



ASPEN TITLE ESCROW NO. 05046056

CONDITIONAL ASSIGNMENT OF RENTS

THIS AGREEMENT is made this 13th day of May, 1997, and is incorporated into and shall supplement the Mortgage or Deed of Trust (Security Instrument) of the same date given by the undersigned, Aubrey Dale Harris and Ginger Lee Harris, to secure Borrower's Note to Dennis L. Simpson, L.P., and covering the property situated at 1815 Old Fort Road, Klamath Falls, OR 97601 and legally described as follows: SEE LEGAL DESCRIPTION MARKED EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF AS THOUGH FULLY SET FORTH HEREIN

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 property 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 to 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.

A part of the SE 1/4 of the SW 1/4 of Section 22, 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 the quarter section corner common to Sections 22 and 27, Township 38 South, Range 9 East of the Willamette Meridian; thence West along said Section line 160 feet to a steel rod, which is the true point of beginning of the tract herein described; thence North 23 degrees 55' West 359.06 feet to a steel rod on the South boundary of the Old Fort Road; thence South 80 degrees 30' West 713 feet, more or less, to a steel rod on the angle corner on the South boundary of the Old Fort Road; thence South 43 degrees West to the Section line between Sections 22 and 27, Township 38 South, Range 9 East of the Willamette Meridian; thence East along said Section line to the point of beginning.

CODE 156 MAP 3809-2200 TL 1400

STATE OF OREGON, COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 28th day
of May A.D. 19 97 at 3:37 o'clock P. M., and duly recorded in Vol. 1497
of Mortgages on Page 16265

FEE \$20.00

By Bernetha G. Letsch, County Clerk
Hoodlum Ross