

When Recorded Return to:

STANDARD INSURANCE COMPANY
Post Office Box 711
Portland, OR 97207

Attn: Marilee Gebo V-31

MITL-213295

MODIFICATION AGREEMENT

PARTIES:

STANDARD: Standard Insurance Company,
an Oregon corporation

MAKER: Daniel O. Benson

DATE: February 3, 1989

LOAN NO.: 15014

RECITALS:

1. Standard Insurance Company made a loan in the amount of \$235,000.00, evidenced by a Note secured by a Deed of Trust and Assignment of Rents, dated February 1, 1984, recorded on February 24, 1984 in Book M-84, Page 2938, in Klamath County, State of Oregon.
2. Maker has requested Standard Insurance Company's written consent to the modification regarding the secured property.
3. Standard Insurance Company has agreed to consent to the modification of the terms in paragraph 4 below if this Modification Agreement is executed by Maker, and the Administrative Fee referred to below is paid.

AGREEMENT:

4. The terms and conditions of the Note and security instruments securing the Note are modified as follows:
 - 4.1 The interest rate is changed from 13.00% per annum to 11.25% per annum, effective from and after March 1, 1989.
 - 4.2 The remaining principal balance of the loan shall be amortized for the remaining term at the new interest rate.
 - 4.3 The maturity date is changed from March 1, 1989 to March 1, 1999 effective immediately.
 - 4.4 The principal and interest payment of \$2,601.00 is changed to approximately \$2,302.00 effective April 1, 1989. Exact payment amount to be calculated after receipt of March payment.
 - 4.5 1. Covenants Regarding Environmental Compliance.
 - (a) Trustor will not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Property or transport to or from the Property any Hazardous Substance (as

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defined below) or allow any other person or entity to do so except in minor amounts under conditions permitted by applicable law.

(b) Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of, any Environmental Law (as defined below).

(c) Trustor shall give prompt written notice to Beneficiary of:

(i) any proceeding or inquiry by any governmental authority with respect to the presence of any Hazardous Substance on the Property or the migration thereof from or to other premises;

(ii) all claims made or threatened by any third party against Trustor or the Property relating to any loss or injury resulting from any Hazardous Substance; and

(iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Environmental Law.

(d) Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated with respect to the Property in connection with any Environmental Law and have its attorneys' fees in connection therewith (including its fees on appeal) paid by Trustor.

(e) Trustor shall protect, indemnify and hold harmless Beneficiary, its directors, officers, employees, agents, successors and assigns from and against any and all loss, damage, cost, expense or liability (including attorneys' fees and costs, whether at trial, on appeal or otherwise) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under or about the Property before the release, reconveyance or foreclosure of this Deed of Trust, including without limitation (i) all foreseeable consequential damages; and (ii) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans. This indemnity shall not survive the reconveyance of the lien of this Deed of Trust, or the extinguishment of the lien by foreclosure or action in lieu thereof, and this covenant shall not survive such reconveyance or extinguishment.

(f) In the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature (the "Remedial Work") is reasonably necessary or desirable under any applicable local, state or federal law or regulation, any judicial

order, or by any governmental or nongovernmental entity or person because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a Hazardous Substance in or into the air, soil, groundwater, surface water or soil vapor at, on, about, under or within the Property (or any portion thereof), Trustor shall within thirty (30) days after written demand for performance thereof by Beneficiary (or such shorter period of time as may be required under any applicable law, regulation, order or agreement), commence and thereafter diligently prosecute to completion, all such Remedial Work. All Remedial Work shall be performed by contractors approved in advance by Beneficiary, and under the supervision of a consulting engineer approved by Beneficiary. All costs and expenses of such Remedial Work shall be paid by Trustor including, without limitation, Beneficiary's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work. In the event Trustor shall fail to timely commence, or cause to be commenced, such Remedial Work, Beneficiary may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof, or incurred in connection therewith, shall become part of the indebtedness secured hereby.

2. Representations and Warranties Relating to Environmental Matters. Trustor represents and warrants to Beneficiary that:

(a) Neither the Property nor the Trustor is in violation of or subject to any existing, pending or threatened investigation by any governmental authority under any Environmental Law.

(b) Trustor has not and is not required by any Environmental Law to obtain any permits or licenses to construct or use any improvements, fixtures or equipment forming a part of the Property.

(c) Trustor has made inquiry into previous uses and ownership of the Property, and after such inquiry has determined that no Hazardous Substance (as defined below) has been disposed of or released on or to the Property.

(d) Trustor's prior, present and intended use of the Property will not result in the disposal or release of any Hazardous Substance on or to the Property.

3. Definitions. "Environmental Law" means any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Property, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. Sections 9601 et seq., and the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Sections 6901 et seq.

The term "Hazardous Substance" includes without limitation:

(i) Those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq., and in the regulations promulgated pursuant to said laws;

(ii) Those substances defined as "hazardous wastes" under any applicable California law and amendments thereto, and in the regulations promulgated pursuant to said laws;

(iii) Those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);

(iv) Such other substances, materials and wastes which are or become regulated under the applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations; and

(v) Any material, waste or substance which is (A) asbestos, (B) polychlorinated biphenyls, (C) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Sections 1251 et seq. (see U.S.C. 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. 1317); (D) explosives; (E) radioactive materials; or (F) material quantities of petroleum products.

5. Notwithstanding the provisions of the sixth paragraph of the Deed of Trust Note, the additional charges for the privilege of prepaying sums owed under the Deed of Trust Note shall be the following amounts, or the maximum amount permitted by law, whichever is less:

(a) During the five year period immediately following the execution of this Modification Agreement, amounts paid during any one (1) Loan Year in excess of 10% of the original principal loan balance shall include an additional payment of one (1) year's interest on such excess amount; and

(b) Thereafter, amounts paid during any one (1) Loan Year in excess of 10% of the original principal loan balance shall include an additional payment of six (6) months' interest on such excess amount.

As used in this paragraph, "Loan Year" means a period beginning on an anniversary of the date of this Modification Agreement and ending one year thereafter.

6. Standard Insurance Company herewith acknowledges receipt of an Administrative Fee in the amount of \$1,000.00, for payment of Standard's expenses associated with this loan modification.

7. All past due loan payments, late charges, delinquent interest, and all taxes past due and currently payable, including interest and penalties, if any, must be brought current.

8. All correspondence, notices of default, notices of late charges, year-end statements, and any other communications from Standard Insurance Company concerning this loan shall, until further written notice from Maker, be sent to Maker at:

Daniel O. Benson, M.D., P.C.
2615 Almond
Klamth Falls, OR 97601

9. Standard Insurance Company consents to the modification as described herein, but by consenting to this modification, Standard does not consent to any other modification regarding the secured property.
10. Cathy J. Benson is released from personal liability for payment and performance of the terms and conditions of this loan upon receipt of satisfactory evidence that she no longer has an interest in the trust property.
11. It is specifically understood that all conditions and obligations set forth in said instruments, except to the extent herein modified, shall remain in full force and effect.

STANDARD INSURANCE COMPANY,
an Oregon corporation

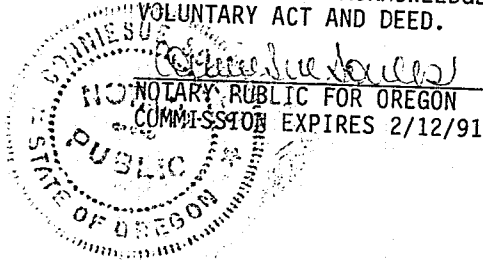
MAKER

By: Jack R. Sullivan
Treasurer

Daniel O. Benson

Attest: Vicki R. Chase
Vicki R. Chase
Assistant Secretary

ON THIS 4TH DAY OF APRIL, 1989, DANIEL O BENSON PERSONALLY APPEARED
BEFORE ME AND ACKNOWLEDGED THE FOREGOING INSTRUMENT TO BE HIS
VOLUNTARY ACT AND DEED.



STATE OF OREGON)
) ss:
 COUNTY OF MULTNOMAH)

On this 14th day of March, 1989,
 before me appeared VICKI R. CHASE and JACK R. SULLIVAN both
 to me personally known, who being duly sworn, did say that
 she, the said VICKI R. CHASE is the Assistant Secretary,
 and he, the said JACK R. SULLIVAN is the Treasurer of
 STANDARD INSURANCE COMPANY, the within named corporation,
 and that the seal affixed to said document is the corporate
 seal of said corporation, and that the said document was
 signed and sealed in behalf of said corporation by authority
 of its Board of Directors, and VICKI R. CHASE and JACK R.
 SULLIVAN acknowledged said document to be the free act and
 deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand
 and seal the day and year last above written.

STATE OF OREGON, ss.
 County of Klamath

Filed for record at request of:

Mountain Title Co.
 on this 8th day of May A.D., 19 89
 at 4:32 o'clock P.M. and duly recorded
 in Vol. M89 of Mortgages Page 7893
 Evelyn Biehn County Clerk

By Pauline Miller

Fee, \$33.00

Deputy.

Marilee Gebo
 Marilee Gebo
 Notary Public for Oregon

My commission expires
 April 6, 1991.

