

75357-A

CONDITIONAL ASSIGNMENT OF RENTALS

6948

MTC 47334 - KR

THIS AGREEMENT, entered into this 24th day of February, 1999, between Daniel Eddy

Joan Walker &
Mike L. Walker

Party of the First Part (also herein after referred to as OWNER), Lee and
Party of the second Part (also herein after referred to as
LENDER).

WITNESSETH:

WHEREAS, Party of the First part is the present owner as fee simple of
property briefly described as: SEE ATTACHED EXHIBIT "A"

Also known as
1663 Greensprings Drive Klamath Falls, OR 97601
and Party of the Second Part is the owner and holder of a first mortgage
covering the said premises, which said mortgage is in the original principal
sum of Four Hundred (\$485,000.00) made by Daniel Eddy
~~Eighty Five Thousand~~
under the date of February 24, 1999, and

WHEREAS, Party of the Second Part, as a condition to granting the
aforesaid mortgage loan, has required the execution of this assignment of the
rentals of the mortgage premised by Party of the First Part:

NOW, THEREFORE, in order further to secure the payment of the
indebtedness of Owner to Lender, and in consideration of the making of the
loan represented by the aforesaid mortgage and the note secured hereby,
and in further consideration of the sum of One Dollar paid by Lender to
Owner, the receipt of which is hereby acknowledged, Owner does hereby
sell, assign, transfer, and set over unto Lender all of the rents, issues and
profits of the aforesaid mortgage premises, this assignment to become
operative upon any default being made by Owner 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 note secured thereby.

99 Feb 26 P3:24

1. In furtherance of the foregoing assignment, Owner hereby authorize lender, by its employees or agents, at its option, after the occurrence of a default as aforesaid, to enter upon the mortgage premises and to collect in the name of the Owner or in its own name as assignee the rent 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, Owner further agrees that he will facilitate in all reasonable was Lender's collection of said rents, and will, upon request by Lender, execute a written notice to each tenant directing the tenant to pay rent to Lender.

2. Owner also hereby authorizes Lender 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 therefore might do, including the right to effect new leases, to cancel or surrender existing leases, to alter or amend the terms of existing leases, or to make concessions to tenants; Owner hereby releasing all claims against Lender arising out of such management, operation and maintenance, excepting the liability of Lender to account as herein after set forth.

3. Lender 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 accualation of a reserve to meet taxes, assessments, water rents, and fire and liability insurance in requisites amounts, credit the net amount of income received by it from the mortgage premises by virtue of this assignment, to any amounts due and owing to it by Owner under the terms of 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 Lender. Lender shall not be accountable for more money than it actually receives from the mortgage premises; nor shall it be liable for failure to collect rents. Lender 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 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 Lender 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 Lender may at its option again take possession of the mortgaged premises under authority of this instrument.
5. Owner hereby covenants and warrants to Lender that neither he nor any previous owner has executed any prior assignment or pledge of the rentals of the mortgage premises, nor any prior assignment pledge of landlord's interest in any lease of the whole or any part of the mortgaged premises. 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 Lender of this assignment.
6. It is not the intention of the parties hereto that an entry by Lender upon the mortgaged premises under the terms of this instrument shall constitute Lender a "mortgagee in possession" in contemplation of law, except at the option of Lender.
7. This assignment shall remain in full force and effect as long as the mortgage debit to Lender remains unpaid in whole or in part.
8. The provisions of this instrument shall be binding upon Owner and his or its legal representatives, successors or assigns and upon Lender 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 Lender against the mortgage premises; and the word "mortgage" shall be construed to mean instrument decuring the said indebtedness, owned and held by Lender, whether such instrument be mortgage.

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 Lender's rights and interest hereunder, and that after said mortgage has been fully released this instrument shall be void and of no further effect.

IN WITNESS WHEREOF, party of the first part has executed this agreement in manner and form proper and sufficient in law.

Signed sealed and delivered in the presence of:

THE DANIEL LEE EDDY TRUST

Daniel Lee Eddy Trustee

Parties of the first Part

State of Oregon

County of Klamath

On this 25th day of February, 19 99, personally appeared before me, a Notary Public within and for said County and State, the within-named DANIEL LEE EDDY, TRUSTEE OF THE DANIEL LEE EDDY TRUST ^{proven} ~~personally known~~ to me to be the individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my notarial seal on this, the day and year in this, my certificate, written.



Kristi L. Redd
Notary Public for the State of Oregon
My commission expires 11/16/99

EXHIBIT "A" LEGAL DESCRIPTION

PARCEL 1

All that portion of Government Lot 3 in Section 5, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at the Northeast corner of SW1/4 SE1/4 of Section 5; thence North 45 degrees West 446.5 feet more or less to the right of way of the State Highway; thence Easterly and Northerly along the Easterly boundary of said right of way 812 feet, more or less, to a point where a line 450 feet South of and parallel to North line of Government Lot 3 intersects the said Easterly boundary of said Highway right of way; thence Easterly 123 feet, more or less, to East boundary of said Government Lot 3; thence Southeasterly and Southerly along the Easterly boundary of said Government Lot 3 to the Southeast corner of said Government Lot 3; thence West along the South line of said Government Lot 3 to the point of beginning.

EXCEPTING HOWEVER, from above parcel all the portion of Government Lot 3 in Section 5, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point where a line 450 South of and parallel to the North line of said Government Lot 3 intersects the Easterly boundary of State Highway right of way; thence East 123 feet, more or less, to the Easterly boundary of said Government Lot 3; thence South 55 degrees 45' East a distance of 744 feet, more or less, along the Easterly boundary line of said Government Lot 3, to the meander corner; thence South 25 degrees East along the meander line a distance of 251.5 feet; thence North 56 degrees 50' West a distance of 918.6 feet, (965.25 per Survey 1093) more or less, to an intersection with the Easterly right of way line of said State Highway; thence North 27 degrees 30' West along the Easterly boundary of State Highway right of way a distance of 163 feet, more or less, to the point of beginning.

FURTHER EXCEPTING parcel conveyed to the City of Klamath Falls, November 17, 1948 in Book 226 at page 427, Deed Records of Klamath County, Oregon.

PARCEL 2

Beginning at a point 60 feet East of the Northwest corner of the SE1/4 of SE1/4 of Section 5, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence East on the North line of said SE1/4 of SE1/4, 417.42 feet; thence South and parallel to the West line of said SE1/4 of SE1/4, 208.71 feet; thence West and parallel to the North line of said SE1/4 of SE1/4, 417.42 feet; thence North and parallel to the West line of said SE1/4 of SE1/4, 208.71 feet to the point of beginning.

PARCEL 3

Beginning at a point on the South line of the NE1/4 of the SE1/4 of Section 5, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; said point being 85.96 feet East of the Southwest corner of said NE1/4 of the SE1/4; thence West 25.96 feet; thence South 208.7 feet; thence West 30.0 feet; thence North 59.2 feet; thence in a Northwesterly direction following the arc of a 14.7642 degree curve to the left through the Southwest corner of said NE1/4 of the SE1/4 304.8 feet; thence North 43 degrees 37' 40" West 329.2 feet to the Southeasterly right of way line of the State Highway; thence North 56 degrees 02' 20" East 31.86 feet; thence South 43 degrees 37' 40" East 528.32 feet to the point of beginning.

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Ameri title the 26th day
of February A.D., 1999 at 3:24 o'clock P.M., and duly recorded in Vol. M99
of Mortgages on Page 6948

FEE \$30.00

Linda Smith, County Clerk

by Kathleen Ross