

IN 32179

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KNOW ALL MEN BY THESE PRESENTS, That MARSELLIA RANCH, an Oregon general partnership, called "First Party," for a valuable consideration received from LINO BAILO called "Second Party," hereby sells and assigns to Second Party and to Second Party's heirs, personal representatives, successors and permitted assigns, a participating interest of fifty percent in that certain mortgage made by DONNIE D. HEATON and MARGRET C. HEATON as mortgagor, in favor of MARSELLIA RANCH, an Oregon general partnership as mortgagee, dated April 3, 1991, in Book/Reel/Volume No. M91, at page 6819, or as Document/Fee/File/Instrument/Microfilm No. _____ of the Records of Klamath County, Oregon, and in and to said percent of the principal balance of the obligation secured thereby, and the interest due and to become due thereon. First Party warrants that the current unpaid principal balance of the obligation secured by said mortgage is \$175,000.00 plus interest at fifteen percent per annum thereon from May 15, 1990.

First Party further warrants for himself, his heirs, personal representatives, successors and assigns, to and with Second Party, that (1) First Party is the lawful owner and holder of said mortgage and the obligation secured thereby, and has a good right to sell and assign said participating interest therein; (2) that said mortgage is not in default; (3) that First Party is insured by a policy of mortgagee's title insurance showing said mortgage to be a first or (if other than first, state which) lien on the property, except items not normally excepted in said policies; (4) that First Party has and will keep in his possession, the original note, mortgage, and the title insurance policy; (5) that First Party will continuously hold evidence of and maintain hazard insurance as required by the mortgage, with loss payable to First Party, any proceeds of which First Party will hold and pay to Second Party in proportion to Second Party's interests; and (6) that First Party has no undisclosed knowledge of any fact which would adversely affect the marketability of said loan.

The parties agree that (1) neither party will assign his interest without consent of the other, nor modify or waive any provision of said note and mortgage; (2) First Party shall collect the payments due on said mortgage and remit Second Party's share to Second Party or to a depository designated by Second Party, within 30 days of First Party's receipt thereof; (3) First Party will maintain customary financial records of the loan and furnish copies thereof to Second Party at reasonable intervals on request; (4) First Party may, upon default of the obligor, in his own name but on behalf of both parties, make demands and exercise all rights of the parties, including foreclosure, as in First Party's discretion are needful and advisable to protect the interests of the parties hereto; (5) that after foreclosure or upon acquiring title by deed in lieu of foreclosure, each party shall be deemed a tenant in common of his respective percentage interest, subject to and including his respective percentage of (a) all costs and fees incurred in connection with the foreclosure and (b) income and expenses in connection with owning, holding, protecting and maintaining the property.

This assignment shall not constitute a partnership or joint venture, and each party shall be an independent contractor with respect to each other and any interested party, with no authority to bind the other, except as provided by the terms of this agreement. This assignment of said percentage of said mortgage and the obligation secured thereby is without recourse.

The transfer of said participating interest shall be endorsed above First Party's signature on the reverse of each note or obligation secured by said mortgage.

In construing this instrument, the word "mortgage" shall include a deed of trust; "mortgagor" shall include a grantor in a deed of trust; "mortgagee" shall include a beneficiary under a deed of trust; the singular includes the plural, the masculine, the feminine and the neuter, and all changes shall be made or implied to make this instrument applicable equally to individuals or to corporations.

DATED: July 15, 1991.

MARSELLIA RANCH

By

Partner

XXXXXX

(If the first party is a corporation, affix its corporate seal and use the form of acknowledgment opposite.)

(ORS 93.470)

STATE OF OREGON,) ss.

County of _____, 19____.

Personally appeared the above named _____

and acknowledged the foregoing instrument to be _____ voluntary act and deed.

Before me:

(OFFICIAL SEAL)

Notary Public for Oregon

My commission expires:

STATE OF OREGON, County of Klamath) ss.July 15, 1991.Personally appeared R. N. Belcher XXXXXXXXXX who, being duly sworn, did say that he is the partner of Marshellia Ranch XXXXXXXXXX and that said instrument was signed and acknowledged in behalf of said partnership by R. N. Belcher XXXX

XXXXXX acknowledged said instrument to be its voluntary act and deed.

Before me:

Janey L. Lane

Notary Public for Oregon

My commission expires: 11/1/91

(OFFICIAL SEAL)

(The above acknowledgments are for the first party's use only; acknowledgment by the second party is not required.)

ASSIGNMENT OF PARTICIPATING INTEREST

MARSELLIA RANCH

TO

LINO BAILO

AFTER RECORDING RETURN TO

R. N. BELCHER
815 WASHBURN WAY
KLAMATH FALLS OR 97603

(DON'T USE THIS SPACE, RESERVED FOR RECORDING LABEL IN COUNTIES WHERE USED.)

STATE OF OREGON,) ss.

County of Klamath

I certify that the within instrument was received for record on the 19th day of July, 1991, at 2:46 o'clock P.M., and recorded in book/reel/volume No. M91 on page 14160 or as document/fee/file/instrument/microfilm No. 32179. Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk
NAME TITLE

By Janey L. Lane, Deputy

Fee \$8.00