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State of Oregon, County of Klamath
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CONDITIONAL ASSIGNMENT OF RENTS

ATE 58358

This agreement is made this 23rd day of December, 2003, and is incorporated into and shall supplement the Mortgage of Deed of Trust (Security Interest) of the same date given by the undersigned Mark Pettus aka Mark M. Pettus to secure Borrower's Note to Owen W. and Neva K. MacPHEE of the same date and covering the property situated at Klamath County, Oregon, 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 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, if any, 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

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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 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 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 interest, and that after reconveyance, this instrument shall be cancelled.

Dated this 23rd day of December, 2003

Mark Pettus
by Ginger Lee Harris, his attorney in fact

Ginger Lee Harris, as attorney in fact for Mark Pettus.
On December 23 2003, _____

Linda Kuderer
Notary Public for Oregon
My Commission Expires: 4-27-06



EXHIBIT A

The s. 1/2 of Lot 3, Block 1, SHIVES ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat therefo on the fie in the office of the Clerk of Klamath County, Oregon.