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01-19-94A10:02 RCVD

Vol 94 Page 1966

CONDITIONAL ASSIGNMENT OF RENTALS

THIS AGREEMENT, Entered into this 18th day of January, 1994, between
ALCO, Inc.

hereinafter referred to as Owner, and KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, A Federal Corporation, hereinafter referred to as Mortgagee.

WITNESSETH:

WHEREAS, Owner is the present owner in fee simple of property described as:

PLEASE SEE ATTACHED EXHIBIT "A" FOR LEGAL DESCRIPTION

in Klamath County, State of Oregon, and the mortgagee is owner and holder of a first mortgage covering said premises, which said mortgage is in the original principal sum of \$535,000.00, made by owner to mortgagee under the date of January 18, 1994; and

WHEREAS, Mortgagee, as a condition to making said loan and accepting said mortgage has required the execution of this assignment of the rentals of the mortgage premises by owner.

NOW, THEREFORE, in order further to secure the payment of the indebtedness of the owner to mortgagee and in consideration of the accepting of the aforesaid mortgage and the note secured thereby, and in further consideration of the sum of One Dollar paid by mortgagee to owner, receipt of which is hereby acknowledged, the said owner does hereby sell, assign, transfer and set over unto mortgagee all of the rents, issues and profits of the aforesaid mortgaged premises, this assignment to become operative upon any default being made by the owner (mortgagor) under the terms of the aforesaid mortgage or the note secured thereby, and to remain in full force and effect so long as any default continues to exist in the matter of the making of any of the payments or the performance of any of the covenants set forth in the aforesaid mortgage or the notes secured thereby.

1. In furtherance of the foregoing assignment, the owner hereby authorizes the mortgagee, its employees or agents, at its option, after the occurrence of a default as aforesaid to enter upon the mortgaged premises and to collect, in the name of the owner, or in thier own name as assignee, the rents accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter accruing and becoming payable during the period of the continuance of the said or any other default; and to this end, the owners further agree they will facilitate in all reasonable ways the mortgagee's collection of said rents and will upon request by mortgagee, execute a written notice to the tenant directing the tenant to pay rent to the said mortgagee.

2. The owner also hereby authorizes the mortgagee upon such entry, at its option, to take over and assume the management, operation and maintenance of the said mortgaged premises and to perform all acts necessary and proper and to expend such sums out of the income of the mortgaged premises as may be needful in connection therewith, in the same manner and to the same extent as the owner theretofore might do, including the right to effect new leases, to cancel or surrender existing leases, to alter or amend the terms of existing leases, to make concessions to tenants, the owner hereby releasing all claims against mortgagee arising out of such management, operation and maintenance excepting the liability of the mortgagee to account as hereinafter set forth.

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3. The mortgagee shall, after payment of all proper charges and expenses, including reasonable compensation to such Managing Agent as it shall select and employ and after the accumulation of a reserve to meet taxes, assessments, water rents and fire and liability insurance in requisite amounts, credit the net amount of income received by it from the mortgaged premises by virtue of this assignment, to any amounts due and owing to it by the owners under the terms of the mortgage and the note secured thereby but the manner of the application of such net income and what items shall be credited, shall be determined in the sole discretion of the mortgagee. The mortgagee shall not be accountable for more moneys than it actually received from the mortgaged premises; nor shall it be liable for failure to collect rents. The mortgagee shall make reasonable effort to collect rents, reserving, however, within its own discretion, the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents shall be prosecuted.

4. In the event, however, that the owner shall reinstate the mortgage loan completely in good standing, having complied with all the terms, covenants and conditions of the said mortgage and the note secured thereby, then the mortgagee within one month after demand in writing shall re-deliver possession of the mortgaged premises to owner, who shall remain in possession unless and until another default occurs, at which time the mortgagee may, at its option, again take possession of the mortgaged premises under authority of this instrument.

5. The owner hereby covenants and warrants to the mortgagee that neither it, nor any previous owner, have executed any prior assignment or pledge of the rentals of the mortgaged premises, nor any prior assignment or pledge of its landlords' interest in any lease of the whole or any part of the mortgaged premises. The owner also hereby covenants and agrees not to collect the rents of the said mortgaged premises in advance, other than as required to be paid in advance by the terms of any rental agreement, and further agrees not to do any other act which would destroy or impair the benefits to the mortgagee of this assignment.

6. It is not the intention of the parties hereto that an entry by the mortgagee upon the mortgaged premises under the terms of the instrument shall constitute the said mortgagee a "mortgagee in possession" in contemplation of law, except at the option of the mortgagee.

7. This assignment shall remain in full force and effect as long as the mortgage debt to the mortgagee remains unpaid in whole or in part.

8. The provisions of this instrument shall be binding upon the owner, its successors or assigns, and upon the mortgagee and its successors or assigns. The word "Owner" 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 mortgaged premises. The word "note" shall be construed to mean the instrument, whether note or bond, given to evidence the indebtedness held by the mortgagee against the mortgaged premises; and the word "mortgage" shall be construed to mean, the instrument securing the said indebtedness owned and held by the mortgagee, whether such instrument be mortgage, loan deed, trust deed, vendor's lien or otherwise.

It is understood and agreed that a full and complete release of the aforesaid mortgage shall operate as a full and complete release of all the mortgagee's rights and interests hereunder, and that after said mortgage has been fully released, this instrument shall be void and of no further effect.

Dated at Klamath Falls, Oregon, this 18th day of January, 1994.

ALCO, Inc.

Dianne E. Spires

Dianne E. Spires, President

Dianne E. Spires

Dianne E. Spires, Individual

A. Darrel Rusth

(Seal) A. Darrel Rusth, Secretary

A. Darrel Rusth

(Seal) A. Darrel Rusth, Individual

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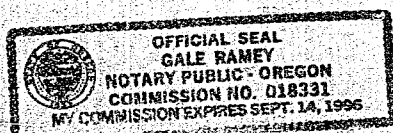
STATE OF Oregon)
COUNTY OF Klamath) ss.

THIS CERTIFIES, that on this 18th day of January, 1994, before me, the undersigned, a Notary Public for said state, personally appeared the within named _____

Dianne E. Spires and A. Darrel Rusth

to me known to be the identical person s described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily for the purpose therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal the day and year last above written.



Gale Ramey
Notary Public for the State of _____

My commission expires: 9-14-96

FORM No. 786—ACKNOWLEDGMENT, CORPORATION (ORS 92.421)

STEVENS-NEES LAW PUB. CO., PORTLAND, ORE.

STATE OF OREGON

County of Klamath

} ss.

January 18, 1994

Personally appeared Dianne E. Spires and A. Darrel Rusth

who being duly sworn (or affirmed) did say that they are the

President and Secretary

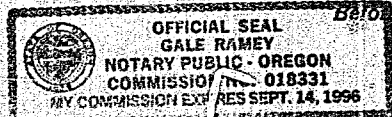
(President or other officer or officers)

ALCO, Inc.

(Name of 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 he acknowledged said instrument to be its voluntary act and deed.

Official
Seal



Before me:

Gale Ramey
Notary Public for Oregon.

My Commission expires _____

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DESCRIPTION OF PROPERTY

Parcel 1: Beginning at an iron pin which marks the intersection of the present Southerly right of way line of South Sixth Street in the City of Klamath Falls, Oregon, with the West line of that certain parcel of land conveyed to Marshall E. Cornett, et ux., by Deed Recorded in Vol. 111 page 399, Deed records of Klamath County, Oregon, and running thence South $0^{\circ}03'45''$ West along the Westerly line of said Cornett Tract a distance of 147.93 feet to an iron pipe; thence North $34^{\circ}09'30''$ East a distance of 122.5 feet to an iron pin on the Southerly right of way line of South Sixth Street; thence North $55^{\circ}50'30''$ West along the Southerly right of way line of South Sixth Street, a distance of 82.93 feet, more or less, to the point of beginning, said tract being a portion of Tract 70 of Enterprise Tracts, Klamath County, Oregon, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 2: Beginning at an iron pin which marks the intersection of the present Southerly right of way line of South Sixth Street in the City of Klamath Falls, Oregon, with the West line of that certain parcel of land conveyed to Marshall E. Cornett et ux., by deed recorded on page 399 of Volume 111 of Deed records of Klamath County, Oregon, and running thence South $0^{\circ}03'45''$ West along the Westerly line of said Cornett Tract a distance of 117.83 feet to an iron pipe; thence North $89^{\circ}56'15''$ West a distance of 102.45 feet to an iron pipe; thence North $34^{\circ}09'30''$ East a distance of 155.1 feet to an iron pin on the Southerly right of way line of South Sixth Street, thence South $55^{\circ}50'30''$ East along the Southerly line of South Sixth Street, a distance of 18.82 feet, more or less, to the point of beginning, said tract being a portion of Tract 70 of Enterprise Tracts, in Klamath County, Oregon, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 3: Beginning at an iron pipe on the West line of the Cornett property which lies South $0^{\circ}03'45''$ West a distance of 117.83 feet from the iron pin which marks the intersection of the West line of that certain parcel of land conveyed to Marshall E. Cornett, et ux., by deed recorded on page 399 of Vol. 111 of Deed Records of Klamath County, Oregon, and the Southerly right of way line of the present South Sixth Street in the City of Klamath Falls, Oregon, and running thence: continuing South $0^{\circ}03'45''$ West along the West line of the Cornett property a distance of 60.0 feet to a $3/4''$ iron pipe; thence North $89^{\circ}56'15''$ West a distance of 270.5 feet to a 1" iron pipe which lies on the East line of an unnamed Street; thence North $0^{\circ}22'30''$ West along the East line of the unnamed Street a distance of 60.0 feet to a $5/8''$ iron pipe, which marks the Southwest corner of that certain tract deeded to Safeway Stores and recorded on page 156 of Vol. 140 of Deed records of Klamath County, Oregon; thence South $89^{\circ}56'15''$ East along the Southerly line of the above mentioned Safeway Stores tract a distance of 270.9 feet, more or less, to the point of beginning, being a portion of Tracts 70 and 75 of Enterprise Tracts, Klamath County, Oregon, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 4: Beginning at a point on the present Southwesterly right-of-way line of South Sixth Street which point bears S. $55^{\circ}50'30''$ E. a distance of 70.35 feet from the intersection of said Southwesterly right-of-way line with the North line of Section 4, Township 39 South, Range 9 E.W.M.; thence S. $89^{\circ}30'30''$ W. along a line parallel to and 10 feet South at right angles from the South line of Shasta Way, a distance of 21.27 feet to an iron pin; thence S. $34^{\circ}37'30''$ W. along the Southeasterly line of a 40 foot road-way a distance of 170.2 feet to a $3/4''$ iron pipe; thence S. $0^{\circ}22'30''$ E. along the Easterly line of said roadway, a distance of 81.5 feet to a $5/8''$ iron pipe which marks the Northwest corner of Parcel 3 described above; thence S. $89^{\circ}56'15''$ E. along the North line of said Parcel 3 described above, a distance of 168.45 feet to a $3/4''$ iron pipe

which marks the Southwesterly corner of Parcel 2 described above; thence N. $34^{\circ}09'30''$ E. along the Northwesterly line of Parcel 2 described above, a distance of 155.1 feet to an iron pin on the Southwesterly right-of-way line of South Sixth Street as presently located and constructed; thence N. $55^{\circ}50'30''$ W. along said right-of-way line, a distance of 166.86 feet, more or less, to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co the 19th day
of Jan A.D., 19 94 at 10:02 o'clock AM., and duly recorded in Vol. M94
of Mortgages on Page 1966

Evelyn Biehn County Clerk

By Christine Mulendare

FEE \$25.00