

CONDITIONAL ASSIGNMENT OF RENTS

THIS AGREEMENT is made this 28 th day of October, 1996, and is incorporated into and shall supplement the Mortgage or Deed of Trust (Security Instrument) of the same date given by the undersigned (Borrower) to secure Borrower's Note to KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION (Lender) of the same date and covering the property situated at (mortgaged premises): 323 East Main Street, Klamath Falls, OR 97601.

and legally described as:

See Attached Exhibit "A"

Lender, as a condition to making said loan, has required the execution of this Conditional Assignment of Rents of the encumbered property.

In order to further secure payment of the indebtedness of Borrower to Lender and in consideration of making the loan, Borrower does hereby sell, assign, transfer and set over to Lender all rents, issues and profits from the mortgaged premises. This assignment is to become effective upon any default under the terms of the Security Instrument, and will remain in full force and effect so long as any default continues to exist.

Upon any default of the loan, the Borrower authorizes the Lender to enter upon the premises and to collect the rents then due as well as rents thereafter accruing and becoming payable during the period of continuance of any default and to take over and assume the management operation and maintenance of the mortgaged premises and to perform all acts necessary and proper to spend such sums out of the income of the mortgaged premises that may be necessary including the right to effect new leases, to cancel or surrender existing leases, to alter or amend the terms of existing leases or to make concessions to the tenants.

The Borrower agrees to facilitate in all reasonable ways, the collection of rents and upon request by Lender to execute a written notice to tenants directing the tenants to pay rent to the Lender. The Borrower releases all claims against the Lender arising out of such management, operation and maintenance of the premises.

The Lender shall, after payment of all proper charges and expenses and after the accumulation of a reserve account to meet taxes, assessments, and hazard insurance, credit the net amount of income received to any amounts due and owing to the Lender. The Lender shall not be accountable for more funds than it actually receives for the rent of the mortgaged premises and shall not be required to collect rents. Lender may however make reasonable efforts to collect rents, and shall determine the method of collection and extent of enforcement to collect delinquent rents.

In the event the Borrower reinstates the mortgage loan by complying with all terms, covenants, and conditions of the Security Instrument, the Lender shall, within one month after written demand, return possession of the property back to the Borrower.

The Borrower hereby covenants and warrants to the Lender that neither Borrower, nor any previous owner, has executed any prior assignment or pledge of the rents, nor any prior assignment or pledge of its interest in any lease of the mortgaged premises. The Borrower also covenants and agrees to not collect rents from the mortgaged premises in advance, other than as permitted by the terms of any rental agreement.

This assignment shall remain in full force and effect as long as the debt to Lender remains unpaid.

The provisions of this instrument shall be binding upon the Borrower, its successors or assigns, and upon the Lender and its successors or assigns. The word "Borrower" shall be construed to mean any one or more persons or parties who are holders of legal title or equity of redemption to or in the aforesaid mortgaged premises. The word "Note" shall be construed to mean the instrument given to evidence the indebtedness held by the Lender against the mortgaged premises; and "Security Instrument" shall be construed to mean the instrument held by the Lender securing the said indebtedness.

It is understood and agreed that a full reconveyance or Satisfaction of the Security Instrument shall constitute as a full and complete release of all Lender's rights and interests, and that after reconveyance, this instrument shall be cancelled.

Dated at Klamath Falls, Oregon, this 28th day of October, 1996.

OK 8.5 E.S.

Roger A. Jones
Borrower Roger A. Jones

Eleanora F. Jones
Borrower Eleanora F. Jones

BY: Cindi Thacker
Borrower American Exchange Services, Inc.

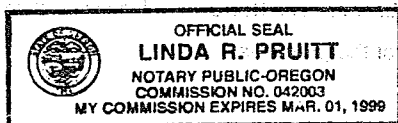
Borrower

STATE OF OREGON)
COUNTY OF JACKSON)

THIS CERTIFIES, that on this 28th day of October, 1996, before me, the undersigned, a Notary Public for said state, personally appeared the within named ROGER A. JONES, ELEANORA F. JONES AND CINDI THACKER, EXCHANGE SUPERVISOR FOR AMERICAN EXCHANGE SERVICES, INC.

known to me to be the identical individual(s) described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Linda R. Pruitt
Notary Public for the State of Oregon
My commission expires: 3-1-99

EXHIBIT "A"

34155

A parcel of land situated in a portion of Lots 18, 19, 20 and 21 of Block 18, INDUSTRIAL ADDITION TO THE CITY OF KLAMATH FALLS, in the NE 1/4 NW 1/4 and the NW 1/4 NE 1/4 of Section 33, Township 38 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the Northerly right of way line of East Main Street, said point being the most Southerly corner of said Lot 18; thence North 55 degrees 33' 00" West, along said right of way line, 37.47 feet to the most Southerly corner of Parcel "A" of said Property Line Adjustment 1-PL-96; thence along the boundary of said Parcel "A" North 34 degrees 27' 00" East 90.00 feet and North 55 degrees 33' 00" West 62.45 feet; thence North 34 degrees 27' 00" East 25.00 feet to the most Northerly corner of said Lot 21; thence South 55 degrees 33' 00" East 99.92 feet to the most Easterly corner of said Lot 18; thence South 34 degrees 27' 00" West 115.00 feet to the point of beginning.

CODE 1 MAP 3809-33AB TL 13700 (Covers this and other property)
CODE 1 MAP 3809-33AB TL 13701

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Return: KFF

Filed for record at request of Aspen Title & Escrow the 29th day
of October A.D., 19 96 at 3:53 o'clock P.M., and duly recorded in Vol. M96,
of Mortgages on Page 34154.

FEE \$20.00

Bernetha G. Letsch

By

County Clerk