

INFORMATION REQUESTED BY:

South Valley Bank and Trust
P.O. Box 5210
Klamath Falls, OR 97601

WHEN FIELD ROSE WAS TO:

South Valley Bank and Trust
P.O. Box 5210
Klamath Falls, OR 97601

SENT TO NOTICE TO:

The Caldwell Family Trust
11111 11111111
Klamath Falls, OR 97601

MTD, 240 910-M43

SPACE ABOVE THIS LINE IS FOR RECIPIENT'S USE ONLY

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS IS DATED JANUARY 15, 1999, between The Caldwell Family Trust, whose address is 7990 Hill Road, Klamath Falls, OR 97603, vested as: Henry J. Caldwell, Jr. and Deborah L. Caldwell, Trustees of the Caldwell Family Trust, and January 5, 1996, and their successor in Trust (referred to below as "Grantor"), and South Valley Bank and Trust, whose address is P.O. Box 5210, Klamath Falls, OR 97601 (referred to below as "Lender").

ASSIGNMENT. For valuable consideration, Grantor assigns, grants a continuing security interest in, and conveys to Lender all of Grantor's right, title, and interest in and to the Rents from the following described Property located in Klamath County, State of Oregon:

See Attached Exhibit "A"

The Real Property or its address is commonly known as 3237 Washburn Way, Klamath Falls, OR 97603. The Real Property's identification number is 3009-01028-3001.

DEFINITIONS. The following words shall have the following meanings when used in this Assignment. Terms not otherwise defined in this Assignment 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. The word "Assignment" means this Assignment of Rents between Grantor and Lender, and includes without limitation all assignments and security interest provisions relating to the Rents.

Borrower. The word "Borrower" means Caldwell Family Trust.

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 titled "Events of Default."

Grantor. The word "Grantor" means any and all persons and entities executing this Assignment, including without limitation all Grantors named above. Any Grantor who signs this Assignment but does not sign the Note, is signing it only to grant and convey that Grantor's interest in Grantor's interest in the Rents and Personal Property to Lender and is not personally bound by contract or law.

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 liabilities, plus interest thereon, of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower, or any one or more of them, whether due or not due, absolute or contingent, whether due or not due, absolute or contingent, whether obligated as guarantor or otherwise, to the extent of the Indebtedness, and whether such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such Indebtedness may be or hereafter may become otherwise unenforceable.

Lender. The word "Lender" means South Valley Bank and Trust, its successors and assigns.

Note. The word "Note" means the promissory note or credit agreement dated January 15, 1999, in the original principal amount of \$1,000,000.00 from Borrower to Lender, together with all renewals, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

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. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, 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, royalties, income, issues, profits and proceeds from the Property, whether due now or later, including without limitation all Rents from all leases described in any lease attached to this Assignment.

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ALL AND ALL OBLIGATIONS OF GRANTOR AND BORROWER UNDER THE NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. THIS ASSIGNMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "omission" or "non-compliance" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency, to the extent Lender is otherwise entitled to a claim for deficiency before Grantor's commencement of any foreclosure action, or otherwise by a power of sale.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Assignment is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Assignment and to hypothecate the Property; (c) the provisions of this Assignment do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decision or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower's financial condition.

BORROWER'S WAIVERS AND RESPONSIBILITIES. Lender has not told Borrower about any action or inaction Lender takes in connection with this Assignment. Borrower assumes the responsibility for being and keeping informed about the Property. Borrower waives any defenses that may arise in connection with any action or inaction of Lender, including without limitation any failure of Lender to make upon the Property, or any delay by Lender in making upon the Property. Borrower agrees to remain liable under the Note with Lender no matter what action Lender takes or fails to take under this Assignment.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment or any Related Document, Grantor shall pay to Lender all amounts

granted by this Assignment, all they become due, in full, shall immediately become due and payable to Lender, and Lender shall have the right to collect the Rents as provided in this Assignment, and control of and receipt and management of the Property and collection of the Rents, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of such collection in a bankruptcy proceeding.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE RENTS. With respect to the Rents, Grantor represents and warrants to Lender that:

Ownership. Grantor is entitled to receive the Rents free and clear of all rights, liens, claims, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

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 Assignment.

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. Lender may send notice to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to Lender or Lender's agent.

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

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 Property.

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

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. Lender 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 which will respect to the Property as Lender may deem 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 by 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 and Borrower'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 of the obligations imposed upon Grantor under this Assignment, the Note, and the Related Documents, Lender shall execute and deliver to Grantor a 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 in 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 (1) the term of any applicable insurance policy or (2) 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 (b) 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 Borrower to make any payment when due on the indebtedness.

Compliance Default. Failure of Grantor or Borrower to comply with any other term, obligation, covenant or condition contained in this Assignment, the Note or in any of the Related Documents.

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 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.

Fraud Statements. Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor or Borrower under this Assignment, the Note or the Related Documents is false or misleading in any material aspect, 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 or Borrower to comply with any term, obligation, covenant, or condition contained in any other agreement between Grantor or Borrower and Lender.

Insolvency. The dissolution or liquidation of the Trust, the insolvency of Grantor or Borrower, the appointment of a receiver for any part of Grantor or Borrower'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 or Borrower.

Foreclosure, Forfeiture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by 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 written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

Events Affecting Guarantors. Any of the following events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor does or becomes incompetent, or bankrupt or declares the validity of, or liability under, any guaranty of the indebtedness. Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume and discharge the obligations arising under the guaranty in a manner satisfactory to Lender; and, in doing so, cure the Event of Default.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

Insecurity. Lender in good faith deems itself insecure.

Right to Cure. If such a failure is cured and if Grantor or Borrower has not been given a notice of a breach of the same provision of this Assignment within the preceding twelve (12) months, then he cured (and no Event of Default will have occurred) if Grantor or Borrower, after Lender sends written notice demanding cure of such failure: (a) cures the failure within fifteen (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.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Lender may exercise any one or

and payable, including any prepayment personally with Borrower, shall be required to pay.

Collect Florida. Lender shall have the right, with including amounts past due and unpaid, and apply this right. Lender shall have all the rights provided Grantor irrevocably designates Lender as Grantor and to negotiate the same and collect the proceeds the obligations for which the payment(s) are made under this subparagraph either in person, by agent or through a receiver.

Borrower, to have possession of the Property, and collect the Rents, and above Lender's costs, against the indebtedness. In furtherance of to Collect Section above. If the Rents are collected by Lender, then to enforce instrument received in payment thereof in the name of Grantor or other users to Lender in response to Lender's demand and shall satisfy Payments by Lender or other users to Lender in response to Lender's demand and shall satisfy whether or not any proper grounds for the demand existed. Lender may exercise its rights or through a receiver.

the possession of all or any part of the Property, with the power to

Appoint Receiver. Lender shall have the right to protect and preserve the Property, to operate the proceeds, over and above the cost of the receiver's right to the appointment of a receiver shall be substantial amount. Employment by Lender shall

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 or her/his 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 seek expenses or take action to perform an obligation of Grantor or Borrower under this Assignment after failure of Grantor or Borrower to perform shall not affect Lender's right to declare a default and exercise its remedies under this Assignment.

Borrower's Fees and 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 attorney's fees at trial and on any appeal. Whether or not any court action is involved, 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 of its rights shall become a part of this Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid as the rate provided for in the Note. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorney's 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 searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, and title insurance, to the extent permitted by applicable law. Borrower 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:

CELLANEOUS 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.

the party or parties sought to be charged or bound by the allegation or amendment.

Applicable Law. This Assignment has been referred 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.

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Multiple Parties. All obligations of Grantor and Borrower under this Assignment shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each of the persons signing below is responsible for all obligations in this Assignment. When any one member of the Grantor or Borrowers are corporations, partnerships, or similar entities, it is not necessary for Lender to inquire into the powers of any of the Grantor or Borrowers or of the officers, directors, partners, or agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professional expertise of such powers shall be guaranteed under this Assignment.

Assignment. This Assignment is made in connection with the assignment, mortgage, deed of trust, or other security agreement which

10. **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 the 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 Lender.

Severability. If a court of competent jurisdiction finds any provision of this Assignment to be invalid or unenforceable as to any person or circumstance, such finding shall not render the entire Assignment invalid or unenforceable. If possible, any such offending provision shall be deemed to be modified to be within the limits of enforceability; 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. Ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, coincident with Grantor's successors with reference to this Assignment; and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Assignment or liability under the Indebtedness.

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

Waiver of Homestead Exemption. Grant of 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.

Waiver of Holders' Claims. Lender hereby waives all claims against Grantor as to all indebtedness secured by this Assignment. 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 otherwise to demand strict compliance with the provision of any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor or Borrower, shall constitute a waiver of any of Lender's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by Lender is required in this Assignment, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent transactions which such consent is required.

ASSIGNMENT OF RIGHTS. GRANTOR AGREES TO ITS

GRANTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE FOREGOING AND THE PROVISIONS OF THIS ASSIGNMENT OF RIGHTS, AND GRANTOR AGREES TO ITS TERMS.

GERMANY:

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01-15-1988
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ASSIGNMENT OF DEBTS
(Continued)

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INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Clatsop

On this day before me, the undersigned Notary Public, personally appeared Harry J. Caldwell, Jr., Trustee; and Deborah L. Caldwell, Trustee known to be the individuals described in and to the voluntary instrument, for the uses and purposes therein mentioned.

Witness my hand and official seal this 15th day of January, 1988.

By Kristen L. Reed
Notary Public in and for the State of Oregon

My commission expires 11/16/89

Sp. Sec. 6

ASSIGNMENT, Reg. U.G. Part 1 & T. At. Off., Vol. 3.25 (1) 1988 C.F.P. Service, Inc. All rights reserved. [OR-G1-CALC-BUSLN CLOV.]

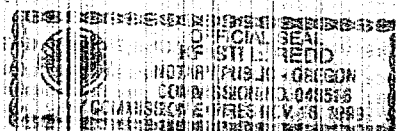


EXHIBIT "A"
LEGAL DESCRIPTION

A tract of land situated in the NW 1/4 NW 1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, said tract being a portion of Parcel 1 as shown on the recorded Major Land Partition No. 79-37, said tract being more particularly described as follows:

Beginning at a 5/8 inch iron pin with cap at the intersection of the Southerly right of way line of Hilyard Avenue and the Easterly right of way line of Washburn Way, said iron pin being South 89 degrees 06' 00" East 64.11 feet and South 00 degrees 02' 42" East 30.00 feet from the Northwest corner of said Section 10; thence South 89 degrees 06' 00" East along the said Southerly right of way line of Hilyard Avenue, 534.46 feet, more or less, to the West right of way line of Broadmore Street, as described in Volume M87 at page 18488, Microfilm Records of Klamath County, Oregon, thence along said West line of Broadmore Street South 00 degrees 09' 43" West 560.42 feet to a point on the North line of that tract of land described in Volume M86 at page 6690, Microfilm Records of Klamath County, Oregon, thence North 89 degrees 33' 43" West along said North line and the North line of Deed Volume M73 at page 10203, Microfilm Records of Klamath County, Oregon, to a 5/8 inch iron pin with cap on the Easterly right of way line of Washburn Way; thence North 00 degrees 02' 42" West along said Easterly right of way line, 564.75 feet to the point of beginning, with bearings based on the recorded map of survey of said Major Land Partition 79-37.

EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its Department of Transportation by deed recorded December 21, 1995 in Volume M95 at page 34788, Microfilm Records of Klamath County, Oregon, and also in deed recorded December 12, 1995 in Volume M96 at page 3805, Microfilm Records of Klamath County, Oregon.

STATE OF OREGON, COUNTY OF KLAMATH:

First recorded at request of _____ Abstract Title _____
of January _____ A.D. 1999 at 1:05 _____ the 21st day
of _____ M. 21st 1999 _____ clock _____ A.M. and duly recorded in Vol. _____ M99
on Page _____ 2232 _____
Linda Smith, County Clerk
by _____

FILE \$30.00