

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATIONASSIGNMENT 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 TWO HUNDRED NINETY-SIX THOUSAND NINE HUNDRED SEVENTY-SEVEN AND 58/100 DOLLARS (\$296,977.58), (hereinafter called the "Note"), evidencing a loan in said amount made to William L. Gallagher, deceased, and Nadine F. Gallagher, husband and wife, of Klamath County, State of Oregon (hereinafter called the "Borrowers"), and secured by a mortgage on certain lands in Klamath County, Oregon, filed on November 15, 1977 July 3, 1985, and November 9, 1993, 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 1, in Block 1 of Tract No. 1162, WHISKEY CREEK ACRES, according to official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, under an installment sales contract (hereinafter called the "Land Contract"), unto 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 ZERO (\$0.00).
2. Monthly payments in the amount of One Hundred Fifty-Four and 36/100 dollars (\$154.36) shall be paid to the Government on or before 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 2455 Patterson Street, Suite 1, Klamath Falls, OR 97603, or to such other person as may

After Recording return to
Farmers Home Administration
2455 Patterson St Suite 1
Klamath Falls, OR 97603

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 21 day of October, 1994.

Witnesses:

Madeline F. Lunn
(Borrower)

(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.

Daniel M. Allen
(Purchaser)

Gynthia Lynn Bault
(Purchaser)

RD Box 276 - Booth OR 97621
(Address)

33498

State of Oregon

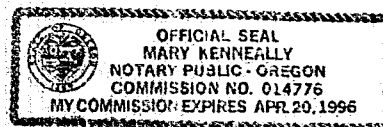
County of KlamathOctober 27, 1994

Personally appeared the above named Nadine F. Ballacaster
and acknowledged the foregoing instrument to be her voluntary act and
deed.

WITNESS My hand and official seal.

(seal)

Mary Kenneally
Notary Public for Oregon
My Commission expires: 4/20/96



State of Oregon

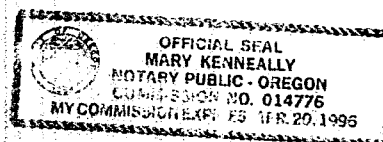
County of KlamathOctober 27, 1994

Personally appeared the above named Daniel Thomas Brantland & Cynthia Lynn Brantland
and acknowledged the foregoing instrument to be theirs voluntary act and
deed.

WITNESS My hand and official seal.

(seal)

Mary Kenneally
Notary Public for Oregon
My Commission expires: 4/20/96



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 28th day
of Oct A.D., 19 94 at 9:59 o'clock A M., and duly recorded in Vol. M94
of Mortgages on Page 33496

FEE \$20.00

Evelyn Biehn

County Clerk

By Pauline Mullins