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Loan No. 962-17833-1

AFTER RECORDING RETURN TO:
First Security Bank of Oregon
P.O. Box 868
Salem, Oregon 97308
Attn: Judi A. Whitesell

COLLATERAL ASSIGNMENT OF LEASES AND RENTS

WHEREAS, ^{NYC 28723} JOHN ARCHIE PADBERG and JEANETTE M. PADBERG whose principal mailing address is 14357 S.E. Hollyview Lane, Boring, Oregon 97009 hereinafter referred to as "Assignor" is the owner in fee simple of that certain real property located in the City of Klamath Falls County of Klamath, State of Oregon, and is more particularly described as follows:

Lots 9 thru 18, inclusive, Block 1 of SHASTA VIEW TRACTS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

WHEREAS, First Security Bank of Oregon, having its principal office in the City of Salem, State of Oregon hereinafter referred to as "ASSIGNEE" is about to become the owner and holder of a trust deed executed by Assignor, covering said real property which trust deed secures a note in the principal sum of FIVE HUNDRED THOUSAND AND NO/100- - - Dollars (\$500,000.00), and

WHEREAS, all of said trust deed premises has been demised under a lease hereinafter referred to the "Lease;" and

WHEREAS, as a condition to making the aforesaid trust deed loan, has required an assignment of Assignor's interest in and to said Lease as additional security for said loan.

THEREFORE, in consideration of the foregoing, Assignor does hereby assign, transfer, set over and convey unto the ASSIGNEE, its successors and assigns, all rents, issues, revenues and profits from the Property including, without limitation, all rents as they accrue under any and all Leases and any extensions or renewals thereof, or other contract of lease for occupancy of all or any part of the Property; and for the consideration aforesaid, the Assignor hereby covenants and agrees to and with ASSIGNEE that he will not, without written consent of ASSIGNEE, cancel said Leases except a surrender thereof; reduce the rent; modify the said Leases in any way, either orally or in writing; grant any concession in connection with said Leases, either orally or in writing; consent to an assignment of the lessee's interest in the said Leases, or to a subletting; collect or accept payment of rent under said Lease in advance, except as required to be paid in advance by the terms of said lease; and any of the above acts, if done without the written consent of ASSIGNEE, shall be null and void.

The Assignor hereby authorizes ASSIGNEE, at its option, at any time after default shall occur under the terms and provisions of this Assignment or of the note, trust deed or other security interests, without making entry upon the mortgage premises and upon notice to the lessee, to collect and receive all rents payable; under said Lease and all other benefits to be derived therefrom and to hold and receive them unto ASSIGNEE. This Assignment shall constitute a direction to and full authority to the lessee to pay upon demand by ASSIGNEE all such rents and other benefits to ASSIGNEE or to whomsoever ASSIGNEE shall empower. Further, the Assignor, hereby authorizes ASSIGNEE, at its option, at any time after default shall occur under the terms and provisions of this Assignment or of the note, trust deed or other security instruments, to enter upon the said trust deed premises by its officers, agents or employees for the operation and maintenance of said premises in the same manner and to the same extent the Assignor may reasonably so act. ASSIGNEE shall, after payment of all proper charges and expenses, credit the net amount of income which it may receive by virtue of the within assignment and from the trust deed premises to any amounts due ASSIGNEE from the Assignor under the terms or provision of the aforesaid note and trust deed. The manner of the application of such net income and the item which shall be credited shall be within the sole discretion of ASSIGNEE.

In no event shall this Assignment operate to impose any duty or obligation upon ASSIGNEE to demand, sue for or make collection of rents or other sums from time to time due and owing by the lessee under said Lease.

This Assignment, prior to entry upon the premises by ASSIGNEE, shall not operate to make ASSIGNEE a trust deed in possession nor to place responsibility for the control, care, management or repair of said premises upon ASSIGNEE, nor for the carrying out of any of the terms and conditions liable for any waste committed on the Property by any lessee or other party, or for any negligence in the management, upkeep, repair or control of said premises resulting in loss or injury or death to any lessee, licensee, employee or stranger. If no liability shall be asserted or enforced against ASSIGNEE by reason of this Assignment, then Assignor agrees to reimburse ASSIGNEE, immediately upon demand, for all costs, expenses and reasonable attorney fees incurred.

The Assignor hereby covenants and warrants to ASSIGNEE that it has not executed any prior assignment of said Lease or rentals therefrom, nor has the Assignor performed any acts, or executed any other instrument which might prevent ASSIGNEE from operating under any of the terms and conditions of this Assignment, or which would limit ASSIGNEE in such operation, and Assignor represents and warrants to ASSIGNEE that it has full right and authority to assign the Leases and the rents, income and profits thereof.

In the event of default and the ASSIGNEE exercises its rights hereunder out of the rents and income received therefrom after the payment of all costs and expenses of ASSIGNEE, ASSIGNEE can retain all sums from or thereafter due thereunder and also a commission of five (5%) percent upon all such rents and income thus collected as compensation for its services in making such collections.

It is agreed by Assignor that none of the rights or remedies of ASSIGNEE under the trust deed shall be delayed or in any way prejudiced by virtue of this Assignment and that this Assignment is intended to be supplementary to and not in substitution for any assignment of rents contained in the trust deed.

Simultaneously upon satisfaction of the indebtedness hereby collaterally secured, evidenced by recordation of a release of the hereinabove mentioned trust deed, then this Assignment shall be deemed null and void and of no force or effect.

All of the covenants and agreements hereinabove contained on the part of either party shall apply to and bind their heirs, executors or administrators, successors or assigns. The word "Assignor" shall be construed to mean any one or more persons or parties who are holders of the legal title or equity of redemption to or in the aforesaid trust deed premises. The word "trust deed" shall be construed to mean the instrument, be it a trust deed, trust deed, vendor's lien, or otherwise; and the word "note" shall be construed to mean the instrument, whether note or bond. The word "he" where it appears in this instrument as relating to the Assignor shall be construed to mean the Assignor whether it be a corporation or a natural person or persons either male or female. The word "Lease" as used herein shall be construed where appropriate to mean all leases and rental agreements described herein and the word "lessee" as used herein shall be construed where appropriate to mean lessees, tenant or tenants.

Upon repayment in full of the aforesaid indebtedness and any and all sums due thereunder, the Assignment shall thereupon terminate and shall be of no further force and.

IN WITNESS WHEREOF; the Assignor has executed this Assignment this
22 day of January, 1993.

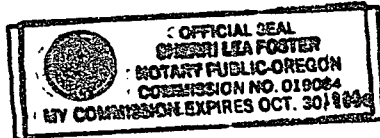
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John Archie Padberg
John Archie Padberg

Jeanette M. Padberg
Jeanette M. Padberg

STATE OF OREGON
County of Multnomah) ss

On this 22 day of January, 1993, personally appeared
John Archie Padberg and acknowledged the foregoing instrument to be his
voluntary act and deed.

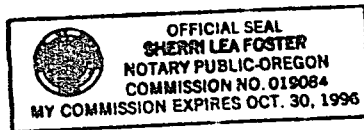


Before me

Sherry Lea Foster
Notary Public of Oregon
My Commission Expires: 10-30-96

STATE OF OREGON
County of Multnomah) ss

On this 22 day of January, 1993, personally appeared
Jeanette M. Padberg and acknowledged the foregoing instrument to be her
voluntary act and deed.



Before me

Sherry Lea Foster
Notary Public of Oregon
My Commission Expires: 10-30-96

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title co the 27th day
of Jan. A.D., 19 93 at 9:33 o'clock A M., and duly recorded in Vol. M93,
of Mortgages on Page 1935.

Evelyn Biehn County Clerk

By Pauline Mueland

FEE \$20.00