hereinafter called the "Property") under a land sale contract dated August 22, 1978 in which the sellers are Johnnie C. Weston and Rena M. Weston (hereinafter called the "Sellers"), and which is recorded in Book M78, at Page 18647, Klamath County Records (hereinafter called the "Contract").

1. Assignment. For value received, Buyer hereby assigns mortgages, and conveys to UNITED STATES NATIONAL BANK OF OREGON (hereinafter called "Bank") all of its right, title and interest in and to the Property, and in, to, and under the Contract. The Property and the assigned Contract are the "Security" referred to in this Assignment.

2. Indebtedness. The assignment, mortgage, and conveyance of the Security made to Bank by Buyer is to secure the performance of all duties owed to Bank under this Assignment and under other agreements securing or relating to the indebtedness described below, and the payment of the following obligations, all of which are hereinafter called the "Indebtedness":

2.1 The principal and interest of a note of Debtor to Bank in the original principal amount of \$1,333,973.37 dated July 8, 1988, (hereinafter called the "Note"), on which the final payment is due on March 31, 1989, and all modifications and renewals thereof.

2.2 All sums that Bank may expend in protecting its rights in the Security, all cost of collection, and attorneys' fees, including any incurred on appeal, with interest.

2.3 The principal and interest of all other indebtedness of Debtor to Bank, whether now existing or hereafter incurred, direct or indirect, absolute or contingent, due or to become due, joint or several, including without limitation obligations as guarantor, accommodation maker, or endorser, and future advances of all kinds.

*and note in the principal amount of \$74,082.73 on which the final payment is due on August 1, 1993 and all modification and renewals thereof.

3. Buyer's Covenants. Until the Indebtedness is paid in full and this Assignment is fully satisfied, Buyer agrees that it shall be obligated and responsible for the following:

3.1 All payments and obligations of Buyer under the Contract shall be promptly and fully paid and performed, and all taxes, assessments, liens and encumbrances of all kinds in connection with, on, or affecting the Property and any other property subject to this Assignment shall be paid promptly when due; and if not so paid or performed, the Bank shall have the option of paying and/or performing the same, and may either add the cost to the principal of the Note or may treat the cost as a separate part of the Indebtedness payable on demand and bearing interest at any rate specified by Bank that does not exceed any maximum rate set by applicable law.

3.2 The Property shall be kept covered with fire and extended coverage insurance and any other insurance required by the Bank, in an amount sufficient to pay the unpaid balance of the Indebtedness or the value of the Security, with Bank's standard mortgagee endorsement if Bank requests. If not so covered, the Bank shall have the option of purchasing such coverage (at Bank's option naming Bank as the co-insured or the only insured) and may either add the cost to the principal of the Note or may treat the cost as a separate part of the Indebtedness payable on demand and bearing interest at any rate specified by Bank that does not exceed any maximum rate set by applicable law.

3.3 The Property shall be maintained in good order and repair. No waste thereof shall be committed or suffered, and none of the improvements be removed. Buyer shall do all things reasonably within Buyer's power that are necessary to prevent events or conditions that would adversely affect the value of the Security.

3.4 During the term of this Assignment, any additions or improvements to the Property shall be part of the Security included in this Assignment.

3.5 If any litigation is begun to foreclose this Assignment, or if there should be any appeal therefrom, or if Buyer or any of the Security should become the subject of any bankruptcy proceeding, then Buyer agrees to pay all court costs and disbursements allowed by law, and such sums as the court may adjudge reasonable as attorneys' fees. All such sums will draw interest at the same rate as the Note.

4. Condemnation. Unless the Contract expressly provides otherwise, Buyer shall be responsible to defend any condemnation action affecting any part of the Security. The net proceeds of any award, after deducting actual and reasonable costs, expenses and attorneys' fees incurred by Buyer in the action and any amounts paid to Seller or used to repair the Property pursuant to an express requirement of the Contract, shall be paid to Bank for application to the Indebtedness.

5. Release. After full payment of the Indebtedness by Buyer, Bank shall release this Assignment and, upon written demand of Buyer, will terminate its financing statements affecting the Security.

6. Events of Default. The following are Events of Default:

6.1 Any payment of principal or interest due on the Note, or on any other part of the Indebtedness, is not paid when due.

6.2 Buyer's or Debtor's failure to pay debts as they become due; appointment of a receiver for any part of Buyer's or Debtor's assets; assignment by Buyer or Debtor for the benefit of creditors; or the commencement of any proceedings under any bankruptcy or insolvency law by or against Buyer or Debtor.

6.3 Death of any Buyer or Debtor who is a natural person, or dissolution or termination of existence of any Buyer or Debtor which is not a natural person.

6.4 Any default under the Contract, or any event or condition not cured within 30 days which, with the lapse of time or the giving of notice, would constitute a default under the Contract, or would justify a declaration of default under the Contract, whether or not waived by the Sellers under the Contract, or any failure of Buyer to notify Bank of such a default, event, or condition.

6.5 Default by Sellers, or any predecessors in title of Sellers, as vendee under any contract of sale, grantor of any Trust Deed, or mortgagor of any mortgage, on the Property, unless the vendor, beneficiary, or mortgagee has, prior to the default, delivered to Bank an agreement acceptable to Bank subordinating his lien or interest to Bank's.

6.6 Failure of the Buyer to perform any other covenant of this Assignment or cure any condition prohibited by this Assignment within 30 days after Bank mails or, at Bank's option, delivers written notice specifying the covenant or condition.

6.7 Default by Buyer or Debtor under any other Note or loan agreement to which Buyer or Debtor is a party or by which Buyer or Debtor is bound.

7. Rights Upon Default. After the occurrence of any Event of Default, the Bank may at Bank's option exercise any one or more of the following rights and remedies:

7.1 The right, without notice, presentment, or demand to declare the entire Indebtedness immediately due and payable.

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7.2 With respect to all or any part of the Security, the right to foreclose by judicial proceedings in accordance with applicable law.

7.3 With respect to any personal property Security, the rights and remedies of a secured party under the Uniform Commercial Code, as well as those stated herein. The Bank may without notice take possession of all personal property Security not already in its possession and/or require Buyer to assemble it and turn it over to Bank at a reasonably convenient place designated by the Bank, and Buyer will do so. Although the Bank may in its discretion and without liability do so, the Bank shall have no duty to take any action to preserve rights against any party to the Contract, to instruments, or to other part of the Security that is personal property in its possession, either before or after default; and Bank shall have no duty whatsoever with respect to personal property Security in its possession beyond the use of ordinary reasonable care in its physical custody and preservation. The Bank may retain personal property Security in satisfaction of the indebtedness, or may sell or otherwise dispose of such personal property at either public or private sale, first giving Buyer 10 days' notice of the date and place of public sale or of the date after which private sale may be made. The Buyer agrees that 10 days' notice is reasonable notice. The Buyer shall be liable for any deficiency and the Bank shall account for any surplus of the sale.

7.4 In exercising its rights and remedies, the Bank shall be free to sell all or any part of the Security, separately or at once. The Bank shall be entitled to purchase all or any portion of the Security at any public sale, or at any judicial or sheriff's sale.

7.5 Any other rights and remedies Bank may have under law or other agreements.

Executed and delivered to Bank effective on the date stated above.

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF OREGON

County of Klamath

Personally appeared the above-named,

and acknowledged the foregoing Assignment to be (his/her/their) voluntary act.

Before me,

CORPORATE ACKNOWLEDGEMENT

STATE OF OREGON

County of Klamath

Personally appeared

Vincent O. Cheyne

President

who, being sworn, stated that he is the President of the corporation that executed the foregoing Assignment and that the seal affixed hereto is its seal and that this foregoing Assignment was voluntarily signed and sealed in behalf of the corporation by authority of its Board of Directors.

Before me,

PARTNERSHIP ACKNOWLEDGEMENT

STATE OF OREGON

County of Klamath

Personally appeared

who, being duly sworn, state that (he/she/they) is/are partner(s) of

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Jonathon L. Goodling

of July A.D., 19 88 at 12:56 o'clock P. M., and duly recorded in Vol. M88

FEE \$13.00

8. General. Time if of the essence of Buyer's and Debtor's obligations under this Assignment. A waiver by Bank of a breach of, or prejudice the Bank's right to demand strict compliance with, that provision or any other provision. Buyer waives presentment, demand, notice and protest with regard to any part of the Indebtedness. Bank may exchange or release the Security, or other collateral granted by any person with respect to the Indebtedness, or may realize upon and apply any of the Security or other collateral it may have with respect to the Indebtedness in any manner and in any order, without affecting Bank's rights to realize upon and apply the proceeds of the Security.

9. Bank Not Liable. The Bank, by accepting this Assignment, or in its discretion performing any of Buyer's obligations under the Contract or under this Assignment, does not assume any liability or responsibility to continue performance of those obligations or to perform any of Buyer's other obligations under the Contract.

10. Debtor's Signature. If Buyer and Debtor are not the same, Debtor's signature is Debtor's agreement to those provisions that may affect Debtor. This Assignment does not confer upon Debtor any interest in the Property or in the Contract.

11. Special Provisions.

Klamath Potato Distributors, Inc.

Signature of Buyer Vincent O. Cheyne, President

Signature of Debtor Diane L. Cheyne

Signature of Debtor (if Buyer and Debtor are not the same) Vincent O. Cheyne

Notary Public for Oregon
My commission expires: 7/1/89

Notary Public for Oregon
My commission expires: 7/1/89

Evelyn Biehn County Clerk
By Pauline Mullendax