

MODIFICATION OF NOTE AND MORTGAGE

THIS AGREEMENT, made and entered into this 11 day of September, 1984, by and between WILLIAM C. JOHNSTON and REBECCA A. JOHNSTON, hereinafter called the "Mortgagors" and FIRST INTERSTATE BANK OF OREGON, N.A. (formerly known as First National Bank of Oregon, a national banking association) hereinafter called the "Mortgagee".

WITNESSETH:

On or about the 21st day of November, 1980, the Mortgagors did make, execute and deliver to the Mortgagee their certain promissory note (or, in the case of assumptions, their assumption agreement) in the sum of \$24,000.00 with interest thereon at the rate of 15.00% per annum, payable in yearly installments of \$6,000.00, plus interest (interest is due quarterly) with the final installment due December 31, 1984.

For the purpose of securing the payment of said promissory note the Mortgagors, or their predecessors in interest did make, execute and deliver to the Mortgagee their certain indenture of mortgage, bearing date of November 21, 1980, on and covering the following described real property, situate in the County of Klamath, State of Oregon, to-wit:

Lots 31 and 32, Block 6, WAGON TRAIL ACREAGES NUMBER ONE, SECOND ADDITION which mortgage was duly recorded in the Records of Mortgages of said county and state, November 24, 1980, Volume M80, page 22835.

Said promissory note and mortgage were modified as per modification of mortgage bearing date of December 31, 1981, which modified the annual installments of \$6,000.00, plus interest (interest is due quarterly at 15.00% per annum on the unpaid balance) to a final payment date of December 31, 1984, and which was duly recorded in the Records of Mortgages of said county and state, February 17, 1983, Volume M83, page 2545.

Said promissory note and mortgage were further modified as per modification of note and mortgage dated February 11, 1983, which modified the balance due and owing on the promissory note and mortgage to quarterly installments of interest only on the unpaid balance payable at 15.00% per annum with the first installment payable on the first day of April, 1983, and a like payment on the first day of each quarter until the principal and interest, if not sooner paid, shall be due and payable on the 31st day of July, 1983. Said modification was recorded February 17, 1983 in the Records of Mortgages of said county and state, in Volume M83, page 2543.

Said promissory note and mortgage were further modified as per modification of note and mortgage bearing date of August 5, 1983, which modified the monthly installments to \$500.00, including interest, on the unpaid balance at the rate of 15.00% per annum. The first installment is payable on August 31, 1983 and like installments payable on the 31st day of each month until the principal and interest are fully paid, except the final payment of principal and interest shall be due and payable on the 31st day of December, 1983. Said modification was recorded August 12, 1983, in the Records of Mortgages of said county and state, in Volume M83, page 13466.

Said promissory note and mortgage were further modified as per modification of note and mortgage bearing date of January 24, 1984, which modified the payments to quarterly installments of interest only on the unpaid balance, payable at the rate of 15.00% per annum, with the first installment payable on the first day of March, 1984 and the final payment due on August 1, 1984. This modification was recorded February 1, 1984 in the Records of Mortgages of said county and state, in Volume M84, page 1707.

There is now due and owing upon the promissory note and mortgage the principal sum of TWENTY THOUSAND AND NO/100 Dollars (\$20,000.00), together with accrued interest thereon, and the Mortgagors desire a modification of the terms of the payment thereof, to which the Mortgagee is agreeable on the terms and conditions hereinafter stated and not otherwise.

NOW, THEREFORE, in consideration of the premises and of the promises and agreements hereinafter contained, the parties hereto do hereby agree that the balance now due and owing on the promissory note and mortgage hereinabove described shall be and is payable in monthly installments of \$400.00, including interest on the unpaid balance at the rate of 15.00% per annum, beginning October 1, 1984, and a like installment shall be and is payable on the first day of each month thereafter, except that the final payment of principal and interest if not sooner paid, shall be due and payable on the first day of March, 1985. If any of said installments of either principal or interest are not so paid, the entire balance then owing shall, at the option of the Mortgagee or its successors in interest, become immediately due and payable without notice.

Any unpaid balance may be paid in full or in part at any time. Any prepayment of principal shall be applied to the payment of the most remote unpaid installments.

Except as herein modified in the manner and on the terms and conditions hereinabove stated, the said promissory note and mortgage shall be and remain in full force and effect, with all the terms and conditions of which the Mortgagors do agree to comply in the same manner and to the same extent as though the provisions thereof were in all respects incorporated herein and made a part of this agreement.

IN WITNESS WHEREOF, the Mortgagors have hereunto set their hands and seals and the Mortgagee has caused these presents to be executed on its behalf by its duly authorized representative this day and year first hereinabove written.

William C. Johnston
William C. Johnston
Rebecca A. Johnston
Rebecca A. Johnston

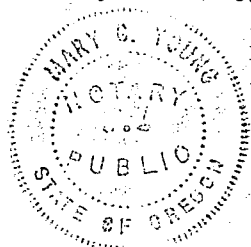
FIRST INTERSTATE BANK OF OREGON, N.A.

By Mary G. Young

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)
)ss.
COUNTY OF LANE)

The foregoing instrument was acknowledged before me this 11 day of September, 1984, by William C. Johnston and Rebecca A. Johnston.



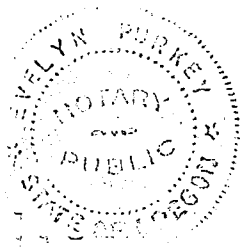
Mary G. Young
Notary Public in and for the State of Oregon

My commission expires: 6/7/89

BANK ACKNOWLEDGMENT

STATE OF OREGON)
)ss.
COUNTY OF LANE)

The foregoing instrument was acknowledged before me this 11th day of September, 1984, by Mary G. Young of FIRST INTERSTATE BANK OF OREGON, N.A., on behalf of the association.



Ret.
First Interstate Bank
of Oregon, N.A.
Eugene Main Branch
P. O. Box 10566
Eugene, Oregon 97440

Evelyn Biehn
Notary Public in and for the State of Oregon

My commission expires: My Commission Expires 02/05/87

STATE OF OREGON: COUNTY OF KLAMATH:ss

I hereby certify that the within instrument was received and filed for record on the 14th day of September A.D., 1984 at 3:43 o'clock P M, and duly recorded in Vol. M84, of Mortgages on page 15945.

EVELYN BIEHN, COUNTY CLERK

by: Tom Smith, Deputy

Fee: \$ 8.00 Index: \$1.00