

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

MTL S21S1 -PS

ASSIGNMENT OF INCOME FROM SALE OF REAL ESTATE SECURITY

KNOW ALL MEN BY THESE PRESENTS, that the United States of America, acting through the Farm Service Agency, United States Department of Agriculture (hereinafter called the "Government"), is the holder or insurer of promissory notes in the amount of ONE HUNDRED NINETY FOUR THOUSAND SIX HUNDRED SIXTY TWO AND 69/100 (194,662.69), (hereinafter called the "Note"), evidencing a loan in said amount made to William L. Gallagher (deceased) and Nadine F. Gallagher, husband and wife, of Klamath County, State of Oregon, (hereinafter called the "Borrowers"), and secured by a mortgage on certain lands in Klamath County, Oregon filed on November 15, 1977, July 3, 1985, and November 9, 1993 (rerecorded on 9/19/94), in the office of the recorder of deeds in and for Klamath County, Oregon at Klamath Falls;

NOW THEREFORE, in consideration of the Government's permitting Borrowers to convey a portion of real estate described as follows: Lot 19, Block 1 of Tract 1162, WHISKEY CREEK ACRES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon on file in the office of the County Clerk of Klamath County, Oregon, under a promissory note and deed of trust, unto Kerry Penn, (hereinafter called the "Purchasers"), the Government, for itself, or as collection agent, all proceeds due and owing Borrowers under the promissory note and trust deed recorded in Volume MOO, Page 34769, Microfilm Records of Klamath County, Oregon, payments to be made as follows:

1. Upon execution of the promissory note and trust deed, Borrowers shall pay, to the Government, from the down payment received, the sum of \$1,400.
2. Monthly payments in the amount of One Hundred Fifty-three and 72/100 dollars (\$153.72) shall be paid to the Government on or before 15th of each month.

Borrowers hereby covenant that they have made no other assignment or encumbrance of said proceeds.

Borrowers authorize and direct Purchasers, their heirs, executors, administrators and assigns, to pay to the Government the aforesaid sums now owing or to become owing to Borrowers under the promissory note and trust deed by check payable to Farm Service Agency, to be remitted to the FSA Farm Loan Manager at 2316 South Sixth Street, Suite C, Klamath Falls, OR 97601 or to such other person as may be designated in writing by the State Director of Farm Service Agency, or until notified in writing by the FSA Farm Loan Manager of the termination of this assignment.

This assignment shall terminate when the aforesaid indebtedness of the Borrowers shall have been paid in full or when the Purchaser has completed all payments under the promissory note and trust deed, whichever occurs first: Provided, however, that the Purchasers shall not be

liable to the Borrowers for any payments to the Government which the Purchasers may have made subsequent to the time when said indebtedness of the Borrower has been paid in full, unless the Purchasers have received, prior to any such payment, written notice from the Farm Service Agency that the Borrowers indebtedness has been paid in full.

It is understood that each amount received by the Government under this assignment shall be used in accordance with regulations of the Farm Service Agency in effect when such amount is received.

IN WITNESS WHEREOF, THE aforesaid Borrowers have signed and sealed the foregoing assignment this 20th day of September, 2000.

Nadine F. Gallagher
NADINE F. GALLAGHER

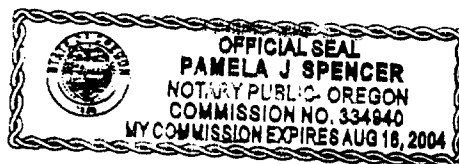
State of Oregon)

S.S

County of Klamath)

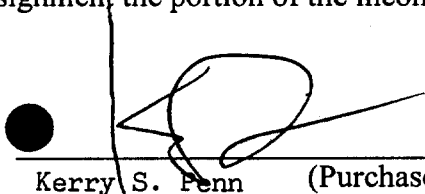
This instrument was acknowledged before me on 9/20/2000 by Nadine F. Gallagher
In Witness Whereof, I have set my hand and seal at Klamath Falls Oregon
the day and year listed above.

Pamela J. Spencer
Notary Public
My Commission Expires 8/16/2004



ACKNOWLEDGEMENT

The undersigned Purchasers do hereby recognize the foregoing assignment, and agree to remit to the Government in the manner specified in the assignment the portion of the income as provided therein.


 Kerry S. Penn (Purchaser)
 Sole Trustee of the Penn Revocable Trust

 (Purchaser)

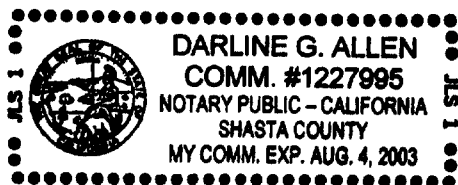
 (Address)

CALIFORNIA
 State of ~~Oregon~~)

S.S

SHASTA
 County of ~~Klamath~~)

This instrument was acknowledged before me on 9-21-00 by Kerry S. Penn, sole Trustee of the Penn Revocable Trust
 In Witness Whereof, I have set my hand and seal at Palo Cedro, Ca. 96073
 the day and year listed above.




 Notary Public
 My Commission Expires 8-4-03

State of Oregon, County of Klamath
 Recorded 09/22/00, at 11:26 a.m.
 In Vol. M00 Page 34772
 Linda Smith,
 County Clerk Fee\$ 31⁰⁰

Return to:
 AmeriTitle
 Collection Escrow # 52151