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THIS ASSIGNMENT OF RENTS IS DATED DECEMBER 8, 1997, between Kent L Pederson and Linda L Pederson, as tenants by the entirety, whose address is 6264 Juniper Way, Klamath Falls, OR 97603 (referred to below as "Grantor"); and South Valley Bank & Trust, whose address is P'O Box 5210, Klamath Falls; OR 97601 (referred to below as "Lender"), or the provide a particle and output and according to be below as "Lender"), or the provide a state of the provide a stat

ASSIGNMENT. For valuable consideration, Grantor assigns, grants a continuing security interest in, and conveys to Lender all of Grantor's right, tille, and interest in and to the Rents from the following described Property located in Klamath County, State of Oregon and could be receive a section of a ment point to an open control

- a une event of a good table deputio by Branton as to the valicity or reasonable rens of the claim which is the brais of the here.
- Lot 8 and the southeasterly 120 feet of Lot 9, Block 2, Hot Springs Addition to the City of Klamath Falls, being a portion of the SE 1/4 SE 1/4 of Section 29, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon to be become in a section of the program of the section of the sec des:

The Real Property or its address is commonly known as 1135 Pine St, Klamath Falls, OR 97601. The Real Property

tax identification number is 3809-029DD-07400. shall have the meanings attributed to such terms in the Uniform Commercial Code." All references to dollar amounts shall mean amounts in lawful money of the United States of America."

Assignment.¹⁰ The word "Assignment" means this "Assignment" of Rents, between "Grantor and Lender, and Includes without limitation all assignments and socially interest provisions relating to the Rents, and of Interpret to paper by a busines, may a variable of the Rents, and

Event of Default. The words "Event of Default" mean and include without limitation any of the Events of Default set forth below in the section tilled "Events of Default." Event of Default include without limitation any of the Events of Default set forth below in the section tilled "Events of Default." Event of Default in taken of any other creater to be any of the Events of Default set forth below in the section tilled the source of Default." or person that may materially afted any of benear the property of the person that may materially afted any of benearch property of material of the person of the person of the terms of the term of term "Events of Default," compare a description of any other creator or biazon that may materially affect any a creator, "The word, "Grantor, means Kent F. Bedersou and Fluda F. Bedersou marks any taster any materially affect any a

indebtedness. The word "indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor, or expenses incurred by Lender to enforce obligations of Grantor under this Assignment, together with interest on such amounts as provided in this Assignment. Definition under the under the under the under the under the such assignment and the under th

\$87,735.00 from Grantor to Lender, together with all renewals of, extensions of modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreementations. The upper biomodel of a decompany has the transmission of the promissory note or agreementation of the upper biomodel of the promissory note or agreementation of the promissory note or agreementation of the promissory note or agreementation of the promissory of the promissory note or agreementation of the promissory note or agreementation of the promissory of the 1.11 Property. The word "Property" means the real property, and all improvements thereon, described above in the "Assignment" section.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Property Definition" section.

Related Documents. 1) The words "Related Documents" mean and include without limitation all promissory notes; credit agreements; loan agreements; environmental agreements; guarantiles; security agreements; mortgages, deeds of trust, and all other instruments, agreements and documents; whether now or hereafter existing, executed in connection with the indebtedness.

Rents: The word "Rents" means all rents, revenues, income, issues, profits and proceeds from the Property, whether due now or later, including without limitation all Rents from all leases described on any exhibit attached to this Assignmental and 50

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment or any Related Document, Grantor shall pay to Lender all amounts secured by this Assignment as they become due, and shall shictly perform all of Grantor's obligations under this Assignment. Unless and until Lender exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment; Grantor may remain in possession and control of and operate and manage the Property and collect the Rents, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding. The cash and the rest may not not not not not one of our control of and the rest of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding.

us regulation were readed to a series of the regulation of the regulation of the respect to the Rents, Grantor represents and warrants to Lender that recent of users and users and users and users and series and the respect to the rents.

Apple yets' rouge, with go server open and and acts way to bear to all rights, loans, liens, encumbrances, and claims except as disclosed to and Ownership. Grantor is entitled to receive the Rents free and clear of all rights, loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender In writing. प्राटनियमधी मुझल collection and application of P

Right to Assign. Grantor has the full right, power, and authority to enter into this Assignment and to assign and convey the Rents to Lender. No Prior Assignment, Grantor has not previously assigned or conveyed the Rents to any other person by any instrument now in force.

No Further Transfer. Grantor will not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Rents except as provided in this yoleameur the Lawar Leader mus do any and all things to execute and comply with the raws of the State of Gregori and alco of vicer lows.

LENDER'S RIGHT TO COLLECT RENTS. Lender shall have the right at any time, and even though no default shall have occurred under this Assignment; to collect and receive the Rents - For this purpose, Lender is hereby given and granted the following rights, powers and authority:

Notice to Tenants. Dender may send notices to any and all fenants of the Property advising them of this Assignment and directing all Rents to be while the property advising them of this Assignment and directing all Rents to be while the property advising them of this Assignment and directing all general to be a single t paid directly to Lender or Lender's agent."

Enter the Property. Lender may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other ro ¹⁰ persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

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Maintain the Property. Lender may enter upon the Property to maintain the Property and keep the same in repair, to pay the costs thereof and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water, utilities, and the premiums on fire, and other, insurance effected by Lender on the LENCELODelty GHT TO COLLECT RENTS. Lander shall have the right at any lines, and even though no delayed that name

Compliance with Laws. Lender may do any and all things to execute and comply with the laws of the State of Oregon and also all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property of the State of Oregon and also all other laws,

Lease the Property. Lender may rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate.

Employ Agents. Londer may engage such agent or agents as Lender may deem appropriate, either in Lender's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents.

Other Acts. Lender may do all such other things and acts with respect to the Property as Lender may doem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above.

No Requirement to Act. Lender shall not be required to do any of the foregoing acts or things, and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing.

APPLICATION OF RENTS. All costs and expenses incurred by Lender in connection with the Property shall be for Grantor's account and Lender may pay such costs and expenses from the Rents. Lender, in its sole discretion, shall determine the application of any and all Rents received by it, however, any such Rents received by Lender which are not applied to such costs and expenses shall be applied to the Indebtedness. All expenditures made by Lender under this Assignment and not reimbursed from the Rents shall become a part of the Indebtedness secured by this Assignment, and shall be payable on demand, with interest at the Note rate from date of expenditure until paid.

FULL PERFORMANCE. If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Assignment, the Note, and the Related Documents, Lender's shall execute and deliver to Grantor is suitable satisfaction of this Assignment and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Property. Any termination fee required by law shall be paid by Grantor, if permitted by applicable law.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Assignment, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate provided for in the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Assignment also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from invirgement what it otherwise would have bad bar Lender from any remedy that it otherwise would have had.

DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Assignment:

Default on Indebtedness. Failure of Grantor to make any payment when due on the Indebtedness.

Compliance Default. Failure of Grantor to comply with any other term, obligation, covenant or condition contained in this Assignment, the Note or In any of the Related Documents (sparse), accars by beautry of a chereo, both (is huger the trop and and and a

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Assignment or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Assignment, the Note of the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

Defective Collateralization. This Assignment or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or lien) at any time and for any reason.

- Other Defaults. Failure of Grantor to comply with any term, obligation, covenant, or condition contained in any other agreement between Grantor and Lender
- Death or Insolvency. The death of Grantor or the dissolution of termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.
- Foreclosure, Forfelture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creation of difference of source or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creation of difference of by any creation of any other method, by any creation of grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding, provided that Grantor gives Lender, writen notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender to the validity or the set of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender to the validity of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender to the validity of the set of such claim and furnishes reserves or a surety bond for the claim satisfactory to the set of the set
- Lender. Events Affecting Guarantor, Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor des Events Affecting Guarantor, Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor des VSC or becomes incompetent, or revokes or disputes the Validity of, or liability under, any Guarantor of the Indebtedness: 'Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Ender, and, in doing so, cure the Event of Default. COMUCL J Allo 2001// Affect DSUC 9, UNDEC ANDER 9001628-02, DOC 9001628-02, VISION 1, DSUC 4, OVEN 0, CURLED 0, CURLED 0, DOC 900162, DSUC 9, UNDEC 1, DOC 900162, DSUC 9, UNDEC 9
- This usec nutly. Teuger in Bood, tally geeus is all jusecine CEMBER 8, 1997, between Kent L. Pederson and Linda L. Pederson.
- Right to Cure. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Assignment within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure: (a) cures the failure within filteen (15) days; or (b) if the cure requires more than fifteen (15) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical. SPACE ABOVE THIS LINE IS FOR HECORDER'S USE ONLY
- RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and time roberts. Lender shall have the neit proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender shall have all the rights provided for in the Lender's Right to Collect Section, above. If the Rents are collected by Lender, then Grantor intervocably and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Other Remedies. Lender shall have all other rights and remedies provided in this Assignment or the Note or by law.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Assignment shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Assignment after failure of Grantor to perform shall not affect Lender's right to declare a default and exercise its remedies under this assignment.

Attorneys' Febs; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Assignment, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved,

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all reasonable expenses incurred by Lender that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement rate provided for in the Note. Expenses covered by this paragraph include, without limitation, however subject to any imits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Assignment:

Amendments. This Assignment, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Assignment. No alteration of or amendment to this Assignment shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Applicable Law. This Assignment has been delivered to Lender and accepted by Lender in the State of Oregon. This Assignment shall be governed by and construed in accordance with the laws of the State of Oregon.

Multiple Parties. All obligations of Grantor under this Assignment shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Assignment.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Assignment by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under any such security agreement without the prior written consent of

Severability. If a court of competent jurisdiction finds any provision of this Assignment to be invalid or unenforceable as to any person or Severability. If a court or competent jurisdiction finds any provision of this Assignment to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Assignment in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Assignment on transfer of Grantor's interest, this Assignment shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than forbearance or extension without releasing Grantor from the obligations of this Assignment or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Assignment.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Oregon as to all Indebtedness secured by this Assignment.

Waivers and Consents. Lender shall not be deemed to have waived any rights under this Assignment (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Assignment shall not constitute a waiver of or prejudice the party's right Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever subsequent instances where such consent is required.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT OF RENTS, AND EACH GRANTOR AGREES

GRANTOR-

Kent L Pederson

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Linga L Pederson	<u>constant</u>

INDIVIDUAL ACKNOWLEDGMENT

STATE OF	OREGON	,
COUNTY OF	KLAMATH	/) 89)

OFFICIAL REA STEPHEN VAN SUREN NOTARY PUBLIC-OREGON COMMISSION NO. 055635 MY COMMISSION EXPIRES AL. 9, 2000

On this day before me, the undersigned Notary Public, personally appeared Kent L Pederson and Linda L Pederson, to me known to be the individuals described in and who executed the Assignment of Rents, and acknowledged that they signed the Assignment as their free and voluntary act

Given under my hand and official seal this	
	ay of Kpcombes 19 97
& Jephen Un Kuren	lat stand
	Residing at King mathe Falls
Notary Public in and for the State of CREGON	
	My commission avairan Flind O DOOD

LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.23 (c) 1997 CFI ProServices, Inc. All rights reserved. [OR-G14 KENTPEDE.LN C1.OVL]

STATE OF OREGON: COUNTY OF KLAMATH : ss.

Filed fo	or record at requ December	A.D., 19	Valley Bank 97_at2:33 Mortgages		P. M., and duly recorded in	12th Vol. <u>M97</u>	day
FEE	\$20.00			By	n Page <u>40498</u> Bernetha G. Letsch, C	ounty Clerk	