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MODIFICATION OF NOTE AND MORTGAGE Vol. M87 Page 12178

THIS AGREEMENT, made and entered into this 7th day of July, 1987, by and between WASHBURN ENTERPRISES, INC., hereinafter called the "Mortgagor", and FIRST INTERSTATE BANK OF OREGON, N.A., (formerly known as First National Bank of Oregon, a national banking association) hereinafter called the "Mortgagee".

W I T N E S S E T H :

On or about the 20th day of August, 1979, the Mortgagor did make, execute and deliver to the Mortgagee its certain promissory note in the sum of \$600,000.00 with interest thereon at the rate of 12% per annum, payable in consecutive monthly installments of \$8,608.00 principal and interest, with the final installment of the indebtedness, if not sooner paid, due and payable on September 1, 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 August 20, 1979, on and covering the following described real property, situate in the County of Klamath, State of Oregon, to-wit:

Lots 1, 2, 3, and 4, Block 1

Lot 2, Block 2, SAVING AND EXCEPTING that portion thereof conveyed to Maywood Industries of Oregon, Inc. by deed recorded September 17, 1975, in M-75 on page 11116, records of Klamath County, Oregon.

Lot 2, Block 4

Lots 3 and 4, Block 5

All in Washburn Park, Tract 1080, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

which Mortgage was duly recorded in the Records of Mortgages of said county and state, August 20, 1979, in Volume M79 at Page 19772.

On or about April 1985, the Mortgagor did make, execute, and deliver to the Mortgagee its certain Modification of Note and Mortgage, which Modification of Note and Mortgage was duly recorded in the Records of Mortgages of said county and state May 1, 1985, in Volume M79 at Page 6434.

Pursuant to partial release of Mortgage dated June 9, 1987 in the Records of Mortgages of Klamath County, Oregon, in Volume M87 on Page 10052, the following described real property was released from the lien of said Mortgage:

Lots 1 and 8 only, in Block 1 of Tract 1249, a resubdivision of Lot 4, in Block 1 of Washburn Park, Tract 1080 consisting of 1.72 acres.

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Pursuant to partial release of Mortgage dated September 11, 1986, in the Records of Mortgages of Klamath County, Oregon, in Volume M86 on Page 19655, the following described real property was released from the lien of said Mortgage:

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The Westerly 260 feet of Lot 1 in Block 1 of Washburn Park, Tract 1080, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

There is now due and owing upon the promissory Note and Mortgage the principal sum of One Hundred Thousand and Zero One Hundredths Dollars (100,000.00), together with accrued interest thereon, and the Mortgagor desires 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, Mortgagor and Mortgagee agree that the balance now due and owing on the promissory Note and Mortgage described above shall be and is payable in monthly installments of Three Thousand Two Hundred Fifty Dollars (\$3,250.00) each, including interest on the unpaid balance at the rate of two percent (2%) above Bank's Prime Rate of interest in effect from time to time. Bank's Prime Rate refers to the Bank's publicly announced Prime Rate which is a base rate used to price some loans. It may not be the lowest rate at which the Bank makes any loan. Each said change in said rate to become effective on the effective date of each change announced by Bank. Interest shall be computed on the basis of a 365 day year or a 366 day year, as applicable, and actual days elapsed. The first installment shall be and is payable on the 1st day of August, 1987, and a like installment shall be paid on the 1st day of each month thereafter until the principal and interest are fully paid, except that the final payment of principal and interest, if not sooner paid, shall be due and payable on the 1st day of May, 1990. If any of said installments of either principal or interest are not so paid, the whole sum of principal and interest shall become immediately due and payable without notice, at the option of the Mortgagee, its successors or assigns.

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 Mortgagor does 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 Mortgagor and the Mortgagee have caused these presents to be executed on its behalf by their duly authorized representatives this day and year first hereinabove written.

WASHBURN ENTERPRISES, INC.

By *Dan A. Turner*  
By *Gene Baynes*

FIRST INTERSTATE BANK  
OF OREGON, N.A.

By *John McAllister*  
By *Commercial Loan Officer*

STATE OF OREGON )  
County of Klamath : ss.  
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The foregoing instrument was acknowledged before me this 7th day of July, 1987, by Dorman A. Turner, and Irene Byrnes, a President and Secretary of Washburn Enterprises, Inc. on behalf of the Corporation.

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*Cynthia Jensen*  
Notary Public for Oregon  
My commission expires: 3-25-89

STATE OF OREGON )  
County of Klamath : ss.  
)

The foregoing instrument was acknowledged before me this 7th day of July, 1987, by Tom Smallwood, a Commercial Loan Officer of First Interstate Bank of Oregon, N.A., on behalf of the national banking association.

*Cynthia Jensen*  
Notary Public for Oregon  
My commission expires: 3-25-89

Return First Interstate Bank  
601 Main  
Klamath Falls OR 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company  
of July A.D. 19 87 at 2:00 o'clock P M., and duly recorded in Vol. M87 day  
of July 12178 on Page 12178  
of Mortgages  
FEE \$13.00  
By Evelyn Biehn, County Clerk  
*Evelyn Biehn*

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