

MORTGAGE REAMORTIZATION AGREEMENT

(Loan No. 198749-8)
(022809 301 01)

THIS AGREEMENT, Made this 27th day of October, 1989, between William A. Hickey, Jr. and Sheila M. Hickey, husband and wife ("Borrowers"), whose address is 360 South H. Street, Lakeview, OR 97630, and FARM CREDIT BANK OF SPOKANE, a corporation, successor in merger to The Federal Land Bank of Spokane ("Bank"), WITNESSETH:

THAT, WHEREAS, By Mortgage recorded as Instrument No. 58005 in Book 82 of Mortgages, at page 376, records of Lake County, State of Oregon; and Supplemental Mortgage dated March 13, 1985 and recorded as Instrument No. 58838 in Book 83 of Mortgages, at page 133, records of Lake County, State of Oregon, Borrowers, or their predecessors in interest, mortgaged to Bank the real and/or personal property described therein, reference to which Mortgage as so recorded is hereby made for the terms thereof, and the description of said property; and

WHEREAS, There is owing Bank upon the debt evidenced by that certain note, dated November 15, 1984, and any amendments thereto (the "Note"), secured by said Mortgage, the aggregate sum of \$397,352.05, as of October 1, 1989, being the date as of which this agreement is effective; and

WHEREAS, the Note is secured by the Mortgage and/or security agreement or other security documents executed by Borrowers in connection with or as an amendment to the Note and Mortgage (the "Loan Documents"). The Loan Documents shall also include all other documents or instruments of any kind executed by Borrowers in connection with this agreement; and

WHEREAS, the Borrowers acknowledge the validity and enforceability of the Loan Documents; and

WHEREAS, The Borrowers desire that the said indebtedness be reamortized;

NOW, THEREFORE, In consideration of the premises and the mutual promises of the parties hereto it is agreed:

That this agreement modifies the terms of the Note, Mortgage and any other Loan Documents and provides for the indexing and adjustment of the interest rate, payment terms and balance due on the obligation. Except as modified herein, all other provisions of the Loan Documents and the senior lien priority provided therein shall remain in full force and effect. Upon subsequent agreement of the parties reflected in a writing signed by the parties, the interest rate, payment terms or balance due on the loan under the Loan Documents may be indexed, adjusted, renewed or renegotiated.

That the aggregate sum owing under the Loan Documents as hereinabove set forth, with interest from the date as of which this agreement is effective at 12.75% per annum (the "Interest Rate") on an amortization plan, shall be paid as follows:

One principal only payment of \$4,432.67, being payable on October 1, 1990 plus any accrued interest remaining outstanding since October 1, 1989, and TWENTY (20) equal annual principal and interest installments of \$55,095.06 each, the first such installment being payable October 1, 1991, and the final installment being payable October 1, 2010, unless this debt shall be matured sooner by extra payments.

The Interest Rate shall be changed as follows: The Farm Credit Bank Variable Base Rate ("FCB Variable Base") is a per annum interest rate determined from time to time by Bank in its sole discretion. The effective date of each change in the FCB Variable Base shall be determined by Bank in its sole discretion.

The effective date of each change in the FCB Variable Base after the effective date of this Agreement is referred to as an "Interest Change Date." Borrowers shall pay interest on the Adjusted Principal Balance on and after each Interest Change Date at the per annum interest rate equal to the sum of the FCB Variable Base in effect on such Interest Change Date plus 2.55 percent per annum, until the next Interest Change Date. The Adjusted Principal Balance on any date is the unpaid principal balance on such date minus the principal portion of any installment payment(s) which have been billed by Bank on or before such date and unpaid on such date.

The non-payment when due of any sum due under the terms of the Loan Documents shall cause the assessment of default interest and, if provided in the Loan Documents, late charges. The default rate after the effective date hereof is the interest rate in effect at the time of default plus four percent per annum which shall be charged on the total amount of the payment due on any payment date until the earlier of the date such payment is paid or the date of acceleration. If applicable, the late charge after the effective date hereof is five percent of the installment. After Acceleration, the entire amount due and payable shall thereafter bear interest at a per annum interest rate until paid equal to the interest rate in effect of Acceleration plus four percent per annum.

Any payment shall be applied by Bank as of the date of receipt first to accrued and unpaid interest, other amounts then due, and any remainder to the Adjusted Principal Balance. Subject to the preceding sentence, Borrower may at any time pay any amount of principal in advance of its maturity. Unless the Bank otherwise elects, any such payment shall operate to reduce the balance owing and to discharge the debt evidenced hereby at an earlier date, but shall not alter the obligation to pay full installments periodically as above provided until the debt is paid in full.

It is expressly agreed that if any Borrower hereto was not heretofore personally liable under the Loan Documents, said Borrower hereby assumes and agrees to pay the entire debt owing hereunder, and to perform each of the other agreements contained in this agreement and the Loan Documents. Each Borrower is fully, personally, jointly and severally obligated to perform all of the obligations of Borrower under this agreement and the Loan Documents. Bank may enforce its rights under this agreement and the Loan Documents against each such obligor individually or against all such obligors together. Borrowers jointly and severally waive presentment for payment, demand, notice of nonpayment, protest, notice of protest, and diligence in enforcing payment under this agreement and the Loan Documents. Borrowers shall take any action requested by Bank to complete, perfect or continue Borrowers' obligation and lien priority.

Borrowers jointly and severally agree that Bank may at any time, without notice, release all or any part of the security for this note; grant extensions, deferments, renewals or reamortizations of any part of the loan evidenced by this agreement and the Loan Documents; and release from personal liability any one or more of the obligors who are or may become liable for the loan evidenced by this agreement and the Loan Documents without affecting the personal liability of any other obligor.

Time is of the essence. The failure of Borrowers to make any payment or perform any obligation when required to be paid or performed by this agreement or the Loan Documents shall constitute a default under this agreement or the Loan Documents. Bank may at its option declare the entire indebtedness due and payable ("Acceleration") upon a default under this agreement on the Loan Documents.

Borrowers shall pay Bank on demand all attorneys fees and costs incurred to collect any payment due, foreclose or otherwise realize on the collateral, or to otherwise protect or enforce Bank's rights under this agreement and the Loan Documents, including fees and costs incurred by Bank in connection with any state, federal, bankruptcy or appellate court proceeding. If Bank elects to charge interest on all or any portion of such fees or costs, Borrowers shall pay interest thereon at the rate in effect from the date such fees and costs are paid by Bank.

Bank shall have and may exercise any and all rights and remedies available at law or in equity and also any and all rights and remedies provided herein or in the Loan Documents. All such rights and remedies may be pursued singularly, successively or together, at the sole discretion of Bank, and may be exercised as often as occasion therefor shall arise. No act of omission or commission of Bank, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Bank and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

This agreement and the Loan Documents constitute the entire agreement between Borrowers and Bank; supersede all prior negotiations, representations and promises, which are merged into such writings; and may be amended only by execution of a written instrument executed by Bank and Borrowers.

This agreement is for the benefit of and binding upon the heirs, representatives, successors and assigns of all parties executing the same, respectively. The parties agree that this agreement and each of its terms and conditions are contractual and not a mere recital.

Borrowers agree to provide Bank 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 by Borrower to be complete and accurate or, at Bank's option, audited by an independent accountant at Borrower's expense.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.

William A. Hickey, Jr.
William A. Hickey, Jr.

Sheila M. Hickey
Sheila M. Hickey
Borrowers

FARM CREDIT BANK OF SPOKANE

By Rhonda Baglien
Rhonda Baglien, Authorized Agent

STATE OF Oregon)
County of Lake) ss.

On this 28th day of February, 1990, before me personally appeared William A. Hickey, Jr. and Sheila M. Hickey known to me to be the persons described in and whose names are subscribed to and who executed the within instrument and acknowledged to me that they executed, signed and sealed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and notarial seal the day and year last above written.

Janet Pekow
Notary Public for the State of Oregon
Residing at Lakeview,
My commission expires 6/21/93

Approved

CK

#691

STATE OF OREGON, ss.
County of Klamath

Filed for record at request of:

Farm Credit Services
on this 27th day of March A.D., 19 90
at 11:45 o'clock AM and duly recorded
in Vol. M90 of Mortgages, Page 5530.
Evelyn Biehn County Clerk
By Debra M. Buehler
Deputy.

Fee. \$18.00

