

AFTER RECORDING,
PLEASE RETURN TO:
Key Bank National Association
1211 SW 5th Avenue, Suite 300
Portland, OR 97204
Attn: Alan T. Mitchell

ASSIGNMENT FOR SECURITY AND SECURITY AGREEMENT

DATE: May 14, 1999

NAMES AND MAILING ADDRESSES OF THE ASSIGNOR AND THE ASSIGNEE:

KeyBank National Association
1211 SW 5th Avenue, Suite 300
Portland, OR 97204
Attention: Alan T. Mitchell

(the "Assignee")

Ralph Bolliger
11190 SW Foothill Drive
Portland, OR 97225

(the Assignor")

In consideration of a loan, loans, line of credit or other financial accommodation made or to be made for the use and benefit of the Assignor by Assignee, including, but not limited to a line of credit in the amount of \$8,400,000.00 (herein the "Indebtedness").

Assignor hereby mortgages, assigns, transfers and sets over unto and grants to the Assignee a security interest in and upon all the Assignor's rights and interest in and to the following described promissory note (the "Promissory Note"):

Date of Promissory Note:	May <u>17</u> , 1999
Name of Maker:	Klamath Pawn and Loan Co.
Name of Payee:	Fairway Commercial Mortgage, LLC, an Oregon limited liability company
Original Principal Amount:	\$135,000.00
Interest Rate:	Twelve and one-quarter percent (12.25%) per annum
Maturity Date:	June 1, 2009

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PDX:027890/111992/TEL 698273.1

and in and to the following-described mortgage or trust deed (in either event the "Mortgage"; references herein to a Mortgagor or a Mortgagee shall include references to a Trustor or Grantor or to a Beneficiary):

Mortgage/Trust Deed Information:

Date of Mortgage/Trust Deed:	May <u>17</u> , 1999
Name of Trustor, Grantor or Mortgagor:	Klamath Pawn and Loan Co.
Name of Trustee (if applicable):	Pacific Northwest Title of Oregon, Inc.
Name of Beneficiary or Mortgagee:	Fairway Commercial Mortgage, LLC, an Oregon limited liability company
Recording Date:	<u>MAY 20, 1999</u>
Recording Data:	<u>MA99-20176</u>
County:	Klamath
State:	Oregon

and in and to all rights to payment due and to become due under the Promissory Note and in and to the property described in and covered by the Mortgage. The Mortgage encumbers real property in the County and State mentioned above more particularly described in Exhibit "A" hereto, which is made a part hereof by reference.

The Promissory Note and Mortgage are sometimes referred to herein collectively as the "Collateral Documents." Contemporaneously herewith, Assignor shall deliver to Assignee the original Collateral Documents.

It is further agreed as follows:

1. **Warranties and Representations.** Assignor warrants and represents that he is the owner and holder of the Promissory Note and the beneficiaries' interest in the Mortgage, that he acquired the same from Fairway Commercial Mortgage, LLC by instrument dated May 17, 1999 (and said instrument is included as part of the Collateral Documents), that the Collateral Documents evidence an existing, bona fide transaction, that there is no default by any party under the Collateral Documents, that the unpaid principal balance on the promissory Note is \$135,000.00 with interest thereon from the 17th day of May, 1999, at the rate stipulated in the Promissory Note, that it has not previously assigned the Collateral Documents, that it has good right to make this Assignment, that it has delivered all of its original counterparts of the Collateral Documents, and all of its original counterparts of all amendments thereto, and that there are no undisclosed amendments to the Collateral Documents. Assignor warrants that the real estate described in the Mortgage is free and clear of all liens and encumbrances except for those matters disclosed as exceptions numbered 8 and 9 on the Preliminary Title Report issued by Aspen Title & Escrow, Inc., reflecting the condition of title to the real property described in

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the Mortgagee as of April 15, 1999, and dated May 10, 1999 under Title Number 49579. Assignor will indemnify and defend the Assignee against all claims and demands in respect of the rights hereby assigned..

2. **Power of Attorney.** Assignor hereby irrevocably constitutes and appoints Assignee as the true and lawful attorney in fact, coupled with an interest and the right, but without obligation to do so, to demand, receive and enforce payment, to give receipts, releases and satisfactions for, and to sue for all moneys owing under the Collateral Documents; to make extension agreements with respect to the rights assigned hereunder, release persons liable thereon as sureties for the payment thereof, compromise disputes in connection therewith and exercise all rights of the Assignor upon a default under the Collateral Documents, including, without limitation, rights of foreclosure; if the real property described above is subject to prior liens, encumbrances or other interests superior to the interest of the Assignor, Assignee shall have the right, but not the obligation, to pay or perform the obligations secured by such prior liens, encumbrances or other interests and all amounts paid the holder of such prior liens or encumbrances shall be added to the indebtedness secured hereby and to bear interest at the rate on the financial accommodations first mentioned above; to release, satisfy or reconvey the interest or estate of the Assignor under the Mortgage upon payment in full of the Promissory Note. Without limiting the foregoing, the Assignor expressly and irrevocably authorizes the Assignee to notify the Maker under the Promissory Note of the interest of the Assignee therein and to require that the Maker remit all payments under the Promissory Note, whether now due or to become due in the future, including the entire balance deferred under the terms of the Promissory Note, directly to the Assignee. In exercising any of the rights under this Power of Attorney, the Assignee's sole obligation shall be to act in good faith and in the belief that such actions will not materially increase the risk of nonpayment or nonperformance of any obligation or indebtedness secured hereby. The Assignee shall only be accountable for such sums as are actually received by it.

3. **Assignment for Security.** This Assignment is for the purpose of security. It secures the indebtedness; all amendments, modifications, renewals and extensions of the indebtedness; the performance of this Assignment; costs and attorneys' fees in accordance with Section 6, as well as any and all other indebtedness, obligations and liabilities of whatever nature, direct or contingent, of Assignor to Assignee, whether the same are now outstanding or come into existence in the future and whether the same are of the same or similar kind of character as the loan(s), line of credit, or other financial accommodation or otherwise. Assignor further assigns to Assignee all securities, sureties, guarantees, warranties, indemnity agreements, maintenance agreements, insurance policies and other agreements pertaining to the Mortgage and the property described therein.

4. **Assignee Not Liable for Assignor's Obligations.** The Assignee does not assume and shall not be subject to any obligation or liability of Assignor to perform any of its covenants, warranties or agreements pursuant to the Mortgage. Assignor agrees to perform all of the Assignor's obligations under the Collateral Documents. If the Assignor fails to perform any of such covenants, warranties or agreements, the Assignee may, but shall not be obligated to, perform the same. Doing so shall not waive any default of Assignor for failing to perform such covenant, warranty or agreement. Any amount expended by the Assignee in doing so shall be

added to the Indebtedness, shall be payable on demand, and shall bear interest from the date of expenditure at 12% per annum until paid and shall be secured hereby.

5. **Further Assurances.** The Assignor shall generally do all such further acts and things as the Assignee may reasonably request to perfect and preserve the rights assigned hereunder. The Assignor will not agree to any amendment or termination of the rights evidenced by the Collateral Documents, nor will the Assignor accept any prepayment of the Collateral Documents, without the Assignee's prior written consent.

6. **Costs and Attorneys' Fees.** If this Agreement is placed in the hands of an attorney due to a default in the payment or performance of any of the terms contained herein, the defaulting party shall pay, immediately upon demand, the other party's reasonable attorney fees, collections costs even though no suit or action is filed thereon, and any other fees or expenses incurred by the nondefaulting party.

If any arbitration, mediation, or other proceeding is brought in lieu of litigation, or if legal action is instituted to enforce or interpret any of the terms of this Agreement or if legal action is instituted in a Bankruptcy Court for a United States District Court to enforce or interpret any of the terms of this Agreement, to seek relief from an automatic stay, to obtain adequate protection, or to otherwise assert the interest of Assignor and/or Assignee in a bankruptcy proceeding, the party not prevailing shall pay the prevailing party's costs and disbursements, the fees and expenses of expert witnesses in determining reasonable attorney fees and such sums as the court may determine to be reasonable for the prevailing party's attorneys' fees connected with the trial and any appeal and by petition for review thereof.

For purposes of this Agreement: (1) the term attorneys' fees includes all charges of the prevailing party's attorneys and their staff (including without limitation legal assistants, paralegals, word processing, and other support personnel) and any postpetition fees in a bankruptcy court and (2) the term costs and expenses includes but is not limited to long distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts), express mail, or parcel delivery; mileage and all deposition charges, including but not limited to court reporters' charges, appearance fees, and all costs of transcription; and costs incurred in searching records.

In the event that Assignee is the prevailing party, the attorneys' fees and costs and expenses shall be secured by the Collateral Documents and shall bear interest at the rate application to the Indebtedness.

7. **Events of Default.** The following shall be Events of Default hereunder:

(a) Nonpayment of the Indebtedness when due, or of any other indebtedness of the Assignor to the Assignee;

(b) Nonperformance of any obligations by Assignor under the terms of the Collateral Documents, this Agreement, or of any other obligation of the Assignor to the Assignee;

(c) Breach of any covenant, warranty or agreement contained herein or in any other agreement between the Assignor and the Assignee;

(d) If the Indebtedness is payable on demand, the occurrence of a demand for payment;

(e) Filing of a petition by or against Assignor under the bankruptcy or like law;

(f) Receivership of Assignor or an assignment for the benefit of Assignor's creditors or any financial statement submitted by the Assignor to the Assignee proves false in any material respect;

(g) The insolvency or death of any guarantor (if any) of the Indebtedness;

(h) The occurrence of any sale of all or a substantial part of the Assignor's assets out of the ordinary course of business;

(i) The rescission or attempted rescission or other attempt to limit any guarantee of any Indebtedness, regardless of whether successful;

(j) Failure of the Maker under the Promissory Note to remit payments to the Assignee after notice to do so.

(k) If the real property described above is subject to prior liens, encumbrances or other interests, any default under the terms of such liens, encumbrances or other interests.

8. **Remedies.** Upon the occurrence of any event of Default, the Assignee shall have the right to declare immediately due and payable the Indebtedness and to terminate any obligation to make loans or otherwise extend credit to Assignor, all without demand or notice, which are hereby expressly waived; to the extent that applicable law or any agreement between the Assignor or the Assignee requires notice of any action or intended action on the part of the Assignee, five (5) days' advance written notice shall be deemed sufficient; a shorter notice period shall be sufficient if the means of such notice is reasonably calculated to bring the content thereof to the actual attention of the Assignor; Assignee shall have all the rights, privileges, powers and remedies provided by law, including, without limitation, Article 9 of the Uniform Commercial Code; the rights, privileges, powers and remedies of the Assignee shall be cumulative; no single or partial exercise of any of them shall preclude the further or other exercise of the same or any other of them.

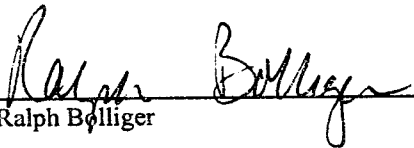
9. **Severability.** If any provision of this Assignment is determined to be unlawful, invalid or unenforceable in any jurisdiction, such provision shall be deemed to have been severed from this Assignment in such jurisdiction, but not elsewhere, and such determination shall not affect the legality, validity, or enforceability of the remaining provisions of this Assignment.

10. **Captions and Grammatical Considerations.** The captions contained in this Assignment are for convenience of reference only, and they shall not affect the meaning of any provision of this Agreement. To the extent necessary to conform this Assignment to the intent of

the parties, and, if the context so requires, singular references shall include plural references, plural references shall include singular references, references to one gender shall include references to other genders, and all other necessary grammatical modifications shall be deemed to have been made.

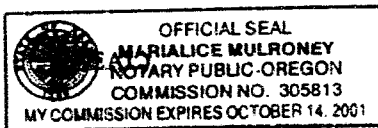
11. **Acceptance not Required.** This Assignment shall be effective when executed and delivered to the Assignee, and no notice of the acceptance of this Assignment or other formality shall be required.

12. **Waiver.** Neither this Assignment, nor any provision of this Assignment may be waived or modified except in a writing signed on behalf of the Assignee. No waiver of any requirement of this Assignment on one occasion shall constitute a waiver on a future occasion, either as to the same provision of this Assignment or as to a different provision of this Assignment.


Ralph Bolliger

STATE OF OREGON)
) ss
County of *MULTNOMAH*)

The foregoing Assignment was acknowledged before me on ^{*may*} ~~March~~ *14*, 1999, by Ralph Bolliger.



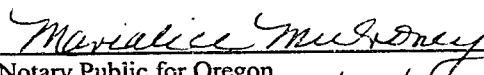

Notary Public for Oregon
My commission expires: *10/14/01*

EXHIBIT "A"

The S ½ of Lots 6 and 7, Block 94, KLAMATH ADDITION TO THE CITY OF
KLAMATH FALLS, in the County of Klamath, State of Oregon.

State of Oregon, County of Klamath
Recorded 5/20/99, at 3:24 p.m.
In Vol. M99 Page 20189
Linda Smith, County Clerk
Fee \$ 10.-

Linda Smith