

m4c20161-L  
 AGREEMENT TO MODIFY NOTE AND MORTGAGE/DEED OF TRUST

Effective on February 1, 1989, the undersigned, Thomas W. Garbutt,  
unmarried

hereinafter referred to as "Borrower," and the Farm Credit Bank of Spokane, a corporation, successor in merger to The Federal Land Bank of Spokane, hereinafter referred to as "Bank," agree that that certain note dated November 22, 1976, in the original principal sum of Sixty-five Thousand and no cents Dollars (\$65,000.00) and any amendments thereto (the "Original Note") shall be amended and restated in its entirety by the Note dated February 1, 1989, (the "Note"), being payable in installments, the last of which is due and payable on the first day of January 1, 2010. Borrower shall execute and deliver to Bank the Note upon execution of this Agreement. A Rider summarizing the terms and provisions of the Note is attached hereto as Exhibit 1 and by reference incorporated herein. The Note evidences the same debt evidenced by the Original Note. The Note and the Original Note both shall be cancelled upon full payment of the debt evidenced by the Note as provided herein.

The Original Note is secured by Mortgage recorded December 30, 1976 as Instrument No. 23574 in Book M-76 of Mortgages on page 20938, records of Klamath County, Oregon.  
Reamortization or Extension Agreement dated December 29, 1988, recorded January 6, 1989 in Volume M89, page 353, Microfilm Records of Klamath County, Oregon.

encumbering the real and/or personal property as described therein, reference to which Mortgage or Deed of Trust as so recorded is hereby made for the terms thereof, and the description of said property. Such Mortgage or Deed of Trust and any other security documents which were executed and delivered to secure the payment of the Original Note (the "Security Documents") are modified by the terms of this Agreement and the Note. The Security Documents shall include any new Security Documents executed by Borrower in connection with the Note and this Agreement. The Security Documents shall secure the payment of the Original Note and the Note. Borrower and Bank agree that, except as herein modified, all other provisions of the Security Documents will remain in full force and effect as originally agreed upon.

Borrower agrees this Agreement and the Note modify the terms of the Original Note and Security Documents and provide for the indexing and adjustment of the interest rate, payment terms and balance due on the obligation.

Each Borrower agrees to maintain complete and accurate financial books and records for such Borrower's business. Each of the undersigned Borrowers shall provide annually, within 90 days of the end of each Borrower's fiscal year, in a form prescribed by or acceptable to Bank, a current balance sheet and a current income and expense statement certified to be complete and accurate or, at the option of Bank, audited by an independent accountant at the expense of Borrower.

Within 30 days after execution of this Agreement, Borrower shall provide Bank with an endorsement to Bank's title insurance policy which endorsement shall insure the enforceability and continued first lien priority of the Mortgage or Deed of Trust. Borrower shall pay the premium and all other charges for the endorsement together with all fees and costs, including but not limited to appraisal, survey, recording, attorney's, or similar fees, incurred by Bank in evaluating the application and preparing and recording this Agreement and any Security Documents (the "Premium, Fees and Costs").

Borrower agrees to take any action requested by Bank to complete, perfect or continue the Borrower's obligation or the lien and priority of the Security Documents. Borrower understands and agrees that Bank may record this Agreement or any memorandum thereof.

Upon execution of this Agreement, Borrower shall pay Bank a fee of \$ \_\_\_\_\_ or \_\_\_\_\_ % of the unpaid principal balance of the Original Note (the "Conversion Fee"). Borrower's obligation to pay the Conversion Fee and the Premium, Fees and Costs shall be treated for all purposes as a payment required under the Original Note and the Note. The Conversion Fee and the Premium, Fees and Costs shall not reduce any other amount due under the Original Note or the Note. If Borrower cannot provide the endorsement by the date required by this Agreement, Bank shall refund to Borrower the Conversion Fee minus the sum of any cancellation fee for the endorsement and any other Fees and Costs incurred by Bank. Bank and Borrower thereafter shall have no further obligations under this Agreement, and the Original Note shall continue in full force and effect, provided, however, any unpaid Premium, Fees and Costs shall be a payment required under the Original Note.

The following parties join in this instrument to consent to and affirm the Bank's lien position in collateral as established by Security Documents above described which collateral shall continue to be security for the debt evidenced by the Original Note and the Note; provided, however, said parties assume no liability for payment of the debt and shall not be bound by the personal covenants of this Agreement, the Note or the Security Documents: none.

Signed this 28 day of March, 1989

BORROWERS:

FARM CREDIT BANK OF SPOKANE

Thomas W. Garbutt By: [Signature]  
Thomas W. Garbutt Authorized Agent

STATE OF Oregon )  
County of Klamath ) ss.

On this 27th day of March, 1989, before me personally appeared Thomas W. Garbutt, known to me to be the person described in and who executed the within instrument, and acknowledged to me that he executed the same as his free act and deed. Richard Garbutt for Thomas Garbutt

[Signature]  
Notary Public for the State of Oregon  
Residing at Klamath Falls, Ore.  
My commission expires 2-1-90

STATE OF Oregon )  
County of Klamath ) ss.

On this 14th day of February, 1989, before me personally appeared Noland Alston, known to me to be an authorized agent of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.

[Signature]  
Notary Public for the State of OR  
Residing at Klamath Falls  
My commission expires 10-30-92

AGREEMENT TO MODIFY NOTE AND  
MORTGAGE/DEED OF TRUST: 2

VARIABLE RATE RIDER

THIS VARIABLE RATE RIDER ("Rider") is made this 1st day of February, 1989 and is incorporated into and amends and supplements that certain Agreement to Modify Note and Mortgage/Deed of Trust dated February 1, 1989 for the purpose of providing notice of the terms and provisions of the obligations evidenced by that certain Note (the "Note") given by the Borrower to Farm Credit Bank of Spokane ("Bank") or Bank's predecessor in merger, The Federal Land Bank of Spokane, dated February 1, 1989 for the principal sum of Sixty Thousand One Hundred Sixty-two and 07 cents (\$60,162.07).

1. INTEREST RATE AND ANNUAL PAYMENT CHANGES

The Note provides for an Initial Interest Rate. The Note provides for changes in the interest rate and the payments, as summarized below and pursuant to the default provisions of the Note.

- (a) Real Estate Variable Base Agricultural Rate: The Real Estate Variable Base Agricultural Rate ("Variable BAR") is a per annum interest rate determined from time to time by Bank in its sole discretion.
- (b) Variable Interest Rate Changes: Borrower shall pay interest on the Adjusted Principal Balance on and after each change in the Variable BAR at the per annum interest rate equal to the sum of the Variable BAR in effect on such date plus or minus a constant as described in the Note.
- ☐ (c) Partially Fixed Interest Rate: If checked, the Initial Interest Rate of the Note shall remain in effect until the first day of \_\_\_\_\_, after which the interest shall be changed to a variable interest rate as described in Section 1(a) and (b) above. The Partially Fixed Interest Rate may increase in the event of default.

2. FIXED INTEREST RATE CONVERSION OPTION

The Note provides for the Borrower to convert from a variable interest rate to a fixed rate, as follows:

- (a) Option to Convert to Fixed Rate: If Bank is then offering a Fixed Interest Rate as determined under Section 2(b) below to new borrowers, Borrower may elect to change the interest rate to the Fixed Interest Rate on the first day of any month (the "Conversion Date") by payment of a fee of one percent of the Adjusted Principal Balance (the "Conversion Fee"). Borrower may not make such election if a default occurs and is uncured on or before the Conversion Date. Thereafter, the interest rate shall be changed on the Conversion Date as set forth in Section 2(b) below.
- (b) Fixed Interest Rate: The Fixed Interest Rate is the per annum interest rate which Bank in its sole discretion determines is appropriate for a new Fixed Interest Rate loan on the Conversion Date of an amount equal to the Adjusted Principal Balance with similar term and conditions to a borrower with the same credit characteristics as Borrower. Borrower shall pay interest on the Adjusted Principal Balance on and after the Conversion Date at the Fixed Interest Rate.

☐ If checked, the Note provides for a limit on the Variable and Fixed Interest Rate.

Return: Farm Credit Bank of Spokane  
Successor in merger to The Federal  
Land Bank of Spokane  
600 Klamath Avenue  
Klamath Falls, Oregon 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 4th day  
of April A.D., 19 89 at 3:06 o'clock P.M., and duly recorded in Vol. M89,  
of Mortgages on Page 5669.

FEE \$23.00

Evelyn Biehn County Clerk

By Paulene Mickelson