

MODIFICATION OF NOTE AND MORTGAGE

This agreement is made and entered into by and between LEE R. SUKRAW, hereinafter referred to as "Sukraw", and LEON R. ANDRIEU and MINNIE RUTH ANDRIEU, husband and wife, hereinafter referred to as "Andrieu".

In consideration of the promises and covenants contained herein, the parties to this agreement agree as follows:

1. RECITALS. The parties declare that the following facts are true: Sukraw is the owner of certain real property located in Klamath County, Oregon, and described on Exhibit "A" attached hereto and made a part hereof, and hereinafter referred to as "the property". Andrieu is the holder of a promissory note from Sukraw, hereinafter referred to as "note", which is secured by a mortgage on the property, hereinafter referred to as "mortgage". The mortgage, including a copy of the note, is recorded in Klamath County Deed Records, Volume M89, Page 5276. The note provides for annual payments due on March 15th. The annual payment due in 1992 has been paid and as of the execution of this document, the note and mortgage are current and not in default. Irrigation water for the property is supplied by Klamath Drainage District. Sukraw and Andrieu have decided upon the terms of an amendment to the note and mortgage and wish to reduce their agreement to writing.

2. CONSIDERATION. The consideration for this agreement is the early payment by Sukraw of the installment due March 15, 1993, in the amount of \$17,881.28, receipt of which is hereby acknowledged, and the further payment by Sukraw to Andrieu of the sum of \$10.00, receipt of which is also hereby acknowledged.

3. MODIFICATION. Notwithstanding any provision in the note or in the mortgage to the contrary, the note and the mortgage are hereby modified as follows: At any time during the life of the note and mortgage, Sukraw shall have the right to skip any two annual payments, provided that he gives written notice of his intent to do so on or before February 1st of the year in which he intends to skip the annual payment, and provided further that Sukraw shall be allowed to skip an annual payment only in the event that there is a reasonable probability that Klamath Drainage District will not supply to the property irrigation water in the quantity available during the year 1989. In the event of an election by Sukraw to skip an annual payment, the interest on the unpaid balance of the note shall continue to accrue, and Sukraw shall make the next annual payment, by March 15th the following year, in the amount of \$17,881.28, unless Sukraw elects to skip the following payment also; provided, however, that under no circumstances shall Sukraw be allowed to skip more than two annual payments.

4. FINAL DUE DATE. The note and mortgage are further amended as follows: The final payment of principal and interest due thereon, if not sooner paid, is due and payable on March 15, 2005.

5. ATTORNEYS. This agreement has been prepared by Jerry M. Molatore, attorney at law, on behalf of Sukraw. Andrieu acknowledges that Jerry M. Molatore does not represent Andrieu, and that Andrieu has been advised that they have the right to have this matter reviewed by an attorney of their choice.

6. ATTORNEY'S FEES AND COSTS. In the event suit or action is instituted regarding any of the terms of this contract, the prevailing party shall be entitled to recover from the other party such sums as the court may adjudge reasonable as attorney's fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

7. PROMISES BINDING. The covenants and conditions herein contained shall apply to, bind and inure to the benefit of the heirs, successors, executors, administrators, personal representatives and assigns of each of the parties hereto.

8. INTEGRATION. This document is the entire, final and complete agreement of the parties pertaining to the modification of the note and mortgage.

9. TERMINATION OF AGREEMENT. This agreement shall terminate and be of no further effect upon the satisfaction of the mortgage.

DATED: April 1, 1992

Lee R. Sukraw
LEE R. SUKRAW

DATED: April 1 1994, 1992

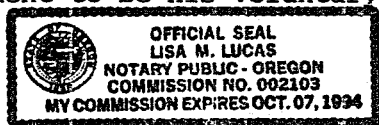
Leon R. Andrieu
LEON R. ANDRIEU

DATED: April 1, 1992

Minnie Ruth Andrieu
MINNIE RUTH ANDRIEU

STATE OF OREGON)
) ss.
COUNTY OF KLAMATH)

Personally appeared before me this 1 day of April, 1992, the above named LEE R. SUKRAW, and acknowledged the foregoing instrument to be his voluntary act and deed.



Lisa M. Lucas
NOTARY PUBLIC FOR OREGON
My commission expires: 10/7/94

STATE OF OREGON)
) ss.
 COUNTY OF KLAMATH)

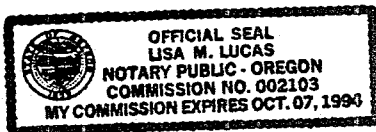
Personally appeared before me this 1 day of April, 1992, the above named LEON R. ANDRIEU, and acknowledged the foregoing instrument to be his voluntary act and deed.



Lisa M. Lucas
 NOTARY PUBLIC FOR OREGON
 My commission expires: 10/7/94

STATE OF OREGON)
) ss.
 COUNTY OF KLAMATH)

Personally appeared before me this 1 day of April, 1992, the above named MINNIE RUTH ANDRIEU, and acknowledged the foregoing instrument to be her voluntary act and deed.



Lisa M. Lucas
 NOTARY PUBLIC FOR OREGON
 My commission expires: 10/7/94

AFTER RECORDING, RETURN TO:

Jerry M. Molatore
 426 Main Street
 Klamath Falls, OR 97601

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1

Government Lots 3, 5, 6, and 7 in Section 27 Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM a tract of land situated in Government Lot 3 of Section 27 Township 40 South, Range 9 East of the Willamette Meridian, as follows:

Beginning at the Southeast corner of said Government Lot 3; thence North along the East line of Government Lot 3 to the Northeast corner thereof, thence West along the North line of Government Lot 3, 998 feet more or less to an existing fence on the right bank of an irrigation ditch as now constructed, thence South Easterly following said fence and ditch to a point on the South line of Government Lot 3, said point being 147 feet West of the point of beginning, thence East along the South line of Government Lot 3 to the point of beginning.

PARCEL 2

The Southwest Quarter (SW1/4) of the Southeast (SE1/4) and the Southeast Quarter (SE1/4) of the Southeast Quarter (SE1/4) and Lots four (4) and ten (10) of Section 28; all in Township 40 South, Range 9 East of the Willamette Meridian.

Portions of Lots 2, 5, 8 and 9, Section 28, Township 40 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon, being more particularly described as follows: Beginning at a point on the North-South center line of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, from which the quarter-section corner common to sections 21 and 28, Township 40 South, Range 9 East of the Willamette Meridian bears North 0 degrees 06 1/4' East 1839.0 feet distant; thence North 68 degrees 30 3/4' West 34.7 feet to an iron pipe reference monument; thence North 68 degrees 30 3/4' West 25.6 feet to the center line of the Klamath Drainage District North Canal as the same is presently located and constructed; thence, following the center line of said canal, South 0 degrees 06' West 198.5 feet to a point; thence South 89 degrees 54 1/2' East 130.0 feet to a point; thence South 59 degrees 06' East 1039.6 feet to a point; thence South 72 degrees 54 1/2' East 309.7 feet to a point where the center line of said canal intersects the Southerly line of Lot 9 of said Section 28; thence, leaving the center line of said canal, South 89 degrees 48 1/2' East along the Southerly line of said Lot 9 51.0 feet to the Southeast corner of said Lot 9; thence North 0 degrees 02 1/4' West 788.3 feet to a point in the center line of the lower Klamath Lake County Road as the same is presently located and constructed; thence

(continued)

North 69 degrees 35' West along the center line as said County Road 533.5 feet to a point; thence, leaving said County Road center line, South 0 degrees 09 1/4' West 31.12 feet to an iron pipe reference monument; thence South 0 degrees 09 1/4' West 400.0 feet to an iron pipe; thence North 74 degrees 59 1/4' West 502.5 feet to an iron pipe thence North 68 degrees 30 3/4' West 351.1 feet more or less to the point of beginning.

That portion of Lot 9, Section 28, Township 40 South, Range 9 East of the Willamette Meridian in Klamath County, Oregon, lying Southerly from the center line of the Klamath Drainage District North Canal, as the same is presently located and constructed, and being more particularly described as follows: Beginning at a point on the Westerly line of Lot 9, Section 28, Township 40 South, Range 9 East of the Willamette Meridian, where the same intersects the center line of the Klamath Drainage District North Canal and from which point the quarter-section corner common to sections 21 and 28 bears North 0 degrees 06 1/4' East 2015.5 feet distance, thence South 0 degrees 06 1/4' West 620.2 feet to the Southwest corner of said Lot 9; thence South 89 degrees 42 1/2' East along the South line of said Lot 9 1263.2 feet to a point on the center line of the said Klamath Drainage District North Canal; thence, following the center line of said canal, North 72 degrees 54 1/2' West 309.7 feet to a point; thence North 59 degrees 06' West 1039.6 feet to a point; thence North 89 degrees 54 1/2' West 74.0 feet more or less to the point of beginning.

NW1/4 SE1/4 of Section 28, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

The following property being a portion of Government Lot 2, Section 28, Township 40 South, Range 9 East of the Willamette Meridian described as follows:

Beginning at a point that is South 0 degrees 02' 15" East 1320' from the NE1/4 corner of Government Lot 2; thence West 20 feet; thence South 0 degrees 02' 15" East to North right of way line of Lower Lake Road; thence South 69 degrees 35' East to East line of said Government Lot 2; thence North 0 degrees 02' 15" West 499.5 feet to the point of beginning.

PARCEL 3

7089

Government Lot three (3) of Section Twenty-eight (28), Township Forty (40) South, Range Nine (9) East of the Willamette Meridian.

Excepting any portion of the property lying within the right of way of Lower Lake Road.

Tax Account No: 4009 02700 00600
4009 02700 00800
4009 02800 01100
4009 02800 01300
4009 02800 01400
4009 02800 01500
4009 02800 01600
4009 02800 01700

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Jerry Molatore the 3rd day
of April A.D., 19 92 at 2:46 o'clock P M., and duly recorded in Vol. M92,
of Mortgages on Page 7083.

Evelyn Biehn County Clerk

FEE \$40.00

By

Pauline Mulvadore