

American Exchange Services, Inc.

Vol M00 Page 29676

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MTC 1516-2833

MEMORANDUM OF ASSUMPTION AND NOVATION

RECITALS:

A. Reference is made to that certain Deed of Trust (the 'Trust Deed') dated May 18, 2000, recorded May 24, 2000 as Vol. M00, Page 18718, in the Official Records of Klamath County, between American Exchange Services, Inc., as Grantor and Klamath First Federal Savings & Loan as Beneficiary and William L. Sisemore as Trustee;

B. Reference is also made to that certain Novation and Release Agreement (the 'Novation and Release Agreement') dated 5/18/00 between Grantor, Beneficiary and Charles D. Hobbs and Judith F. Hobbs (as 'Exchanger').

AGREEMENT:

1. This is to certify that pursuant to the Novation and Release Agreement, effective as of the date hereof;

(a) All right, title, interest, liability and obligation of Grantor under the Trust Deed and the promissory note secured by the Trust Deed has been assigned to and assumed by Exchanger.

(b) Exchanger has been substituted in the place and stead of American Exchange Services, Inc., as the Grantor of the Trust Deed (and as the obliger of the promissory note secured by the Trust Deed).

(c) American Exchange Services, Inc. has been released from all liability and obligation under the Trust Deed and the promissory note secured by the Trust Deed.

2. The above mentioned assignment to, assumption by and substitution of Exchanger by, from and for American Exchange Services, Inc. and the above mentioned release of American Exchange Services Inc by Beneficiary constitute a novation.

3. Reference is hereby made to the Novation and Release Agreement for all matters and things therein contained.

Dated effective Aug. 11, 2000

AMERICAN EXCHANGE SERVICES, INC.

Charles D. Hobbs
Charles D. Hobbs

By: Cindi Poling
Cindi Poling, Assistant Secretary
AES

Judith F. Hobbs
Judith F. Hobbs
EXCHANGER

Robert A. Tucker, Sr.
Klamath First Federal Savings & Loan
Robert A. Tucker, Sr. Vice President
LENDER

MUST BE NOTARIZED

State of Oregon

County of Jackson Klamath

The foregoing instrument was acknowledged before me this _____,
 19____, by Robert A. Tucker Sr. Vice, President, ~~and~~ by _____
~~xxxxxxx~~ of Klamath First Federal Savings & Loan Association
 a Oregon corporation, on behalf of the corporation.

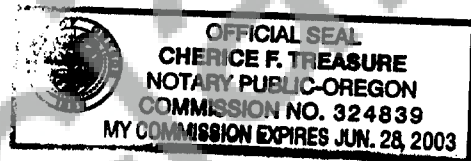
WITNESS My hand and official seal.

Cherice J. Treasure

Notary Public for Oregon

My Commission expires: June 28, 2003

(seal)



State of Oregon

County of Jackson

The foregoing instrument was acknowledged before me this Aug. 11, 2000,
 19____, by _____, President, ~~and~~ by Cindi Poling
 Assistant Secretary of American Exchange Services, Inc.
 a Oregon corporation, on behalf of the corporation.

WITNESS My hand and official seal.

Sharon J. Cash

Notary Public for Oregon

My Commission expires: _____



State of Oregon, County of Klamath
 Recorded 08/14/00, at 11:20 a.m.
 In Vol. M00 Page 29676
Linda Smith,
 County Clerk Fee \$ 26⁰⁰

State of Oregon

County of KlamathMay 19, ~~19~~ 2000

Personally appeared the above named Charles D. Hobbs & Judith F. Hobbs,
 and acknowledged the foregoing instrument to be their voluntary act and
 deed.

WITNESS My hand and official seal.

Marjorie A. Stuart

Notary Public for Oregon

My Commission expires: 12-20-02