

MTG 1396-1948  
**ASSIGNMENT AND MORTGAGE**

Vol MD0 Page 24667

**DATED:** June 28, 2000.

**PARTIES:** Washburn Services LLC, an  
 Oregon Limited Liability Company  
 865 South Spring Street  
 Klamath Falls, OR 97601

Assignor-Mortgagor

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

Assignee-Mortgagee

**R E C I T A L S:**

A. The Assignor-Mortgagor is the owner of various security interests in real property, a complete description of which is set forth on Exhibit "A" attached hereto. The Assignee was the prior owner of the security interests.

B. The Assignor-Mortgagor desires to borrow funds from the Assignee-Mortgagee and to use its interests in the above-mentioned instruments and the real property described in Exhibit "B" attached hereto as security for said loan.

C. In consideration of the loan of money hereinafter described, the Assignor-Mortgagor assigns and mortgages and the parties agrees as follows:

**AGREEMENTS**

**SECTION 1. ASSIGNMENT:**

.1 For value received by Assignor from Assignee, Assignor hereby grants, bargains, sells and conveys to Assignee, its successors and assigns, all of Assignors' right, title and interest in the contractual rights, real property and instruments set forth in Exhibit "A." This assignment is for the purpose of securing a loan obligation owed from Assignor to Assignee in the principal sum of \$700,000, with interest, as shown in a promissory note and related documents (The Obligation).

.2 Assignor has executed other documents transferring to Assignee a security interest in the instruments assigned herein, and further agrees that any proceeds from the instruments are the security of the Assignee to secure the obligation. Assignor intends to enforce the instruments in the manner allowed by law, and may receive payment or could receive title to the real property described in the instruments assigned. This agreement shall be constitute a mortgage against the real property described in the instruments in the event the Assignor shall obtain title to the real property.

.3 In the event of default of the McClung obligation

secured by the instruments assigned, Assignors enforcement of the instruments shall not effect the security interest of the Assignee, which shall remain against any interest in the instruments, cash, or real property which may be received by the Assignor in the enforcement of the instruments assigned herein.

.4 Assignor appoints the Assignee its attorney-in-fact with full power of substitution to enforce the obligations of the above-mentioned interests in real and personal property and to collect the amounts due thereunder and apply the same to the obligations of the Assignor herein, without prejudice to the other rights of the Assignee herein. Assignee grants to Assignor the right to enforce the obligations of the above-mentioned interests in real and personal property; to collect the amounts due there under and apply the same to the obligations of the Assignor herein; to foreclose the interests of the Assignor and obtain judgment; to sell the collateral securing the obligation owed to Assignor from McClung; to bid on the collateral and purchase the same at sale; and to retain the proceeds of the collateral as defined in ORS 79.3060. The security interest of the Assignee continues in the proceeds.

.4 The Assignor shall supply the Assignee, upon the request of Assignee, a written statement of the status of the amounts due from McClung and any action to enforce the McClung obligation. Said request shall be answered in writing within 5 business days. The Assignor-Mortgagor hereby warrants that any such statement shall be subject to the provisions of ORS 165.080.

#### SECTION 2. CONVEYANCE:

In the event the Assignor shall obtain title to the real property described in the instruments, Mortgagor hereby mortgages, grants, bargains, sells and conveys to Mortgagee, its successors and assigns, the real property described in Exhibit "B" attached hereto, together with the appurtenances now or hereafter belonging to the property, and all the rents, issues and profits arising or to arise therefrom. All property subject to this Mortgage is hereinafter referred to as the "Mortgaged Premises".

#### SECTION 3. PURPOSE:

This conveyance is intended as a mortgage to secure the performance of the covenants and agreements herein contained and contained in any loan agreement, security agreement or other agreement between Mortgagor and Mortgagee, and to secure the payment of a loan or loans in the sum of seven hundred thousand (\$700,000) DOLLARS, as evidenced by a promissory note or notes held by the Mortgagee, together with interest payable on the unpaid balances thereof at the rates specified in the notes or at such other rates prescribed from time to time by Mortgagee in accordance with law and agreement with Mortgagor, and any or all renewals or extensions thereof. All covenants and provisions of this Mortgage shall bind the successors and assigns of Mortgagor and shall inure

to the benefit of the successors and assigns of Mortgagee. This Mortgage shall also include any and all future advances made by Mortgagee to Mortgagors.

SECTION 4. WARRANTY:

Mortgagor will defend Mortgagee's rights against any liens and encumbrances. The Assignor warrants the Assignor will not accept any prepayments or pay-offs upon said encumbrances without applying the excess proceeds to the obligation of the Assignee herein.

SECTION 5. PAYMENT AND PERFORMANCE:

Mortgagor will pay, when due, the indebtedness secured by this Mortgage in accordance with the terms of the Note evidencing The Obligation, and the terms of this agreement. Mortgagor will strictly perform all obligations of this Mortgage and of any loan agreement or security agreement executed in connection with the indebtedness secured by this Mortgage. Mortgagor will promptly comply with all existing or future laws, orders and regulations of all state, federal, municipal and local governments or any similar bodies affecting the Mortgaged Premises, or the instruments.

SECTION 6. DEFAULT:

.1 Events of Default: The occurrence of any one or more of the events contained in the Security Agreement, or related agreements shall constitute a default hereunder.

.2 Remedies on Default. If any default occurs, Mortgagee may, at its option use those remedies set forth in the Security Agreement or related Agreements, or any remedy set forth in this agreement.

In addition to all other remedies provided herein, or by law, the Mortgagee, under the assignment provisions of this Agreement, may notify the payees under the obligations assigned to commence making payment to the Mortgagee.

SECTION 7. ATTORNEY FEES AND OTHER COSTS:

In the event suit or action is begun to foreclose this Agreement, Assignor-Mortgagor will pay, in addition to the costs and disbursements allowed by law, such sums as the court may adjudge reasonable as attorney fees in such suit or action, or any appeal therefrom. Mortgagor will also pay such sums as the court may adjudge reasonable for the necessary examination and search of the public records respecting the title to the Mortgaged Premises. The plaintiff in such suit or action may take judgment therein for such sums. Mortgagor will pay to Mortgagee all sums, including costs, expenses and reasonable agent and attorney fees, which Mortgagee may expend or become obligated for in any proceedings, legal or

otherwise, involving the title to the Mortgaged Premises, or to establish, protect or sustain the lien of this Mortgage, or its priority, or in defending against liens, claims, rights, estates, easements or restrictions, or for evidences of title to the Mortgaged Premises. Interest shall be paid to Mortgagee on all such sums as the rate then payable on the indebtedness secured hereby. This Mortgage shall stand as security for payment of these sums and interest in like manner and effect as for payment of the indebtedness secured.

#### SECTION 8. MISCELLANEOUS:

.1 Terminology: The word "Mortgagor" and the language of this instrument shall, where there is more than one Mortgage, be construed as plural and be binding jointly and severally upon all Mortgagors and the word "Mortgagee" shall apply to any holder of this Mortgage. The words "Mortgagor" and "Assignor", and "Mortgagee" and "Assignee" shall be interchangeable.

.2 Nonwaiver: No condition of this Assignment and Mortgage shall be deemed waived unless expressly waived in writing by Mortgagee.

.3 Prior Agreements: This agreement is subject to the terms and conditions of the Security Agreements and related agreements between the parties, which agreements control the intent of the parties. The purpose of this agreement is to provide record notice of the parties transaction and security agreement.

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.4 Applicable Law: This Mortgage shall be governed by the laws of the State of Oregon and any questions arising hereunder shall be construed or determined according to such laws.

IN WITNESS WHEREOF the parties have set their hands and seals the day and year first hereinabove written.

ASSIGNOR-MORTGAGOR:

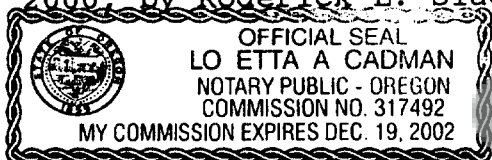
WASHBURN SERVICES LLC

By

Roderick L. Slade, Manager

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on June 28, 2000, by Roderick L. Slade as Manager of Washburn Services LLC.



Lo Etta A. Cadman

Notary Public for Oregon

My commission expires: 12-18-2002

ASSIGNEE-MORTGAGEE:

SOUTH VALLEY BANK & TRUST

By

Stephen Van Buren  
Name: Stephen Van Buren  
Title: manager, SBT

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on June 28, 2000, by STEPHEN VAN BUREN as MANAGER of South Valley Bank & Trust.



Lo Etta A. Cadman

Notary Public for Oregon

My commission expires: 12-18-2002

**Exhibit "A"**  
**Property**

3320 Washburn Way

Klamath Falls, Oregon

Recording information of the lien assigned:

Vol. M95-p8480, Klamath County Deed records, (with  
modifications)

See attached Exhibit "A-1"

5206 Barry Avenue

Klamath Falls, Oregon

Recording information of the lien assigned:

Vol. M95-p8486, Klamath County Deed records, (with  
modifications)

See attached Exhibit "A-2"

Assignment of rents, fixture fillings, UCC-1, UCC-1a,  
Promissory Notes and other rights to payment, guaranties and  
security interests in real and personal property.

**Exhibit "A-1"**

Lots 2 and 7 in Block 1, Tract 1249, re-subdivision of Lot 4, Block 1, WASHBURN PARK, TRACT 1080, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Unofficial  
Copy

**Exhibit "A-2"**

Lot 25 of LAMRON HOMES, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Unofficial  
Copy



## Exhibit "B"

Parcel 1: Lots 2 and 7 in Block 1, Tract 1249, Re-subdivision of Lot 4, Block 1, WASHBURN PARK, TRACT 1080, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Parcel 2: Lot 25 of LAMRON HOMES, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

State of Oregon, County of Klamath  
Recorded 07/05/00, at 3:24 p.m.  
In Vol. M00 Page 24667  
Linda Smith,  
County Clerk Fee \$ 61 -