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When Recorded Return to:
Pac Equities, Inc.
250 NW Franklin Avenue, #302
Bend, OR 97701

Place recording stamp here

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State of Oregon, County of Klamath
Recorded 05/13/05 3:25p m
Vol M05 Pg 34861.62
Linda Smith, County Clerk
Fee \$ 3.00 # of Pgs 2

1st C05-82
ASSIGNMENT OF BENEFICIAL INTEREST IN A TRUST DEED

Date: 5/12/2005

PARTIES: Pac Equities, Inc. ("Assignor")

Robert Kelly ("Assignee")
10940 SW Barnes Road #255
Portland, OR 97225

RECITALS:

Whereas Assignor holds First Trust Deeds recorded on October 29, 2003, Instrument No. M-03 on page 80323 and September 30, 2004, Instrument No. M-04 on page 57194, records of Klamath County, Oregon, in the property described in "Exhibit A"; and

Whereas this recited Assignment is secured with the portion of the property specifically described as **Lot 1, Tract 1416, The Woodlands Phase I, Klamath County, Oregon;** and

NOW THEREFORE, AGREEMENT:

For valuable consideration, receipt and sufficiency being hereby acknowledged in the sum of **FORTY THOUSAND DOLLARS (\$40,000.00)** Assignor grants, assigns, transfers and sets over to Assignee a \$40,000.00 partial beneficial interest in Assignors Beneficial interest in the Trust Deeds pertaining only to Lot 1, Tract 1416, The Woodlands Phase I, Klamath County, Oregon.

Assignor further warrants that: 1) Assignor is the lawful holder of the Promissory Notes and Beneficiary of the Trust Deeds and has the right to sell and assign all or a portion of its interest therein; 2) At the date of this Assignment, the Promissory Notes and Trust Deeds are not in default; 3) Assignor is the beneficiary of a title insurance policy insuring the Assignor's Trust Deeds. 4) Assignor has and will maintain possession of the original Promissory Notes, Trust Deeds and title insurance policies; 5) Assignor will take all steps reasonably necessary to maintain hazard insurance as required under the terms of the Trust Deeds with loss payable to Assignor and its successors and assigns. 6) Assignor shall collect all payments due under the Promissory Notes and Trust Deeds and will pay Assignee on the twentieth (20th) of each month as shall be set forth in that certain Secured Note dated May 12, 2005 by Assignor to Assignee. Assignor agrees it will maintain records of all transactions relating to the Promissory Notes and Trust Deeds and shall make those records available to Assignee upon Assignee's reasonable request. 7) Assignee agrees that Assignor shall have the right in its sole discretion, to subordinate the Trust Deeds lien and to reconvey all or a portion of the subject property as Assignor determines reasonably prudent.

Assignor retains the right to make all demands and exercise all rights of the holder and Beneficiary under the terms of the Promissory Notes and Trust Deeds. In the event of a default under the Promissory Notes and Trust Deeds, Assignor has the right to exercise all of the holder and Beneficiary's rights as set forth in the Promissory Notes and Trust Deeds and as allowed by law including foreclosure through judicial or non-judicial means, acquiring title by deed in lieu of foreclosure, re-entry eviction and any other steps reasonably necessary to protect the beneficial interest under the Promissory Notes and Trust Deeds. In the event of a default, Assignor shall be entitled to repayment of all its costs and fees incurred including attorney fees, recording costs, filing fees and title insurance charges prior to any payment to Assignee under this Agreement. In the event the parties acquire fee title to the property through foreclosure and sale or by deed in lieu of foreclosure, the parties shall hold the property as tenants in common according to the above referenced percentage interest and shall be entitled to and responsible for their pro rata share of all income received and expenses incurred in connection with owning, holding, maintaining and selling the property. Assignee agrees and grants to Assignor the right to mortgage or lien the property as security for loan(s) which Assignor reasonably and prudently believes are necessary to maintain or improve the property. This Assignment is not intended to create a partnership or joint venture. The relationship of the parties shall be governed solely by the terms of this Assignment and neither party has the authority to bind the other except as provided under the terms of this Assignment. In the event of a dispute arising out of or relating to this Assignment, the prevailing party shall be entitled to recover its reasonable attorney fees, costs and disbursements including all deposition and expert witness costs whether incurred in relation to trial, arbitration or on appeal. All recitals to this Assignment are part of this Assignment as if fully set forth in the body of this Assignment.

This Assignment is made for security purposes only. This Assignment is made to secure that certain Secured Note, dated May 12, 2005 by Assignor to Assignee, in the principal amount of FORTY THOUSAND AND NO/100 DOLLARS (\$40,000.00) and remedies under this Assignment are conditioned upon default upon that certain Secured Note.

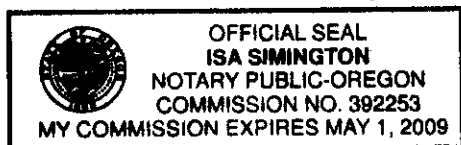
IN WITNESS WHEREOF, the Assignor has caused its name to be signed to this Assignment by a person duly authorized to so act.

DAVID MULTZ

David Multz
By: Authorized Signature

STATE OF: OREGON)
) ss.
COUNTY OF: DESCHUTES)

On this 12TH Day of MAY, 2005 before me, a Notary Public for Oregon, personally appeared the above named DAVID MULTZ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument and acknowledged to me that the person executed the same as an authorized signer of Assignor and that the signature is the act and deed of the Assignor.



Dee Simington
Notary Public for Oregon

My commission expires: May 1, 2009

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EXHIBIT A

**Southview Properties
Klamath Falls, Oregon**

**Lot 1, Tract 1416, The Woodlands Phase 1 Situated in the NE ¼ Section 1,
T39S, R8E, WM, and the SE ¼ Section 36, T38S, R8E, WM, Klamath County,
Oregon**