

NE 29818 MTC 34003-MK Vol. 104 Page 36528
91820 COLLATERAL ASSIGNMENT OF TRUST DEED BY BENEFICIARY OR BENEFICIARY'S SUCCESSOR IN INTEREST FOR SECURITY PURPOSES

FOR VALUE RECEIVED, the undersigned who is the beneficiary or beneficiary's successor in interest under that certain trust deed dated April 28, 1993, executed and delivered by Gerald S. Kern and Thelma C. Kern, grantor, to Mountain Title Co. of Klamath County, trustee, in which Elida Legget is the beneficiary, recorded on May 12, 1993, in book/reel/volume No. M93 on page 10651 or as fee/file/instrument/microfilm/reception No. 61389 (indicate which) of the Mortgage Records of Klamath County, Oregon, and conveying real property in said county described as follows:

Lot 6, Block 1, BELLA VISTA, TRACT NO. 1235 according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

*** a 55% undivided interest in said Trust Deed.

SEE ATTACHED EXHIBIT A

hereby grants, assigns, transfers and sets over to Ralph J. Kauzlarich and Judy M. Kauzlarich or Survivor *** hereinafter called assignee, and assignee's heirs, personal representatives, successors and assigns, all of the beneficial interest in and under said trust deed, together with the notes, moneys and obligations therein described or referred to, with the interest thereon, and all rights and benefits whatsoever accrued or to accrue under said trust deed.

The undersigned hereby covenants to and with said assignee that the undersigned is the beneficiary or beneficiary's successor in interest under said trust deed and is the owner and holder of the beneficial interest therein and has the right to sell, transfer and assign the same, and the note or other obligation secured thereby, and that there is now unpaid on the obligations secured by said trust deed the sum of not less than \$10,562.31 net with interest thereon from Sept. 2, 1994.

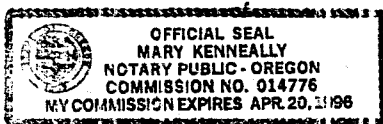
In construing this instrument and whenever the context hereof so requires the singular includes the plural.

IN WITNESS WHEREOF, the undersigned has hereunto executed this document; if the undersigned is a corporation, it has caused its name to be signed and its seal affixed by an officer or other person duly authorized to do so by order of its board of directors.

DATED: Nov. 10, 1994

Elida Legget
Elida Legget

STATE OF OREGON, County of Klamath) ss.
This instrument was acknowledged before me on Nov. 14, 1994,
by Elida Legget
This instrument was acknowledged before me on _____, 19____,
by _____
as _____



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

ASSIGNMENT OF TRUST DEED
BY BENEFICIARY

Legget

Assignor

to

Kauzlarich

Assignee

AFTER RECORDING RETURN TO

MTC

(DON'T USE THIS
SPACE: RESERVED
FOR RECORDING
LABEL IN COUNTIES
WHERE USED.)

STATE OF OREGON, } ss.
County of _____

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ or as fee/file/instrument/microfilm/reception No. _____, Record of Mortgages of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By _____ Deputy

EXHIBIT A

COLLATERAL ASSIGNMENT OF TRUST DEED

KNOW ALL MEN BY THESE PRESENTS, that ELIDA LEGGET hereinafter called "Debtors", for valuable consideration, do hereby assign, transfer and set over to: RALPH J. KAUZLARICH AND JUDY M. KAUZLARICH hereinafter called "Secured Party", its successors and assigns, all right, title and interest in and to that TRUST DEED HEREINAFTER CALLED "The Collateral". The Debtor hereby covenants to and with said secured party that the undersigned is the debtor and is the owner of the above described collateral and that he has good right to sell, transfer and assign the same, and the note or other obligation secured hereby, and that there is now unpaid on the obligations secured by said TRUST DEED, the sum of not less than \$ 10,562.31 net with interest thereon from Sept. 2, 1994, with an interest rate of 9 %.

Debtors also do hereby transfer into Secured Party its successors and assigns all of their rights and interest in and to all property to the above mentioned security.

The assignment hereby creates a security interest in said collateral in order to secure unto Secured Party (i) the payment of a Promissory Note dated Nov. 10 1994, executed and delivered by Debtors to Secured Party, in the sum of \$ 45,000.00, made by Secured Party to Debtors at Secured Party's option; (iii) all other liabilities, whether primary or secondary, direct or indirect, absolute or contingent, sole, joint or several, due or to become due, now existing or hereafter arising, of each of the Debtors hereunder, including each Debtor and any other party or parties to Secured Party. Provided that upon the full payment of all obligations and liabilities of Debtors to Secured Party secured hereby, this assignment shall become null and void, otherwise to remain in full force and effect.

As used herein the term "Debtors" include the singular; and the masculine gender includes the feminine and neuter.

For additional terms see Exhibit A.

Dated this 10th day of November, 1994.

Elida Legget
Debtor's

Ralph J. Kauzlarich
Ralph J. Kauzlarich
Judy M. Kauzlarich
Secured Party Kauzlarich

STATE OF Oregon, County of Josephine } ss.

On this 9th day of November, 1994 personally came before me, a notary public in and for said county and state, the within named Ralph J. Kauzlarich and Judy M. Kauzlarich to me personally known to be the identical persons described in and who executed the foregoing assignment, and they acknowledged to me that they executed the same freely and for uses and purposes therein named. Witness my hand and seal, the day and year in this certificate above written.

Notary Public for Oregon

EXHIBIT "A", ATTACHED AND MADE A PART THEREOF.

ADDITIONAL PROVISIONS

The debtor hereby further warrants and covenants that the financing statement covering any of the Collateral described in the security agreement, or the proceeds thereof, is on file in any public office, the debtor is the owner of said Collateral and each and every part thereof free from any prior lien, security interest or encumbrance and will defend the Collateral against the claims and demands of all persons whatsoever.

The debtor will not sell, exchange, lease or otherwise dispose of the Collateral, or any part thereof, or suffer or permit any lien, levy or attachment thereon or security interest therein or financing statement to be filed with reference hereto, other than that of the secured party.

Debtor will maintain the Collateral in good condition and repair and protect it from the same against waste, loss, damage or depreciation in value other than by reasonable wear. The debtor will not use any of the Collateral in violation of any law or public regulation. Secured party may examine and inspect the Collateral at any reasonable times, wherever located, and for that purpose hereby is authorized by debtor to enter any place or places where any part of the Collateral may be.

Debtor will keep the Collateral fully insured against loss or damage by fire, theft and collision if applicable and such other hazards as secured party may from time to time require, with such deductible provisions, upon such terms, including loss payable and other endorsements, and in such company or companies as the secured party may approve; debtor immediately will deliver all policies to the secured party, to be retained by the latter in pledge to secure debtor's obligations hereunder, with irrevocable authority in effect any loss, receive and receipt for any time payable, surrender any policy, discharge and release any insurer, endorse in debtor's name any loss or refund check or draft and, in general, exercise in the name of the debtor or otherwise, any and all rights of the debtor in respect thereto or in respect to the proceeds thereof.

Debtor will pay, when due, all taxes, license fees and assessments relative to the Collateral and its use and relative to the note and obligations secured hereby. Should debtor fail in his performance of any of the foregoing, the secured party may pay any security interest having priority hereto, may order and pay for the repair, maintenance and preservation of the Collateral, or any part thereof, may place and pay for any such insurance and may pay any such taxes; the debtor agrees to pay to the secured party on demand all of the latter's disbursements for any of said purposes with interest at ten percent per annum on all sums so paid from the date of payment until repaid. Repayment of all said sums shall be secured by this Security Agreement.

The debtor agrees to notify the secured party promptly in writing of any change in his business or residence address or in the location where the collateral is kept.

In the event of any assignment by the secured party of this agreement or his rights hereunder, debtor will not assert as a defense, counterclaim, set-off or otherwise against secured party's assignee any claim, known or unknown, which debtor now has or claims to have or hereafter acquires against the secured party. However, notwithstanding any such assignment, secured party shall be liable to the debtor if such assignment had not been made.

The debtor will join with the secured party in executing, filing and doing whatever may be necessary under applicable law to perfect and continue the secured party's security interest in the Collateral, at all debtor's expense.

Debtor hereby consents to any extension of time of payment and to any substitution, exchange or release of Collateral and to the addition to or release of any party or person primarily or secondarily liable for the obligations, or part thereof.

General Provisions

The note which this agreement secures is a separate instrument and may be negotiated, extended or renewed by the secured party without releasing the debtor, the Collateral or any guarantor or co-maker.

All of the terms herein and the rights, duties and remedies of the parties shall be governed by the laws of Oregon. Any part of this agreement contrary to the law of any state having jurisdiction shall not invalidate other parts of the agreement in that state.

All of the benefits of this agreement shall inure to the secured party, his successors in interest and assigns and the obligations hereunder shall be binding upon the debtor, his legal representatives, successors and assigns.

If there be more than one debtor or a guarantor or co-maker of the note or this agreement, the obligation of each and all shall be primary and joint and several.

The secured party shall not be deemed to have waived any of his rights under this or any other agreement executed by the debtor unless the waiver is in writing signed by the secured party. No delay in exercising secured party's rights shall be a waiver; not shall a waiver on one occasion operate as a waiver of such right on a future occasion.

Each notice from one to the other party to this agreement shall be sufficient if served personally or given by U.S. registered or certified mail, or by telegraph, addressed to the other party at his address as set forth on the records hereof, or as said address may be changed by written notice to the other given pursuant to this paragraph. Reasonable notice, when notice is required, shall be deemed to be five days from date of mailing.

In construing this security agreement the masculine pronoun shall include the feminine and the neuter and the singular shall include the plural, or the circumstances may require. Further, the debtor is the customer and the secured party is the creditor within the meaning of Regulation Z and the Truth-in-Lending Act.

A carbon impression of any signature on any copy of this contract shall be deemed, for all purposes, an original signature.

Section 8. Defaults.

Time is of the essence hereof, the debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

- Debtor's failure to pay, when due, the principal of or interest on said note or obligations, or any installment thereof;
- Debtor's failure to keep, observe or perform any provision of this agreement or any other agreement between him and the secured party;
- The discovery of any misrepresentation, or material falsity of any warranty, representation or statement made or furnished by debtor to the secured party whether or not in connection with this agreement;
- Loss, theft or destruction of or substantial damage to any of the Collateral;
- The secured party deems or has reasonable cause to deem himself insecure;
- Failure or termination of the business of, or commencement of any insolvency or receivership proceedings by or against the debtor, or if the debtor or any guarantor or co-maker of said note dies or becomes insolvent, and if debtor or any guarantor or co-maker of said note is a partnership, the death of any partner.

Remedies of Secured Party.

Upon debtor's default, secured party shall have each and all of the rights and remedies granted to him by the Uniform Commercial Code of Oregon, by the said note and by this agreement and may declare the note and obligations immediately due and payable and may require debtor to assemble the Collateral and make it available to the secured party at a place to be designated by the secured party which is reasonably convenient to both parties. The debtor agrees to pay the secured party's reasonable attorney's fees and other expenses incurred by the latter in retaining, holding, preparing for sale and realizing on said Collateral. Should suit or action be instituted on this contract, on the said note or to replevy said collateral, or any part thereof, debtor agrees to pay (1) plaintiff's reasonable attorney's fees to be fixed by the trial court and (2) on appeal, if any, similar fees in the appellate court to be fixed by the appellate court, and all said items shall be included in the obligations secured hereby.

This security agreement should be used along with Doc. # M94-36528, recorded the 30th day of Nov, 1994.

State of Oregon

County of Klamath November 14, 1994

Personally appeared the above named Elida Leggett,
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

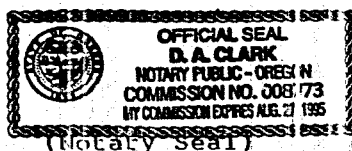


STATE OF OREGON

COUNTY OF Josephine) ss. November 9, 1994

Personally appeared the above named RALPH J. KAUZLARICH and
JUDY H. KAUZLARICH

and acknowledge the foregoing instrument to be their voluntary
act and deed.



D.A. Clark
Notary Public for _____
Commission expires: _____

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 30th day
of Nov A.D., 19 94 at 3:10 o'clock P M., and duly recorded in Vol. M94,
of Mortgages on Page 36526.

FEE \$25.00

Lvelyn Biehn - County Clerk
By Christine J. Nielsen