

MTC 38929 MS
ASSIGNMENT OF LEASES, RENTS, ISSUES, AND PROFITS

WHEREAS, CHARLES R. PRIDDY, JR., and MARY ANN PRIDDY, Trustees of the PRIDDY FAMILY TRUST dated January 17, 1994 (Grantor) is the owner of certain real property (Trust Property) located in Klamath County, Oregon, described as follows:

Lots 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30 of the Resubdivision of Block 23 of INDUSTRIAL ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

WHEREAS, Grantor has executed a trust deed (or this trust deed) naming HARRY J. FREDRICKS, Trustee of the FREDRICKS FAMILY TRUST (Beneficiary) as Beneficiary, said trust deed being recorded in Volume 1700 page 3702 of the Deed Records of Klamath County, Oregon, and

WHEREAS, the trust deed is secured by a promissory note (the note), from Grantor to Beneficiary, and

WHEREAS, Grantor has agreed to execute an assignment of rents to Beneficiary,

NOW, THEREFORE, in consideration of the sum of \$10.00 paid by Beneficiary to Grantor, and of the mutual promises and covenants contained herein, the parties agree as follows:

1.01 Assignment. Grantor assigns and transfers to Beneficiary (1) all leases, subleases, licenses, rental contracts, and other agreements, whether now existing or hereafter arising, and relating to the occupancy or use of all or any portion of the Trust Property, including all modifications, extensions, and renewals thereof (the "Leases"), and (2) all rents, revenues, issues, profits, income, proceeds, and benefits derived from the Trust Property and the lease, rental, or license of all or any portion thereof, including but not limited to lease and security deposits (collectively, the "Rents"). This assignment is intended by Grantor and Beneficiary to create a present and unconditional assignment to Beneficiary, subject only to the license set forth in Section 1.04 below.

1.02 Rights of Beneficiary. Subject to the provisions of Section 1.04 below giving Grantor a revocable, limited license, Beneficiary shall have the right, power, and authority to:

(1) Notify any and all tenants, renters, licensees, and other obligors under any of the Leases that the same have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary shall have foreclosed or commenced foreclosure proceedings against the Trust Property, and whether or not Beneficiary has taken possession of the Trust Property;

(2) Discount, settle, compromise, release, or extend the time for payment of, any amounts owing under any of the Leases and any Rents, in whole or in part, on terms acceptable to Beneficiary;

(3) Collect and enforce payment of Rents and all provisions of the Leases, and to prosecute any action or proceeding, in the name of Grantor or Beneficiary, with respect to any and all Leases and Rents; and

(4) Exercise any and all other rights and remedies of the lessor in connection with any of the Leases and Rents.

1.03 Application of Receipts. Beneficiary shall have the right, power, and authority to use and apply any Rents received under this Trust Deed (1) for the payment of any and all costs and expenses incurred in connection with enforcing or defending the terms of this assignment or the rights of Beneficiary, and in collecting any Rents; and (2) for the operation and maintenance of the Trust Property and the payment of all costs and expenses in connection therewith, including but not limited to the payment of utilities, taxes, assessments, governmental charges, and insurance. After the payment of all such costs and expenses, and after Beneficiary shall have set up such reserves as it shall deem necessary in its sole discretion for the proper management of the Trust Property, Beneficiary shall apply all remaining Rents collected and received by it to the reduction of the note in such order as Beneficiary shall determine. The exercise or failure by Beneficiary to exercise any of the rights or powers granted in this assignment shall not constitute a waiver of default by Grantor under this Trust Deed or the Note from the Grantor to Beneficiary which is secured by the Trust Deed.

1.04 License. Beneficiary hereby grants to Grantor a revocable license to collect and receive the Rents. Such license may be revoked by Beneficiary, without notice to Grantor, upon the occurrence of any event of default under this Trust Deed, including any default by Grantor of its covenants in this agreement. Unless and until such license is revoked, Grantor agrees to apply the proceeds of Rents to the payment of the note and to the payment of taxes, assessments, governmental charges, insurance premiums, and other obligations in connection with the Trust Property, and to the maintenance of the Trust Property, before using such proceeds for any other purpose. Grantor agrees to (1) observe and perform every obligation of Grantor under the Leases; (2) enforce or secure at its expense the performance of every obligation to be performed by any lessee or other party under the Leases; (3) promptly give notice to Beneficiary of any default by any such lessee or other party under any of the Leases, and promptly provide Beneficiary a copy of any notice of default given to any such lessee or other party; (4) not collect any Rents more than 30 days in advance of the time when the same shall become due, or anticipate any other payments under the Leases, except for bona fide security deposits not in excess of an amount equal to two months' rent; (5) not further assign or hypothecate any of the Leases or Rents; (6) except with Beneficiary's prior written consent, not waive, release, or in any other manner discharge any lessee or other party from any of its obligations under any of the Leases; (7) except with Beneficiary's prior written consent, not modify or amend any of the Leases; (8) except with Beneficiary's prior written consent, not cancel, terminate, or accept surrender of any of the Leases unless Grantor shall have entered into a Lease for the space to be vacated on terms at least as favorable to Grantor, commencing within 30 days after such cancellation.


termination, or surrender; (9) obtain Beneficiary's prior written approval as to the form and content of all future leases and any modifications of any present or future leases; (10) deliver copies of all present and future leases to Beneficiary promptly; and (11) appear in and defend, at Grantor's sole cost and expense, any action or proceeding arising out of or in connection with the Leases or the Rents.

1.05 Limitation of Beneficiary's Obligations. Notwithstanding the assignment provided for in this agreement, Beneficiary shall not be obligated to perform or discharge, and Beneficiary does not undertake to perform or discharge, any obligation or liability with respect to the Leases or the Rents. This assignment shall not operate to place responsibility for the control, care, maintenance, or repair of the Trust Property upon Beneficiary, or to make Beneficiary responsible for any condition of the Property. Beneficiary shall be accountable to Grantor only for the sums actually collected and received by Beneficiary pursuant to this assignment. Grantor shall hold Beneficiary fully harmless from, indemnify Beneficiary for, and defend Beneficiary against any and all claims, demands, liabilities, losses, damages, and expenses, including attorney fees, arising out of any of the Leases, with respect to any of the Rents, or in connection with any claim that may be asserted against Beneficiary on account of this assignment or any obligation or undertaking alleged to arise therefrom.


1.06 Termination. The assignment provided for in this agreement shall continue in full force and effect until all the note has been fully paid and satisfied. At such time, this assignment and the authority and powers herein granted by Grantor to Beneficiary shall cease and terminate.

1.07 Attorney-in-Fact. Grantor irrevocably constitutes and appoints Beneficiary as his true and lawful attorney-in-fact, with power of substitution, to undertake and execute any and all of the rights, powers, and authorities described in this agreement with the same force and effect as if undertaken or performed by Grantor, and Grantor ratifies and confirms any and all such actions that may be taken or omitted to be taken by Beneficiary, its employees, agents, and attorneys.

DATED: November 25, 1996.


 CHARLES R. PRIDDY, Trustee of the PRIDDY
 FAMILY TRUST dated January 17, 1994

Grantor

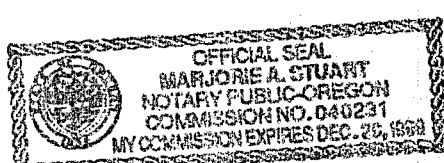
 MARY ANN PRIDDY, Trustee of the PRIDDY
 FAMILY TRUST dated January 17, 1994

Grantor

DATED: November 25, 1996.

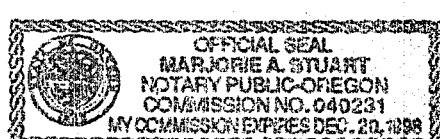
Harry J. Fredricks, Jr.
 HARRY J. FREDRICKS, Trustee of the
 FREDRICKS FAMILY TRUST
 Beneficiary

SUBSCRIBED AND SWORN TO before me by CHARLES R. PRIDDY^{JR.} and ~~MARY ANN~~
~~PRIDDY~~, Trustees of the PRIDDY FAMILY TRUST dated January 17, 1994, this 2nd day of
~~November, 1996~~ December 1996.



Marjorie A. Stuart
 NOTARY PUBLIC FOR OREGON
 My Commission Expires: 12-20-98

SUBSCRIBED AND SWORN TO before me by HARRY J. FREDRICKS, Trustee of the
 FREDRICKS FAMILY TRUST this 27th day of November, 1996.



Marjorie A. Stuart
 NOTARY PUBLIC FOR OREGON
 My Commission Expires: 12/20/98

AFTER RECORDING RETURN TO:

JERRY M. MOLATORE
 426 Main Street
 Klamath Falls, Oregon 97601

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 2nd day
 of December A.D., 19 96 at 3:37 o'clock P.M., and duly recorded in Vol. M96
 of Mortgages on Page 37705.

FEE \$25.00

Bernetha G. Letsch, County Clerk
 By Kathleen Rose