

37671

ASSIGNMENT OF LEASE FOR SECURITY PURPOSES

ASSIGNOR:

OREGON PINE INDUSTRIES, INC.
HC-61 Box 5
LaPine, OR 97708-97739 ^{FB}
RNS

ASSIGNEE:

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
P.O. Box 575
Redmond, OR 97756

INTEREST ASSIGNED: Assignor's interest in that Lease dated April 1, 1991 between Floyd E. Burks, as Lessor and Oregon Pine Industries, Inc. as Lessee, for the lease of that real property described in Exhibit "A" attached hereto and incorporated herein by reference ("the collateral").

RECITALS

A. Assignor is the owner of the Lessee's interest in the above described lease.

B. Assignee has agreed to lend to Assignor and Assignor has agreed to borrow from Assignee the sum of \$112,000 upon the terms and conditions set out herein in a Term Business Loan Agreement (the Agreement) and in a Promissory Note (the Note) dated concurrently with this assignment.

C. To secure payment by Assignor of the indebtedness evidenced by the Note and performance by Assignor of the terms of the Agreement, including payment of all interest, penalties and costs of enforcement, Assignor hereby assigns to Assignee all of Assignor's interest in the collateral under the following terms and conditions:

ASSIGNMENT OF LEASE

1. RIGHTS UNTIL DEFAULT.

1.1 Until the occurrence of an event of default, Assignor may remain in control of the collateral.

1.2 If Assignor makes all payments for which provision is made in the Note in strict accordance with the terms thereof and performs all terms of the Note and the Agreement, all interests assigned herein shall be released to Assignor.

2. ASSIGNOR'S COVENANTS AND WARRANTIES.

2.1 Performance of the Lease. Assignor will fully perform all terms and conditions of the lease and will not allow any default in the lease to occur.

2.2 Assignor will fully enforce all terms of the lease against the LessOR and will not modify any term or condition of the lease without the prior written consent of Assignee.

2.3 Protection of Collateral. Assignor will fully protect the collateral against the claims of all third persons.

3. EVENTS OF DEFAULT.

The following shall constitute events of default:

3.1 Nonpayment or nonperformance. Nonpayment by Assignor of any sum due pursuant to the Note or the Agreement or default by Assignor under the terms of the Note or the Agreement.

3.2 Nonperformance of Lease. Nonperformance by Assignor under the terms of the lease being assigned.

4. REMEDIES IN CASE OF DEFAULT.

In the event of default, Assignee may, in addition to all other remedies provided in the Note, or the Agreement and other remedies available at law or in equity, or otherwise:

4.1 Acceleration. Assignee may declare all sums secured by this Assignment, including all interest and prepayment penalties, to be immediately due and payable.

4.2 Books and Records. Assignee may examine all books, records and contracts of Assignor pertaining to the collateral and of any Guarantors and make such memoranda thereof as may be desired.

4.3 Receiver. Assignee may have a receiver of the collateral appointed. Assignee shall be entitled to the appointment of a Receiver as a matter of right, whether or not the apparent value of the collateral and other collateral available to Assignee exceeds the amount of the indebtedness secured by this Assignment. Employment by Assignee or Assignor shall not disqualify a person from serving as Receiver. Assignor waives all defenses and consents to the appointment of a Receiver as Assignee's option.

4.4 Possession. Assignee may, either through a Receiver or as a lender-in-possession, take possession of all or any part of the collateral, and Assignor shall peaceably surrender the same.

4.5 Foreclosure. Beneficiary may obtain a Decree foreclosing Assignor's interest in all or any part of the collateral or may exercise such other rights as might be available.

4.6 Abandon Security. Assignee may abandon any security afforded by this Assignment or any other security instrument by notifying Assignor of Assignee's election to do so.

4.7 Cumulative Remedies. Election to pursue one remedy shall not exclude resort to any other remedy, and unless the context otherwise requires, all remedies under this Assignment are cumulative and not exclusive. No delay or omission in exercising any right or remedy shall impair that or any other right to remedy or shall be construed to be a waiver of the default.

5. RECEIVER OR TRUSTEE-IN-POSSESSION.

Upon taking possession of all or any part of the collateral property, a Receiver or Assignee or Assignee's representative may:

5.1 Sublet of Premises. Occupy or sublet the premises.

6. APPLICATION OF PROCEEDS.

All proceeds realized from the exercise of the rights and remedies under Sections 4 and 5 shall be applied as follows:

6.1 Costs and Expenses. To pay the costs of exercising such rights and remedies, including the costs of any sale, the costs and expenses of any receiver or lender-in-possession, and the costs and expenses provided for in paragraph 7.4.

6.2 Indebtedness. To pay all other amounts owed by Assignor, payment of which is secured by this Assignment.

6.3 Surplus. The surplus, if any, shall be paid to the Clerk of the Court in the case of a foreclosure by judicial proceeding, otherwise to the person or persons legally entitled thereto.

7. GENERAL PROVISIONS.

7.1 Assignment Binding on Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the successors and assigns of Assignor and Assignee.

7.2 Indemnify. Assignor shall hold Assignee harmless from any and all loss and expense, including but not limited to attorney fees and court costs, in any suit, action or proceeding or any appeal therefrom brought against Assignee by a third party resulting from or attributable to Assignee's ownership of the Note.

7.3 Notice. Any notice under this Assignment shall be in writing. Any notice to be given or document to be delivered under this Assignment shall be effective when either delivered in person or deposited as registered or certified mail, postage prepaid, addressed to the party at the address first stated in this Assignment. Any party may, by notice to the others, designate a different address.

7.4 Expenses and Attorney Fees. In the event that Assignee shall take any action, judicial or otherwise, to enforce the Note or any provision of this Assignment, or if Assignee shall be required to appear in any proceeding to protect and maintain the priority of Assignee's title to the collateral, Assignee shall be entitled to recover from Assignor all expenses which it may reasonably incur in taking such action, including but not limited to costs incurred in searching records, the cost of title reports and surveyors' reports, and its attorney fees, whether incurred in a suit or action, or any appeals from a Judgment or Decree therein or in connection with nonjudicial action. Assignor shall reimburse Assignee for expenses so incurred on demand with interest from the date of expenditure until repaid at a rate equal to the lesser of eight percent (8 %) per annum or the highest rate permitted by applicable law.

7.5 Assignee's Right to Cure. If Assignor fails to perform any obligation required of it under this Assignment, Assignee may, without notice, take any steps necessary to remedy such failure. Assignor shall reimburse Assignee for all amounts expended in so doing on demand with interest at a rate equal to the lesser of eight percent (8%) per annum or the highest rate permitted by applicable law from the date of expenditure until repaid. Such action by Assignee shall not constitute a waiver of the default or any other right or remedy which Assignee may have on account of Assignor's default.

7.6 Applicable Law. This Assignment shall be governed by the laws of the State of Oregon.

7.7 Time of Essence. Time is of the essence of this Assignment.

7.8 Headings. The headings to the sections and paragraphs of this Assignment are included only for the convenience of the parties and shall not have the effect of defining, diminishing or enlarging the rights of the parties or affecting the construction or interpretation of any portion of this Assignment.

7.9 Severability. If any provision of this Assignment shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Assignment, but this Assignment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

7.10 Other Documents. Assignor will sign and execute alone, or with Assignee, any financing statements or other documents or procure any documents any pay all connected costs necessary to protect the interest granted herein against the rights or interests of third persons.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed as of the day and year first above written.

ASSIGNOR: OREGON PINE
INDUSTRIES, INC.

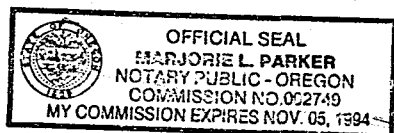
LESSOR: FLOYDE BURKS

BY: Richard N. Stanley
Richard N. Stanley, Vice President

Floyd E. Burks
Floyd E. Burks

STATE OF OREGON)
County of Deschutes) ss.

On November 18, 1991, personally appeared the above named Richard N. Stanley, Vice President of Oregon Pine Industries, Inc. and acknowledged the foregoing instrument to be his voluntary act. Before me:



Marjorie L. Parker
Notary Public for Oregon
My Commission Expires: 11-5-94

24438

STATE OF OREGON

County of Deschutes) ss.
)

On November 18, 1991, personally appeared the
above named Floyd E. Burks and acknowledged the foregoing instrument to
be his voluntary act. Before me:



Marjorie L. Parker
Notary Public for Oregon
My Commission Expires: 11-5-94

ASSIGNMENT OF LEASE

24439

Township 23 South, Range 10 East of the Willamette Meridian

Section 17: NW 1/4 SW 1/4

Section 18: N 1/2 SE 1/4

The leased property shall consist of the westerly 40 acres of this 120 acre parcel.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of COIC the 21st day
of Nov. A.D., 19 91 at 11:49 o'clock A.M. and duly recorded in Vol. M91
of Deeds on Page 24431.

Evelyn Biehn - County Clerk

By *Evelyn Biehn*

FEE \$68.00

Return: COIC
P.O. Box 575
Redmond, Or. 97756