

04 JAN 8 PM 2:20

Aspen 581674

TRUST DEED

THIS TRUST DEED, made this 30th day of December, 2003, between VICTORIA K. HATCHER, as Grantor, Aspen Title & Escrow, Inc., as Trustee, and M. JAMES VAN ORSOW AND GEORGENE D. VAN ORSOW, TRUSTEES OF THE VAN ORSOW FAMILY TRUST, DATED MARCH 19, 1992, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in KLAMATH County, Oregon, described as:

Lot 9, Block 6, SOUTH CHILOQUIN ADDITION TO THE CITY OF CHILOQUIN, according to the official plat thereof on file in the office of the Clerk of Klamath County, Oregon.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of **Twenty-Six Thousand Nine Hundred Ten And 00/100 Dollars**, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable JAN 8, 2009.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, the, at the beneficiary's option*, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable. The execution by grantor of an earnest money agreement** does not constitute a sale, conveyance or assignment.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of the property.
2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.
3. To comply with all laws, ordinances, regulation, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.
4. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.
5. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than **\$full insurable value**, written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter place on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.
7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney's fees; the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.
It is mutually agreed that:
8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

*WARNING: 12 USC 1701j-3 regulates and may prohibit exercise of this option.

**The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

Trust Deed VICTORIA K. HATCHER, as Grantor, And THE VAN ORSOW FAMILY TRUST, as Beneficiary	After Recording return to: Aspen Title & Escrow, Inc. 525 Main Street Klamath Falls, OR 97601 Order No.: 00058154
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State of Oregon, County of Klamath
Recorded 01/08/2004 2:20 p.m
Vol M04 Pg 920-26
Linda Smith, County Clerk
Fee \$ 51.00 # of Pgs 7

5/13

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the property or any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to any successor in interest entitled to such surplus.

16. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

17. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto

and that the grantor will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:

(a)* primarily for grantor's personal, family or household purposes (see Important Notice below),

(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein.

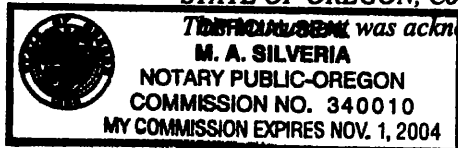
In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first above written.

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures. If compliance with the Act is not required, disregard this notice.

Victoria K. Hatcher
VICTORIA K. HATCHER

STATE OF OREGON, County of Klamath) ss.



This instrument was acknowledged before me on December 21, 2003 by Victoria K. Hatcher

M. A. SILVERIA

NOTARY PUBLIC-OREGON

COMMISSION NO. 340010

MY COMMISSION EXPIRES NOV. 1, 2004

M. A. Silveria

Notary Public for Oregon

My commission expires 11-01-04

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

TO: , Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to

DATED:

Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

Beneficiary

CONDITIONAL ASSIGNMENT OF RENTALS

00922

THIS AGREEMENT, entered into this 6 day of JANUARY, 2004, between
VICTORIA K HATCHER

Party of the First Part (also hereinafter referred to as OWNER); and
 Corporation of the State of Oregon, having its principal office at
 regon, Party of the Second Part (also hereinafter referred to as LENDER), THE VAN ORSOW FAMILY TRUST

WITNESSETH:

WHEREAS, Party of the First Part is the present owner in fee simple of property
 briefly described as:

and Party of the Second Part is the owner and holder of a first mortgage covering the
 said premises, which said mortgage is in the original principal sum of TWENTY-SIX THOUSAND
AND NINE HUNDRED TEN AND NO/100 (\$ 26,910.00) made by _____
 under date of _____, 2004, and

WHEREAS, Party of the Second Part, as a condition to granting the aforesaid mortgage
 loan, has required the execution of this assignment of the rentals of the mortgaged premises by
 Party of the First Part:

NOW, THEREFORE, in order further to secure the payment of the indebtedness of Owner to
 Lender, and in consideration of the making of the loan represented by the aforesaid mortgage and
 the note secured hereby, and in further consideration of the sum of One Dollar paid by Lender to
 Owner, the receipt of which is hereby acknowledged, Owner does hereby sell, assign, transfer, and
 set over unto Lender all of the rents, issues and profits of the aforesaid mortgaged premises,
 this assignment to become operative upon any default being made by Owner under the terms of the
 aforesaid mortgage or the note secured thereby, and to remain in full force and effect so long as
 any default continues to exist in the matter of the making of any of the payments or the perfor-
 mance of any of the covenants set forth in the aforesaid mortgage or the note secured thereby.

1. In furtherance of the foregoing assignment, Owner hereby authorizes Lender, by 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 Owner or in its own name as assignee, the rents
 accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter ac-
 cruing and becoming payable during the period of the continuance of the said or any other default;
 and to this end, Owner further agrees that he will facilitate in all reasonable ways Lender's col-
 lection of said rents, and will, upon request by Lender, execute a written notice to each tenant
 directing the tenant to pay rent to Lender.

2. Owner also hereby authorizes Lender 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 Owner there-
 fore 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 renew existing leases, or to make concessions to
 tenants; Owner hereby releasing all claims against Lender arising out of such management, operation
 and maintenance, excepting the liability of Lender to account as hereinafter set forth.

3. Lender 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 Owner under the terms of mortgage 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 Lender. Lender shall not be accountable for
 more moneys than it actually receives from the mortgaged premises; nor shall it be liable for failure
 to collect rents. Lender 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 enforce-
 ment of collection of delinquent rents shall be prosecuted.

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

00923

5. Owner hereby covenants and warrants to Lender that neither he nor any previous owner has executed any prior assignment or pledge of the rentals of the mortgaged premises, nor any prior assignment or pledge of his landlord's interest in any lease of the whole or any part of the mortgaged premises. 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 Lender of this assignment.

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

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

8. The provisions of this instrument shall be binding upon Owner and his or its legal representatives, successors or assigns and upon Lender 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 Lender against the mortgaged premises; and the word "Mortgage" shall be construed to mean the instrument securing the said indebtedness, owned and held by Lender, whether such instrument be mortgage, loan deed, trust deed, vendor's lien or otherwise.

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

IN WITNESS WHEREOF, party of the first part has executed this agreement in manner and form proper and sufficient in law.

Signed, sealed and delivered in the presence of:

M. James Van Orsow

M. JAMES VAN ORSOW, TRUSTEE

Georgene D. Van Orsow

GEORGENE D VAN ORSOW, TRUSTEE

Parties of the First Part

STATE OF Oregon }
COUNTY OF Jackson } ss.

On this 6TH day of JANUARY, ²⁰⁰⁴, personally appeared before me, a Notary Public within and for said County and State, the within-named

M JAMES VAN ORSOW AND GEORGENE D VAN ORSOW
personally known to me to be the individual described in and who executed the within instrument and acknowledged to me that their executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on this, the day and year first in this, my certificate, written.



Sharon J. Cash
Notary Public for the State of Oregon.
My commission expires 5-21-05

CONDITIONAL ASSIGNMENT OF MORTGAGE

00924

THIS AGREEMENT, entered into this 31 day of December, ²⁰⁰³~~19~~, between
 Victoria K. Hatcher

Party of the First Part (also hereinafter referred to as OWNER), and
~~M. James Van Orsow and Georgene D~~ M. James Van Orsow and Georgene D
~~Trustees of the Van Orsow Family Trust, Dated March 19, 1992, hereinafter referred to as Lender.~~ Van Orsow, Trustees of the Van
 Orsow Family Trust, Dated March 19, 1992, hereinafter referred to as Lender.

WHEREAS, Party of the First Part is the present owner in fee simple of property
 briefly described as:

Lot 9, Block 6, SOUTH CHILOQUIN ADDITION TO THE CITY OF CHILOQUIN, according to the
 official plat thereof on file in the office of the Clerk of Klamath County, Oregon.

and Party of the Second Part is the owner and holder of a first mortgage covering the
 said premises, which said mortgage is in the original principal sum of Twenty Six Thousand
Nine Hundred Ten Dollars and no/100 \$26910.00, made by
under date of December 30, ²⁰⁰³~~19~~, and

WHEREAS, Party of the Second Part, as a condition to granting the aforesaid mortgage
 loan, has required the execution of this assignment of the rentals of the mortgaged premises by
 Party of the First Part:

NOW, THEREFORE, in order further to secure the payment of the indebtedness of Owner to
 Lender, and in consideration of the making of the loan represented by the aforesaid mortgage and
 the note secured hereby, and in further consideration of the sum of One Dollar paid by Lender to
 Owner, the receipt of which is hereby acknowledged, Owner does hereby sell, assign, transfer, and
 set over unto Lender all of the rents, issues and profits of the aforesaid mortgaged premises,
 this assignment to become operative upon any default being made by Owner under the terms of the
 aforesaid mortgage or the note secured hereby, and to remain in full force and effect so long as
 any default continues to exist in the matter of the making of any of the payments or the perform-
 ance of any of the covenants set forth in the aforesaid mortgage or the note secured thereby.

1. In furtherance of the foregoing assignment, Owner hereby authorizes Lender, by 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 Owner or in its own name as assignee, the rents
 accrued but unpaid and in arrears at the date of such default, as well as the rents thereafter ac-
 cruing and becoming payable during the period of the continuance of the said or any other default;
 and to this end, Owner further agrees that he will facilitate in all reasonable ways Lender's col-
 lection of said rents, and will, upon request by Lender, execute a written notice to each tenant
 directing the tenant to pay rent to Lender.

2. Owner also hereby authorizes Lender 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 Owner there-
 fore 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 renew existing leases, or to make concessions to
 tenants; Owner hereby releasing all claims against Lender arising out of such management, operation
 and maintenance, excepting the liability of Lender to account as hereinafter set forth.

3. Lender 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 Owner under the terms of mortgage 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 Lender. Lender shall not be accountable for
 more moneys than it actually receives from the mortgaged premises; nor shall it be liable for failure
 to collect rents. Lender 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 enforce-
 ment of collection of delinquent rents shall be prosecuted.

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

00925

5. Owner hereby covenants and warrants to Lender that neither he nor any previous owner has executed any prior assignment or pledge of the rentals of the mortgaged premises, nor any prior assignment or pledge of his landlord's interest in any lease of the whole or any part of the mortgaged premises. 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 Lender of this assignment.

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

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

8. The provisions of this instrument shall be binding upon Owner and his or its legal representatives, successors or assigns and upon Lender 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 Lender against the mortgaged premises; and the word "Mortgage" shall be construed to mean the instrument securing the said indebtedness, owned and held by Lender, whether such instrument be mortgage, loan deed, trust deed, vendor's lien or otherwise.

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

IN WITNESS WHEREOF, party of the first part has executed this agreement in manner and form proper and sufficient in law.

Signed, sealed and delivered in the presence of:

Victoria K. Hatcher

STATE OF Oregon } ss.
COUNTY OF Hamath }

On this 31st day of December, 2004, personally appeared before me, a Notary Public within and for said County and State, the within-named

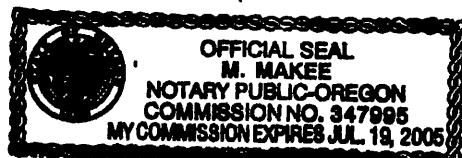
Victoria K. Hatcher —
personally known to me to be the individual described in and who executed the within instrument and acknowledged to me that she executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on this, the day and year first in this, my certificate, written.

M. Makee
Notary Public for the State of Oregon.
My commission expires July 19, 2005

(Notarial Seal)

25-77-73



00926

NOTARY ACKNOWLEDGEMENT

TO BE ATTACHED TO BENEFICIARY CHANGE REQUEST FORM

STATE OF OREGON _____
County of KLAMATH _____ ss.

On December 31, 2003 personally appeared VICTORIA K. HATCHER who acknowledged the foregoing instrument to be her voluntary act and deed.



Before me: M. A. Silveria
Notary Public for Oregon _____
My commission expires: 11/01/04
Official Seal