

THIS AGREEMENT, Entered into this 29 day of July, 1999, between CATHY KING, PRESIDENT OF WESTERN HOMES, INC., an Oregon Corporation, herein referred to as Owner and VERNON G. LUDWIG AND OFELIA LUDWIG, husband and wife, or the survivor thereof, hereinafter referred to as Beneficiary.

WITNESSETH:

WHEREAS, Owner is the present owner in fee simple of property described as:

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF

in Klamath County, State of Oregon, and the Beneficiary is owner and holder of a first Trust Deed covering said premises, which said Trust Deed is in the original amount of \$30,000.00, made by owner to beneficiary under the date of JULY 28, 1999; and

WHEREAS, Beneficiary, as a condition of to making said loan and accepting said Trust deed has required the execution of this assignment of the rentals of the Trust Deed premises by owner.

NOW, THEREFORE, in order further to secure the payment of the indebtedness of the owner to beneficiary and in consideration of the accepting of the aforesaid Trust Deed and the note secured thereby, and in further consideration of the sum of One Dollar paid by Beneficiary to owner, receipt of which is hereby acknowledged, the said owner does hereby sell, assign, transfer and set over unto beneficiary all of the rents, issues and profits of the aforesaid mortgaged premises, this assignment to become operative upon any default being made by the owner (grantor) under the terms of the aforesaid trust deed and note secured thereby, and to remain in full force and effect so long as any default continues to exist in in the matter of the making of any of the payments or the performance of any of the covenants set forth in the aforesaid trust deed or the notes secured thereby.

1. In furtherance of the foregoing assignment, the owner hereby authorizes the beneficiary, its employees or agents, at its option, after the occurrence of a default as aforesaid to enter upon the mortgaged premises and to collect, in the name of the owner, or in their own name as assignee, the rents accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter accruing and becoming payable during the period of the continuance of the said or any other default; and to this end, the owners further agree they will facilitate in all reasonable ways the beneficiary's collection of said rents and will upon request by beneficiary, execute a written notice to the tenant directing the tenant to pay rent to said beneficiary.

2. The owner also hereby authorizes the beneficiary upon such entry, at its option, to take over and assume the management, operation and maintenance of the said mortgaged premises and to perform all acts necessary and proper and to expend such sums out of the income of the mortgaged premises as may be needful in connection therewith, in the same manner and to the same extent as the owner theretofore might do, including the right to effect new leases, to cancel or surrender existing leases, to alter or amend the terms of existing leases, to make concessions to tenants, the owner hereby releasing all claims against beneficiary arising out of such management, operation and maintenance excepting the liability of the beneficiary to account as hereinafter set forth.

3. The beneficiary shall, after payment of all proper charges and expenses, including reasonable compensation to such Managing Agent as it shall select and employ and after the accumulation of a reserve to meet taxes, assessments, water rents and fire and liability insurance in requisite amounts, credit the net amount of income received by it from the mortgaged premises by virtue of this assignment, to any amounts due and owing to it by the owners under the terms of the trust deed and the note secured thereby but the manner of the application of such net income and what items shall be credited, shall be determined in the sole discretion of the beneficiary. The beneficiary shall not be accountable for more moneys than it actually received from the mortgaged premises; nor shall it be liable for failure to collect rents. The Beneficiary shall make reasonable effort to collect rents, reserving however, within its own discretion, the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents shall be prosecuted.

4. In the event, however, that the owner shall reinstate the trust deed completely in good standing, having complied with all the terms, covenants and conditions of the said trust deed and the note secured thereby, then the beneficiary within one month after demand in writing shall re-deliver possession of the mortgaged premises to owner, who shall remain in possession unless and until another default occurs, at which time the beneficiary may, at its option, again take possession of the mortgaged premises under authority of this instrument.

5. The owner hereby covenants and warrants to the beneficiary that neither it, nor any previous owner have executed any prior assignments of pledge of the rentals of the mortgaged premises, nor any prior assignment or pledge of its landlords' interest in any lease of the whole or part of the mortgaged premises. The owner also hereby covenants and agrees not to collect the rents of the said mortgaged premises in advance, other than as required to be paid in advance by the terms of any rental agreement, and further agrees not to do any other act which would destroy or impair the benefits to the beneficiary of this assignment.

6. It is not the intention of the parties hereto that an entry by the beneficiary upon the mortgaged premises under the terms of the instrument shall constitute the said beneficiary a "beneficiary in possession" in contemplation of law, except at the option of the beneficiary.

7. This assignment shall remain in full force and effect as long as the mortgage debt to the beneficiary remains unpaid in whole or in part.

8. The provisions of this instrument shall be binding upon the owner, its successors or assigns, and upon the beneficiary and its successors or assigns. The word "Owner" shall be construed to mean any one or more persons or parties who are holders of the legal title or equity of redemption to or in the aforesaid mortgaged premises. The word "Note" shall be construed to mean the instrument, whether note or bond, given to evidence the indebtedness held by the beneficiary against the mortgaged premises; and the word "Trust Deed" shall be construed to mean, the instrument securing said indebtedness owned and held by the beneficiary, whether such instrument be Trust Deed, loan deed, vendor's lien or otherwise.

It is understood and agreed that a full and complete release of the aforesaid trust deed shall operate as a full and complete release of all the beneficiary's rights and interests hereunder, and that after said trust deed has been fully released, this instrument shall be void and of no further effect.

Dated this 29 day of July, 1999.

WESTERN HOMES, INC.

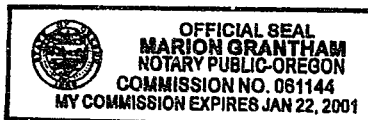
BY: Cathy King, Pres.

CATHY KING, PRESIDENT

STATE OF OREGON

COUNTY OF KLAMATH

This instrument was acknowledged before me on July 29 1999 by CATHY KING AS PRESIDENT OF WESTERN HOMES, INC.



Marion Grantham
(Notary Public for Oregon)

My Commission expires 1/22/01

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

The Southwesterly 58 feet of the Southeasterly 40 feet of Lot 5, Block 60 NICHOLS ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the most Southerly corner of Lot 5, Block 60, NICHOLS ADDITION; thence Northeasterly along the line between Lots 4 and 5 in Block 60, 58 feet; thence Northwesterly at right angles to the line between Lots 4 and 5, 40 feet; thence Southwesterly at right angles to 11th Street; 58 feet to the Northeasterly boundary line of 11th Street; thence Southeasterly along the Northeasterly boundary line of 11th Street, 40 feet to the point of beginning.

PARCEL 2:

The Northeasterly 72 feet of the Southeasterly 40 feet of Lots 5 and 6, Block 60, NICHOLS ADDITION TO THE CITY OF KLAMATH FALLS, OREGON, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the Southeasterly line of said Lot 5, which point bears North 38 degrees 56' East 58 feet from the most Southerly corner of said Lot 5; thence North 38 degrees 56' East along the Southeasterly line of Lots 5 and 6 in said Block 60, 72 feet; to the most Easterly corner of Lot 6; thence North 51 degrees 04' West along the line between Lots 6 and 7, 40 feet; thence South 38 degrees 56' West parallel to the Southeasterly line of Lots 5 and 6, 72 feet; thence South 51 degrees 04' East parallel to the line between Lots 6 and 7, 40 feet, more or less, to the point of beginning.

State of Oregon, County of Klamath
Recorded 8/12/99, at 3:26 p. m.
In Vol. M99 Page 32593
Linda Smith,
County Clerk Fee \$ 20 - 12