

02 MAR 5 PM 3:39

RECORDATION REQUESTED BY:

Klamath First Federal Savings & Loan Association
Main Office and Branch
540 Main Street
Klamath Falls, OR 97601

Vol M02 Page 13279

WHEN RECORDED MAIL TO:

Klamath First Federal Savings & Loan Association
Main Office and Branch
540 Main Street
Klamath Falls, OR 97601

State of Oregon, County of Klamath

Recorded 03/05/2002 3:39 p m.

Vol M02, Pg 13279-841

Linda Smith, County Clerk

Fcc \$ 46.00 # of Pgs 6

SEND TAX NOTICES TO:

Klamath First Federal Savings & Loan Association
Main Office and Branch
540 Main Street
Klamath Falls, OR 97601

K53888sc SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS dated February 8, 2002, is made and executed between Walter P. Hammerich and Nancy L. Hammerich (referred to below as "Grantor") and Klamath First Federal Savings & Loan Association, whose address is 540 Main Street, Klamath Falls, OR 97601 (referred to below as "Lender").

ASSIGNMENT. For valuable consideration, Grantor hereby 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 Exhibit "A" and Exhibit "B"

The Property or its address is commonly known as 3311 Haskins Rd. and 29989 Casebeer Rd. , Bonanza, OR 97623.

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF BORROWER AND GRANTOR 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 "one action" or "anti-deficiency" 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 or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

BORROWER'S WAIVERS AND RESPONSIBILITIES. Lender need not tell 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 because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Property, or any delay by Lender in realizing 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 Documents, Grantor shall pay to Lender all amounts secured by this Assignment as they become due, and shall strictly 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.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that:

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.

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 RECEIVE AND 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 notices 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 and 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 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.

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 with 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 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

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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.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Assignment or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Assignment or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Rents or the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, 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. The Assignment also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Assignment:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Assignment or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

Default on Other Payments. Failure of Grantor within the time required by this Assignment to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

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

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

Death or Insolvency. The dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or 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 Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against the Rents or any property securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Property Damage or Loss. The Property is lost, stolen, substantially damaged, sold, borrowed against, levied upon, seized, or attached.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, 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 Lender, and, in doing so, cure any Event of Default.

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

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment 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 receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default 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 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 Borrower or Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net 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 Receive and Collect Rents Section, above. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same 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. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a 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.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Assignment, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Attorneys' Fees; 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 upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs 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 the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses 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, title insurance, and fees for the Trustee, to the extent 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.

Arbitration. Borrower and Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Assignment or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; foreclosing by notice and sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Assignment shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Caption Headings. Caption headings in this Assignment are for convenience purposes only and are not to be used to interpret or define the provisions of this Assignment.

Governing Law. This Assignment will be governed by, construed and enforced in accordance with federal law and the laws of the State of Oregon. This Assignment has been accepted by Lender in the State of Oregon.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Klamath County, State of Oregon.

Joint and Several Liability. All obligations of Borrower and Grantor 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 Borrower and Grantor signing below is responsible for all obligations in this Assignment.

Merger. There shall be no merger of the interest or estate created by this assignment with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Interpretation. (1) In all cases where there is more than one Borrower or Grantor, then all words used in this Assignment in the singular shall be deemed to have been used in the plural where the context and construction so require. (2) If more than one person signs this Assignment as "Grantor," the obligations of each Grantor are joint and several. This means that if Lender brings a lawsuit, Lender may sue any one or more of the Grantors. If Borrower and Grantor are not the same person, Lender need not sue Borrower first, and that Borrower need not be joined in any lawsuit. (3) The names given to paragraphs or sections in this Assignment are for convenience purposes only. They are not to be used to interpret or define the provisions of this Assignment.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Assignment unless such waiver is given 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 Lender of a provision of this Assignment shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Assignment. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Assignment, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Assignment shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Assignment. Any party may change its address for notices under this Assignment by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Powers of Attorney. The various agencies and powers of attorney conveyed on Lender under this Assignment are granted for purposes of security and may not be revoked by Grantor until such time as the same are renounced by Lender.

Severability. If a court of competent jurisdiction finds any provision of this Assignment to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Assignment. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Assignment shall not affect the legality, validity or enforceability of any other provision of this Assignment.

Successors and Assigns. Subject to any 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 Grantor, Lender, without notice to Grantor, may deal 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 is of the Essence. Time is of the essence in the performance of this Assignment.

Waive Jury. All parties to this Assignment hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

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.

WAIVER OF RIGHT OF REDEMPTION. NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT, GRANTOR HEREBY WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR JUDGMENT OF FORECLOSURE ON GRANTOR'S BEHALF AND ON BEHALF OF EACH AND EVERY PERSON, EXCEPT JUDGMENT CREDITORS OF GRANTOR, ACQUIRING ANY INTEREST IN OR TITLE TO THE PROPERTY SUBSEQUENT TO THE DATE OF THIS ASSIGNMENT.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Assignment. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Assignment shall have the meanings attributed to such terms in the Uniform Commercial Code:

Assignment. The word "Assignment" means this Assignment of Rents, as this Assignment of Rents may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Rents from time to time.

Borrower. The word "Borrower" means Hammerich, Inc..

Default. The word "Default" means the Default set forth in this Assignment in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Assignment in the default section of this Assignment.

Grantor. The word "Grantor" means Walter P. Hammerich and Nancy L. Hammerich.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or

ASSIGNMENT OF RENTS
(Continued)

13282

Page 4

Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Assignment, together with interest on such amounts as provided in this Assignment.

Lender. The word "Lender" means Klamath First Federal Savings & Loan Association, its successors and assigns.

Note. The word "Note" means the promissory note dated February 8, 2002, in the original principal amount of \$1,150,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Assignment" section of this Assignment.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all of Grantor's present and future rights, title and interest in, to and under any and all present and future leases, including, without limitation, all rents, revenue, income, issues, royalties, bonuses, accounts receivable, cash or security deposits, advance rentals, profits and proceeds from the Property, and other payments and benefits derived or to be derived from such leases of every kind and nature, whether due now or later, including without limitation Grantor's right to enforce such leases and to receive and collect payment and proceeds thereunder.

THE UNDERSIGNED ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT. THIS DOCUMENT IS EXECUTED ON FEBRUARY 8, 2002.

GRANTOR:

x Walter P. Hammerich
Walter P. Hammerich, Individually

x Nancy L. Hammerich
Nancy L. Hammerich, Individually

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath

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) SS
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On this day before me, the undersigned Notary Public, personally appeared **Walter P. Hammerich** and **Nancy L. Hammerich**, 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 and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 8th day of March, 2002.

By [Signature]

Residing at Klamath

Notary Public in and for the State of Oregon

My commission expires 8-2003

The following described real property situate in Klamath County, Oregon:

That portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, Township 39 South, Range 11 East of the Willamette Meridian, lying Southerly and Westerly of the Dairy-Bonanza Highway as said highway now appears on the ground, EXCEPTING a tract of land situated in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, T. 39 S. R. 11 E. W.M., Klamath County, Oregon, more particularly described as follows: Beginning at a 5/8 inch iron pin on the southwesterly right of way line of the Dairy-Bonanza Highway, said point being N 43°48'19" E a distance of 2158.79 feet from the southwest corner of said Section 5; thence S 32°11'38" W 178.21 feet to a 5/8 inch iron pin; thence N 58°52'04" W 109 feet, more or less, to the west line of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 5; thence northerly along the west line of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 5, 217.3 feet, more or less, to the southwesterly right of way line of said Dairy-Bonanza Highway; thence S 56°59'00" E along said right of way line 225.5 feet, more or less, to the point of beginning, containing 0.69 acres, more or less, with the bearings based on a solar observation.

Also that portion of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5, and that portion of the N $\frac{1}{4}$ NE $\frac{1}{4}$ Section 8, Township 39 South, Range 11 East of the Willamette Meridian lying Southerly of the Dairy-Bonanza Highway, EXCEPTING a tract conveyed to W. H. Caseboer by Deed recorded on page 620, of Volume 93, Klamath County Deed records and more particularly described as follows: That portion of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8 described as follows: Beginning 866 feet South of the corner common to Sections 4, 5, 8 and 9 in the middle of the Dairy-Bonanza Highway; thence South 454 feet; thence West 660 feet; thence North 885 feet to the middle of said highway; thence South 56°52' East 789 feet to the place of beginning.

Also the E $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, Township 39 South, Range 11 East of the Willamette Meridian.

Also all that portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 8, Township 39 South, Range 11 East of the Willamette Meridian, lying Northerly from the center line of the Old Bonanza-Klamath Falls Road.

The SE $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 33, Township 38 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Lots 2, 3, 4 and SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 4; the N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ of Section 9, excepting right of way conveyed to Horsefly Irrigation District, by deed recorded at page 218 of Volume 49 of Deeds, and right of way conveyed to Klamath County, Oregon, by deed recorded on page 83 of Volume 64 of Deeds, said Sections 4 and 9 being in Township 39 south, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Beginning at the point of intersection of the East and West center line of Section 9, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon with the Northeasterly boundary line of the right of way of the Dairy-Bonanza Highway as the same is now located and constructed; thence North 89°50' East along the said East West center line of said Section 9, 384.50 feet; thence Southerly and parallel with the Easterly boundary of said Section 9, 249.2 feet, more or less, to a point in the Northeasterly boundary line of said right of way of the Dairy-Bonanza Highway; thence Northwesterly along said right of way line to the point of beginning, and also

Beginning at a point in the East and West center line of Section 9, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, from which the point of intersection of the said East and West center line of Section 9 with the Northeasterly boundary line of the right of way of the Dairy-Bonanza Highway as the same is now located and constructed bears South 89°50' West 384.5 feet distant and running thence Southerly and parallel with the Easterly boundary of the said Section 9, 249.2 feet, more or less to a point in the Northeasterly boundary line of the right of way of the Dairy-Bonanza Highway; thence Southeasterly along said right of way line 849.3 feet, more or less, to its intersection with the West line of Bowne Ave., (now vacated) of Bowne Addition to Bonanza, Oregon, the plat whereof is on file in the record in the office of the County Clerk of Klamath County, Oregon; thence North along the said West line of Bowne Ave. (now vacated) 711.8 feet, more or less, to its intersection with the said East and West center line of the said Section 9; thence South 89°50' West 713.6 feet, along the said East and West center line to the point of beginning.

A tract of land in the E $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the East line of said NE $\frac{1}{4}$, said point being North a distance of 239 feet from the Southeast corner thereof; thence Northwest, in a straight line to a point on the North line of the SE $\frac{1}{4}$ NE $\frac{1}{4}$, said point being West a distance of 660 feet from the Northeast corner thereof; thence North a distance of 885 feet to the center line of the Dairy-Bonanza Highway; thence South 56°52' East, along said center line, a distance of 789 feet to a point on the East line of said NE $\frac{1}{4}$, said point being South a distance of 866 feet from the Northeast corner of Section 8; thence South on said East line a distance of 1535 feet more or less to the point of beginning.

The SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 9, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon

EXCEPTING that tract of land conveyed to Klamath County School District by instrument recorded January 17, 1969 in Volume M69, page 455, Deed records of Klamath County, Oregon, described as follows:

Beginning at a 5/8" x 30" iron pin with cap marking the East one-fourth corner of said Section 9 as shown on the Bowne Addition to Bonanza subdivision plat; thence North 00°13'25" West along the East line of said Section 9 a distance of 113.25 feet to a 5/8" x 30" iron pin with cap; thence North 89°40'10" West along the Easterly extension of and along the Southerly edge of an existing fence a distance of 261.45 feet to a 5/8" x 30" iron pin with cap which is 1.5 feet Southeasterly of an existing fence corner; thence South 40°48'40" West along the Easterly edge of an existing fence a distance of 152.00 feet to an "x" in the bottom of a concrete irrigation box which is four feet Southeasterly of an existing fence corner; thence South 01°35'10" East a distance of 41.91 feet to a 5/8" x 30" iron pin with cap on the centerline of vacated Klamath Street; thence South 89°51'10" East along the centerline of vacated Klamath Street a distance of 360.00 feet to a 5/8" x 30" iron pin with cap on the centerline of Carroll Avenue; thence North 00°04'35" East along the centerline of Carroll Avenue a distance of 43.10 feet to the point of beginning, EXCEPTING the un-vacated portion of Carroll Avenue as shown on the Grandview Addition to Bonanza subdivision plat.

ALSO EXCEPTING that portion conveyed to Patrick W. Kelly and Cynthia A. Kelly, by deed recorded November 14, 1996 in Volume M96, page 35865, Deed records of Klamath County, Oregon, more particularly described as follows: A tract of land situated in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 9, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a point on the North line of that tract of land conveyed to Klamath County School District described in Volume M69 on page 455 of the Klamath County Deed Records and the West line of Carroll Avenue, from which the East $\frac{1}{4}$ corner of said Section 9 bears S. 14°46'22" E. 117.30 feet; thence N. 89°40'10" W. along the North line of said tract of land, 122.44 feet; thence N. 02°01'13" E. along the fence line, 212.21 feet; thence S. 74°39'31" E. along the fence line, 119.41 feet, to the West line of Carroll Avenue; thence S. 00°03'44" W. 181.19 feet to the point of beginning, containing 23,420 square feet, with bearings based on record of Survey No. 1327.

THIS EXHIBIT "A" IS EXECUTED ON FEBRUARY 8, 2002.

GRANTOR:

x Walter P. Hammerich
Walter P. Hammerich, Individually

x Nancy L. Hammerich
Nancy L. Hammerich, Individually

RECORDATION REQUESTED BY:

Klamath First Federal Savings & Loan Association
Main Office and Branch
540 Main Street
Klamath Falls, OR 97601

13284

WHEN RECORDED MAIL TO:

Klamath First Federal Savings & Loan Association
Main Office and Branch
540 Main Street
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

Klamath First Federal Savings & Loan Association
Main Office and Branch
540 Main Street
Klamath Falls, OR 97601

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

EXHIBIT "B"

This EXHIBIT "B" is attached to and by this reference is made a part of the Deed of Trust, dated February 8, 2002, and executed in connection with a loan or other financial accommodations between KLAMATH FIRST FEDERAL SAVINGS & LOAN ASSOCIATION and Hammerich, Inc.

Parcel One:

Township 38 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon

Section 28: SW $\frac{1}{4}$ NE $\frac{1}{4}$; S $\frac{1}{2}$ NW $\frac{1}{4}$; SW $\frac{1}{4}$; W $\frac{1}{2}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Section 32: E $\frac{1}{2}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$;
Section 33: N $\frac{1}{2}$; N $\frac{1}{2}$ S $\frac{1}{2}$; SW $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Section 34: W $\frac{1}{2}$ W $\frac{1}{2}$;

Parcel Two:

Township 38 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon

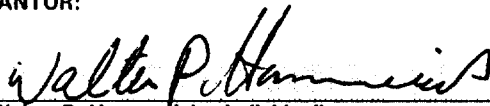
Section 19: SW $\frac{1}{4}$ SE $\frac{1}{4}$

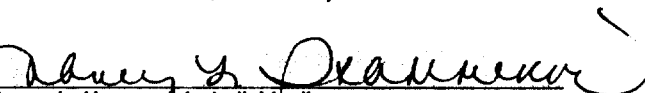
Section 30: W $\frac{1}{2}$ NE $\frac{1}{4}$; also that portion of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ lying North of the following described line:

Beginning at a point on the centerline of Haskins Road, being accepted as the West line of said NW $\frac{1}{4}$ SE $\frac{1}{4}$, said point being North 00°39'36" East 2184.0 feet from the South Quarter Corner of said Section 30, said quarter corner being marked by a PK nail 29.00 feet West of a 1" iron pipe as per survey No. 1713 and Major Land Partition No. 3-88; thence East 1320 feet, more or less, to a point on the East line of said NW $\frac{1}{4}$ SE $\frac{1}{4}$ with bearings based on said Survey No. 1713.

THIS EXHIBIT "B" IS EXECUTED ON FEBRUARY 8, 2002.

GRANTOR:

x 
Walter P. Hammerich, Individually

x 
Nancy L. Hammerich, Individually