

WTC87542

2010-007950

Klamath County, Oregon

RECORDATION REQUESTED BY:

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


00086665201000079500050059

WHEN RECORDED MAIL TO:

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

06/30/2010 11:52:34 AM

Fee: \$57.00

SEND TAX NOTICES TO:

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

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS dated June 28, 2010, is made and executed between PELICAN TRACTOR CO., INC., AN OREGON CORPORATION (referred to below as "Grantor") and South Valley Bank & Trust, whose address is P O Box 5210, 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", which is attached to this Assignment and made a part of this Assignment as if fully set forth herein.

The Property or its address is commonly known as 5611 South 6th Street, 5629 South 6th Street and 5620 Miller Avenue, Klamath Falls, OR 97603. The Property tax identification number is 3909-002AD-06700-000,3909-002AD-06800-000,3909-002AD-07000-000,3909-002AD-08300-000 & 3909-002AD-08400-000.

CROSS-COLLATERALIZATION. In addition to the Note, this Assignment secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

REVOLVING LINE OF CREDIT. This Assignment secures the indebtedness including, without limitation, a revolving line of credit, which obligates Lender to make advances to Borrower so long as Borrower complies with all the terms of the Note.

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.

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Other Remedies. Lender shall have all other rights and remedies provided in this Assignment or by law.

Accelerate indebtedness. Lender shall have the right at its option without notice to Borrower or Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty that Borrower would be required to pay.

GHTS AND REMEDIES ON DEFALKT. 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:

provisions of this Assignment within the preceding twelve (12) months, it may be cured if Gramatix, after Gramatix sends written notice to Borrower demanding cure of such default (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Gramatix's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable steps sufficient to produce compliance as soon as reasonably practical.

Insufficient. Lenore in good faith believes itself insecure, of the circumstances to its position.

Adverse change in Granitor's financial condition, or Lenner believes the prospect of payment or performance of the indebtedness is materially impaired, or of any change in the creditworthiness of the indebtedness.

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

involvement, the dissolution of termination of powers or appointment of a receiver for any part of Borowers' property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borower or Granter.

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.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor's behalf or behalf of the Relocated Document 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 hereafter.

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

addition to all other rights and remedies to which Lender may be entitled upon Default. The Assignment also will secure payment of these amounts. Such right shall be available at the Note's maturity. The Assignment shall constitute an Event of Default under this Assignment;

LANDLORD'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Landlord's interest in the Property or if Grantor fails to pay by law shall be paid by Grantor, if permitted by applicable law.

PERFORMANCE. If the Note pays all of the obligations imposed upon Grantor under this Note, and the Note is satisfied and discharged, then the Note rate of interest will be payable on demand, with interest accruing from the date of demand until paid.

RENTS. All costs and expenses incurred by Lender in connection with the Property shall be for Grantee's account and Lender may deduct such costs and expenses from Renters' payments to Lender without notice to Renters, except that Lender shall not deduct such costs and expenses from Renters' payments to Lender if such costs and expenses are not deducted from Renters' payments to Lender by Renters' lessors or if such costs and expenses are deducted from Renters' payments to Lender by Renters' lessors and Lender has received payment of such costs and expenses from Renters' lessors.

No Requirement to Act. Lennder shall not be required to do any of the powers or authority to the purpose stated above, and solely in the place and stead of another and to have all the power or authority to do any other specific act or thing.

Other Acts. Lender may do all such other things and acts within respect to the Property as Lender may deem appropriate and may act exclusively for the benefit of Lender, and to the exclusion of all others, to the extent that Lender deems necessary or expedient in Lender's judgment, to manage the Property, including the collection and application of rents.

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.



ASSIGNMENT OF RENTS (Continued)

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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 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.

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 federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Oregon without regard to its conflicts of law provisions. This Assignment has been accepted by Lender in the 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 Grantor signing below is responsible for all obligations in this Assignment. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under 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 illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other 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 legality, 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.

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 Pelican Tractor Co., Inc.; Ronald E. Johnson; and Charles R. Johnson.

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 Pelican Tractor Co., Inc..

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party 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 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. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Assignment.

OFFICIAL SEAL
COUNTY JANE THORNTON
NOTARY PUBLIC, OREGON
COMMISSION NO. 448167
MY COMMISSION EXPIRES MAY 11, 2014

CORPORATE ACKNOWLEDGMENT

PELICAN TRACTOR CO. INC.
By: Ronald E. Johnson, President of Pelican Tractor
Co., Inc.

GRANTOR:

THE UNDERSIGNED ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT, HAS CAUSED THIS ASSIGNMENT TO BE SIGNED AND EXECUTED ON BEHALF OF GRANTOR ON JUNE 28, 2010.

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, guarantees, security agreements, 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, royalties, issues, houses, bonuses, accounts receivable, cash or security deposits, advance rentals, profits and proceeds from the Property, and benefits derived or to be derived from such leases of every kind and nature, therunder.

Note. The word "Note" means the promissory note dated June 28, 2010, in the original principal amount of \$500,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the

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ASSIGNMENT OF RENTS (Continued)



EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

Tracts 10, 11 and 25, PLEASANT HOME TRACTS NO. 2, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

EXCEPTING THEREFROM that portion conveyed to State of Oregon for Highway purposes by Volume 154, page 102, Deed Records of Klamath County, Oregon.

PARCEL 2:

All of Tract 24 and the Southerly portion of Tract 23 of PLEASANT HOME TRACTS NO. 2, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon, described as follows:

Beginning at the Southeast corner of said Lot 23; thence North $00^{\circ}43'00''$ West along the East line of said Lot 23, 111.00 feet to an existing fence; thence North $89^{\circ}13'05''$ West along said fence 80.00 feet to the West line of said Lot 23; thence South $00^{\circ}43'00''$ East 113.00 feet to the Southwest corner of said Lot 23; thence North $89^{\circ}21'00''$ East to the point of beginning.

**Attached to Deed of Trust and Assignment of Rents dated June 28, 2010
and by this reference incorporated herein.**


Ronald E. Johnson, President of
Pelican Tractor Co., Inc.