

MTC 1396-2292

COLLATERAL SECURITY AGREEMENT

AGREEMENT, made this 20th day of September, 1990
between Donald J. Horsley and Helen E. Horsley

hereinafter called the "Vendor," Larry R. Thurber

hereinafter called the "Vendee," and South Valley State Bank,
P.O. Box 5210, Klamath Falls, Oregon 97601, hereinafter
called the "Lender,"

WITNESSETH:

The Vendor has heretofore executed and delivered to the
Vendee a contract dated December 30, 1983 (hereinafter
called the "Contract") covering certain real estate owned by
Vendor situated in the municipality of _____,
County of Klamath, State of Oregon,
recorded January 3, 1984 in Volume M84, page 67.

Vendee has procured a loan, hereinafter called the "Loan,"
from the lender and desired to assign the Contract to Lender
as collateral security for the Loan and also proposes to
create a lien in favor of the Lender. This is agreeable to
the Vendor upon the terms and conditions of this Contract.

NOW, THEREFORE, it is agreed:

1. For a valuable consideration the Vendee hereby assigns to
Lender all Vendee's right, title and interest in, to and by
virtue of the Contract as collateral security for the Loan.
2. Except for the purposes of collateral security, the
foregoing assignment shall not become effective as between
the Vendor and the Lender and shall impose no duties or
obligations upon the Lender under the Contract unless and
until the title to the said real estate is taken over by the
Lender in appropriate proceedings for the collection of the
Loan.
3. The foregoing assignment is accepted by the Lender, who
agrees that, in the event it shall become effective between
the Vendor and Lender pursuant to Section 2, from and after
that time lender shall be bound by all of the terms and
conditions of the Contract and shall do and perform every act
and thing which, under the terms of the Contract, is to be
done and performed by the Vendee.

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4. The Vendor consents to the aforesaid assignment; provided, however, that this consent shall not be deemed or construed to authorize any further assignment of the Contract, whether voluntary, by operation of law otherwise without the consent in writing of the Vendor thereto in each case first had and obtained.

5. The Vendee may create a lien in favor of the Vendor upon the real estate of Vendee and in the event such lien is enforced in any proceedings for the collection of the Loan the property may be sold to any person who may purchase same in such proceedings and may either remain or be removed from the premises. If remains, Purchaser must agree in writing to the terms of the Contract.

6. For the duration of the Loan, Vendor will not terminate the Contract for any breach by the Vendee of any of the terms thereof without first giving to the Lender at least thirty (30) days notice of such intended termination, specifying in such notice the particular default or breach as to which complaint is made, and the Lender shall have the right to remedy such default or breach within the thirty-day period; but except for defaults or breaches which Lender has so remedied, nothing herein contained shall be construed as a waiver of Vendor's right to terminate the Contract in accordance with its provisions. Upon payment or other satisfaction of the Loan, Lender shall notify Vendor in writing to evidence the termination of this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first hereinabove written.

South Valley State Bank

by Jeffrey S. Bradford
Jeffrey S. Bradford
Branch Manager, A.V.P.

Vendor

Donald J. Horsley
Donald J. Horsley
Helen E. Horsley
Helen E. Horsley

Vendee

Larry R. Thurber
Larry R. Thurber

STATE OF OREGON, ss.
County of Klamath

Filed for record at request of:

Mountain Title Co.
on this 5th day of Dec. A.D., 19 90
at 9:37 o'clock A M. and duly recorded
in Vol. M90 of Mortgages Page 24102
Evelyn Biehn County Clerk
By Pauline Mueller
Deputy.

Fee, \$13.00

Return: MTC

STATE OF OREGON }
COUNTY OF KLAMATH } ss.

ON November 27 1990, Donald J. Horsley,
Helen E. Horsley and Larry R. Thurber
PERSONALLY APPEARED TO ME AND ACKNOWLEDGED
THE FOREGOING INSTRUMENT TO BE A VOLUNTARY ACT
AND DEED.

BEFORE ME:

Leola Campbell
MY COMMISSION EXPIRES: 11-21-93