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MTC 228032

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

ASSIGNMENT OF INCOME FROM SALE OF REAL ESTATE SECURITY

KNOW ALL MEN BY THESE PRESENTS, that the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the "Government"), is the holder or insurer of promissory notes in the amount of One Hundred Ninety-four Thousand Six Hundred Sixty-two and 69/100 DOLLARS (\$194,662.69), (hereinafter called the "Note"), evidencing a loan in said amount made to William Gallagher (deceased) and Nadine Gallagher, husband and wife, of Sprague River County of Klamath, State of Oregon (hereinafter called the "Borrowers"), and secured by a mortgage on certain lands in Klamath County, Oregon, filed on November 15, 1977 and July 3, 1985, in the office of the recorder of deeds in and for Klamath County, Oregon at Klamath Falls;

NOW THEREFORE, in consideration of the Government's permitting Borrowers to convey a portion of real estate described as follows: Lot 14, Block 1, Whiskey Creek Acres, Tract 1162, according to the official plat thereof on file in the office of the County Clerk of Klamath County, under an installment sales contract (hereinafter called the "Land Contract"), unto Patricia J. Elsberry of Klamath County, Oregon, (hereinafter called the "Purchasers"), the Borrowers hereby sell, assign, transfer and convey to the Government, for itself, or as collection agent, all proceeds due and owing Borrowers under the Land Contract, payments to be made as follows:

1. Upon execution of the Land Contract, Borrowers shall pay, to the Government, from the down payment received, the sum of \$0.00.
2. Monthly payments in the amount of One Hundred Forty-seven and 22/100 dollars (\$147.22) shall be paid to the Government on or before the 15th of each month.

Borrowers hereby covenant that they have made no other assignment or encumbrance of said proceeds.

Borrowers authorize and direct Purchasers, their heirs, executors, administrators and assigns, to pay to the Government the aforesaid sums now owing or to become owing to Borrowers under the Land Contract by check payable to Farmers Home Administration, to be remitted to the FmHA County Supervisor at Klamath Falls, Oregon or to such other

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person as may be designated in writing by the State Director of Farmers Home Administration, until notified in writing by the FmHA County Supervisor of the termination of this assignment.

This assignment shall terminate when the aforesaid indebtedness of the Borrowers shall have been paid in full or when the Purchaser has completed all payments under the Land Contract, whichever occurs first: Provided, however, That the Purchasers shall not be liable to the Borrowers for any payments to the Government which the Purchasers may have made subsequent to the time when said indebtedness of the Borrower has been paid in full, unless the Purchasers have received, prior to any such payment, written notice from the Farmers Home Administration that the Borrowers' indebtedness has been paid in full.

It is understood that each amount received by the Government under this assignment shall be used in accordance with regulations of the Farmers Home Administration in effect when such amount is received.

IN WITNESS WHEREOF, THE aforesaid Borrowers have signed and sealed the foregoing assignment this 20th day of June, 1990.

Witnesses:

Kristi Kedd

Gardner & Lough
(Borrower)

B. Jean Phillips

(Borrower)

ACKNOWLEDGMENT

The undersigned Purchasers do hereby recognize the foregoing assignment, and agree to remit to the Government in the manner specified in the assignment the portion of the income as provided therein.

Patricia J. Elchamy
(Purchaser)

(Purchaser)

P. O. Box 237, Beatty, Ore.
(Address) 97621

Return to: FmNA
2455 Patterson, Suite 1
Klamath Falls, OR 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 29th day
of June A.D., 19 90 at 3:42 o'clock P. M., and duly recorded in Vol. M90
of Mortgages on Page 12905
Evelyn Biehn - County Clerk
By Patricia J. Elchamy

FEE \$13.00