

KNOW ALL MEN BY THESE PRESENTS, That First Interstate Bank of Oregon, N.A. called "First Party", for a valuable consideration received from U.S. Small Business Administration 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 100 percent in that certain mortgage made by George Berthal Peden and Martha A. Bradshaw Peden as mortgagor, in favor of First Interstate Bank of Oregon, N.A. as mortgagee, dated August 21, 1989 in book/reel/volume No. M89 at page 15573 and/or as fee/file/instrument/microfilm/reception No. MIC21797 of the Records of Klamath County, Oregon, and in and to that percentage 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 the mortgage is \$38,979.18, plus interest at 2.75 percent per annum thereon from the day of each month. (The Prime Rate).

It is further warranted by First Party, and for First Party's heirs, personal representatives, successors, and assigns, to and with Second Party, that: (1) First Party is the lawful owner and holder of the mortgage and the obligation secured thereby, and has a good right to sell and assign the participating interest therein; (2) the mortgage is not in default; (3) First Party is insured by a policy of mortgagee's title insurance showing the mortgage to be a first or 3rd (if other than first, state which) lien on the property, except items not normally excepted in such policies; (4) First Party has and will keep in First Party's possession the original note, mortgage, and the title insurance policy; (5) 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) First Party has no undisclosed knowledge of any fact which would adversely affect the marketability of the loan.

The parties agree that: (1) neither party will assign any interest without consent of the other, nor modify or waive any provision of the note and mortgage; (2) First Party shall collect the payments due on the mortgage and remit Second Party's share to Second Party or to a depository designated by Second Party, within _____ 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 First Party's own name but on behalf of both parties, make demands and exercise all rights of the parties, including foreclosure, as in First Party's opinion are necessary and advisable to protect the interests of the parties hereto; and (5) after foreclosure, or upon acquiring title by deed in lieu of foreclosure, the parties shall be deemed tenants in common of their respective percentage interests, subject to and including their respective percentages 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.

The assignment of a percentage of the mortgage and the obligation secured thereby is without recourse.

The transfer of participating interest shall be evidenced by First Party's signature on the reverse of each note or obligation secured by the 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; and all changes shall be made or implied to make this instrument applicable equally to individuals or to corporations.

IN WITNESS WHEREOF, the parties hereto have executed this document in duplicate on the date first above written; if any undersigned party is a corporation, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

DATED: September 27, 1993

FIRST INTERSTATE BANK OF OREGON, N.A.
by: William J. Worley
W.J. Worley First Party

U.S. SMALL BUSINESS ADMINISTRATION
By: Wayne E. Carver
Second Party

STATE OF OREGON, County of Klamath) ss.
This instrument was acknowledged before me on September 27, 1993,
by William J. Worley.
This instrument was acknowledged before me on October 19, 1993,
by Wayne E. Carver.
as Chief, Portfolio Management Division, Portland District Office
of U.S. Small Business Administration.

Mariellen Pike
MARIELLEN PIKE
NOTARY PUBLIC - OREGON
My Commission Expires 12-25-93

David P. Smith
Notary Public for Oregon
My commission expires 4-8-96

ASSIGNMENT OF PARTICIPATING INTEREST

First Interstate Bank of Oregon, N.A.
601 Main, Klamath Falls, OR 97601
To
U.S. Small Business Administration
222 S.W. Columbia St., Suite #500
Portland, OR 97201-6605
After recording return to (Name, Address, Zip):
U.S. Small Business Administration
222 S.W. Columbia St., Suite #500
Portland, OR 97201-6605

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON, County of Klamath) ss.
I certify that the within instrument was received for record on the 29th day of Oct, 1993, at 10:52 o'clock A.M., and recorded in book/reel/volume No. M93 on page 28523 and/or as fee/file/instrument/microfilm/reception No. 70510, Record of Mortgages of said County.

Witness my hand and seal of County affixed.
Evelyn Biehn, County Clerk
NAME Evelyn Biehn TITLE Deputy

Fee \$10.00