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MTC-17321-L Vol. 188 Page 21077
ASSIGNMENT OF LESSOR'S INTEREST IN LEASE

THIS ASSIGNMENT, made this 18th day of November,
1986, by Phil K. Andersch,
hereinafter called "Assignor" to LIBERTY SAVINGS & LOAN ASSOCIATION,
hereinafter called "Assignee,"

W I T N E S S E T H:

FOR VALUE RECEIVED, Assignor hereby grants, transfers and
assigns to Assignee, its heirs, representatives and assigns, all
of the right, title and interest of Assignor in and to any and
all leases now or hereafter existing covering all or a portion
of the real property, hereinafter called "Premises," described
on Exhibit A, which is attached hereto and made a part hereof
including but not limited to that certain lease executed on or
about _____ between Assignor, as lessor, and
Andersch Home Furnishings, Inc., as lessee. Any and all leases
assigned hereunder are hereinafter called "the lease."

This assignment is made as security for the payment of a
promissory note from Assignor to Assignee, dated November 18, 1986
in the face amount of \$172,250.00 and as security for the
performance of a certain ~~Trust Deed~~ Trust Deed made by Assignor
to Assignee on the Premises dated November 18, 1986.

THE ASSIGNEE AGREES that:

A. So long as there shall exist no default by Assignor in
the payment of any indebtedness secured hereby or in the performance

of any obligation of Assignor herein or in the Mortgage/Trust Deed or other instrument securing said indebtedness, Assignor shall have the right to collect, but not more than thirty (30) days prior to accrual, all rents, issues and profits from the Premises and to retain, use and enjoy the same.

B. Upon payment in full of all indebtedness secured hereby as evidenced by the recording or filing of an instrument of satisfaction or full release of the Mortgage/Trust Deed without the recording of another Mortgage/Trust Deed in favor of Assignee affecting the Premises, this assignment shall become and be void and of no effect.

THE ASSIGNOR AGREES with respect to the lease that:

1. Assignor will fulfill or perform each and every condition and covenant of the lease to be fulfilled or performed by Assignor; give prompt notice to Assignee of any notice of default by Assignor under the lease; at the sole cost and expense of Assignor enforce, short of termination of the lease, the performance or observance of each and every covenant and condition of the lease by lessee to be kept and performed; not to modify nor in any way alter the terms of the lease; nor terminate the term of the lease nor accept the surrender thereof unless required to do so by the terms of the lease; nor accept the rents thereunder for more than thirty (30) days prior to accrual; and not waive nor release the lessee from any obligations or conditions of the lease to be performed.

2. The rights assigned hereunder include all of Assignor's right and power to modify the lease or to terminate the term or to accept a surrender thereof or to waive or release the lessee from the performance or observance by the lessee of any obligation or condition thereof or to accept rents thereunder for more than thirty (30) days prior to accrual.

3. At Assignor's sole cost and expense, the Assignor will appear in and defend any action growing out of or in any manner connected with the lease or the obligations or liabilities of Assignor, lessee or any guarantor thereunder.

4. Should Assignor fail to make any payment or to do any act as herein provided then Assignee, but without any obligation so to do, and without notice to or demand on the Assignor and without releasing the Assignor from any obligation hereunder, may make or do the same including specifically without limiting the general powers, appearing in and defending any action purporting to affect the security hereof or the rights or powers of the Assignee and performing any obligation of the Assignor in the lease contained and in exercising any such powers, paying necessary costs and expenses, employing counsel and incurring and paying reasonable attorney's fees. Assignor will pay immediately upon demand all sums expended by Assignee under the authority hereof, together with interest thereon at the rate provided on the Note and Mortgage/Trust Deed and the same shall be added to said indebtedness and shall be secured hereby and by the Mortgage/Trust Deed.

5. After any default by Assignor in the payment of said indebtedness or in the performance of any obligation of Assignor herein or in the Mortgage/Trust Deed or any other instruments securing said indebtedness, Assignee, at its option, without notice, irrespective of whether notice has been given to Assignor and without regard to the adequacy of security for the indebtedness hereby secured, either in person or by agent, with or without bringing any action or proceeding or by a receiver to be appointed by a court, may enter upon, take possession of and operate the premises; make, enforce, modify and accept the surrender of the lease; obtain and evict tenants; fix or modify rents; and do any acts which Assignee deems proper to protect the security thereof until all indebtedness secured hereby is paid in full and either with or without taking possession of the premises in its own name, sue for or collect and receive all rents, issues and profits including those past due and unpaid and apply the same, less costs and expenses of operation and collecting, including reasonable attorney's fees, upon any indebtedness secured hereby, in such order as Assignee may determine. Any income received from the premises by Assignee in excess of the amounts necessary to meet all obligations of Assignor secured hereby, including any accelerated indebtedness, and of the amount estimated by Assignee to be necessary to meet such obligations for the subsequent six-month period shall be paid over by Assignee to Assignor promptly after the expiration of each six-month period following the date of

such entry. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid shall not cure or waive any default or waive, modify or affect any notice of default under the Mortgage/Trust Deed or invalidate any act done pursuant to such notice.

6. (a) Assignor has not executed any prior assignment of any of its rights under the lease; (b) Assignor has not done anything which might prevent Assignee from or limit Assignee in operating under any of the provisions hereof; (c) Assignor has not accepted rent under the lease more than thirty (30) days in advance of its due date; (d) So far as Assignor knows, there is no present default by the lessee under the lease; and (e) The lease is in full force and effect.

7. Assignee shall not be obligated to perform or discharge any obligation under the lease or under or by reason of this assignment and Assignor hereby agrees to indemnify Assignee against and hold it harmless from any and all liability, loss or damage which it may or might incur under the lease or under or by reason of this assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligation or undertaking on their part to perform or discharge any of the terms of the lease; should Assignee incur any such liability, loss or damage under the lease or under or by reason of this assignment or in defense against any such claims

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or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, together with interest thereon at the rate contained in the Note and Mortgage/Trust Deed shall be secured hereby and by the Mortgage/Trust Deed and Assignor shall reimburse Assignee therefor immediately upon demand.

8. This assignment shall inure to the benefit of the successors and assigns of Assignee and shall bind Assignor's successors and assigns.

The parties agree that all notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and shall be deemed given when sent by registered or certified mail addressed to Assignor at 704 Hillside, Klamath Falls, Oregon 97601, and to Assignee at 1000 Biddle Road, Medford, Oregon 97504, and that such addresses may be changed from time to time by either party serving notice as provided.

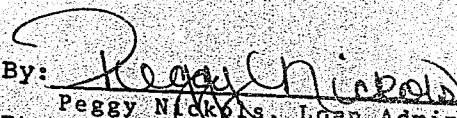
IN WITNESS WHEREOF, Assignor has caused this assignment to be executed the day and year first hereinabove written.

ASSIGNOR:


Phil K. Andersch

ASSIGNEE:

LIBERTY SAVINGS & LOAN ASSOCIATION

By: 
Peggy Nichols, Loan Administrator
Its: Loan Administrator

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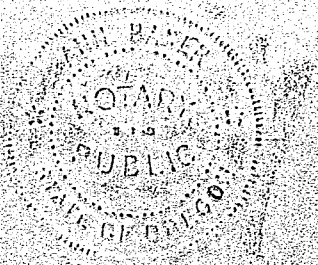
STATE OF OREGON)
) ss.
County of KLAMATH)

Personally appeared the above named Phil K. Andersch
and acknowledged the fore-
going instrument to be his voluntary act and deed. Before
me this 18th day of November, 1986.

Notary Public for Oregon
My commission expires: _____

STATE OF OREGON)
) ss.
County of JACKSON)

Personally appeared Peggy Nickols who,
being duly sworn, did say that she is the Loan Administrator
of LIBERTY SAVINGS & LOAN ASSOCIATION, a corporation, and that
the seal affixed to the foregoing instrument is the corporate
seal of said corporation and that said instrument was signed and
sealed in behalf of said corporation by authority of its board
of directors; and acknowledged said instrument to be its
voluntary act and deed. Before me this 17th day of
November, 1986.



Ann Baker

Notary Public for Oregon
My commission expires: 8-6-88

EXHIBIT "A"

21083A

Lots 44 & 45 BALSIGER TRACTS, according to the official plat thereof
on file in the office of the County Clerk of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of November _____ A.D. 19 36 at 4:11 o'clock P M., and duly recorded in Vol. M86
of _____ Mortgages _____ on Page 21077

FEE \$33.00

Evelyn Biehn, County Clerk

By _____