

After recording return to:  
Farm Credit Bank of Spokane  
P. O. Box 148  
Klamath Falls, OR 97601

Customer/Note No. 3361/302

### MEMORANDUM OF LOAN MODIFICATION AGREEMENT

Earl Martin Kerns and Shirley F. Kerns, Husband and Wife ("Borrower"), whose address is 9350 Highway 66, Klamath Falls, OR 97601, and Farm Credit Bank of Spokane, whose address is W. 601 First, P. O. Box TAF-C5, Spokane, WA 99220-4005 ("Lender") entered into that certain Loan Modification Agreement signed on September 16, 1993 ("Agreement") to amend the Note dated July 12, 1979, and any amendments thereto (the "Original Note") and Deed of Trust dated July 12, 1979, recorded on July 20, 1979, in Book M79, Page 17248, records of Klamath County, State of Oregon, and any amendments thereto (the "Loan Documents"), encumbering the real and/or personal property described therein, reference to which is made for the terms and the description of property. This Memorandum is an abstract of the Agreement. The Agreement provides for the indexing and adjustment of the interest rate, payment terms or balance due on the obligation evidenced by the Original Note and Loan Documents. The Original Note as amended by the Agreement is hereinafter referenced as the "Note." The interest rate, payment terms or balance due under the Note and Loan Documents may be indexed, adjusted, renewed or renegotiated. The principal sum owing under the Note and Loan Documents as of the effective date of the Agreement remains the same.

The legal description of the property to which this Agreement applies is attached hereto and incorporated herein as Exhibit "A."

Dated: Sept 16-1993

X Earl Martin Kerns  
Earl Martin Kerns

X Shirley F. Kerns  
Shirley F. Kerns

Farm Credit Bank of Spokane  
Successor by merger to  
Federal Land Bank of Spokane

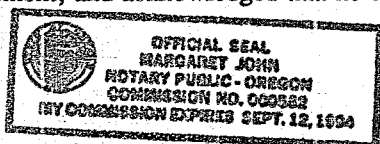
X Ranse L. Herzinger  
Ranse L. Herzinger,  
Sr. Credit Officer  
Authorized Representative

STATE OF OREGON )

) ss.

County of Klamath )

On this 16 day of September, 1993, before me personally appeared Earl Martin Kerns, to me known to be the person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.



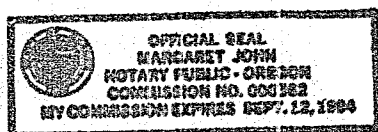
X Margaret John  
Notary Public for Oregon  
Residing at Klamath Falls, OR  
My Commission Expires: 9-12-94

STATE OF OREGON )

) ss.

County of Klamath )

On this 17 day of September, 1993, before me personally appeared Shirley F. Kerns, to me known to be the person described in and who executed the within instrument, and acknowledged that she executed the same as her free act and deed.



X Margaret John  
Residing at Klamath Falls, OR  
My Commission Expires: 9-12-94

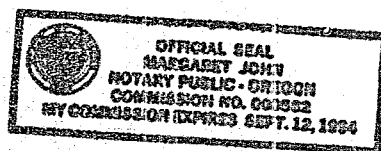
Page 2  
Memorandum of Loan Modification Agreement

STATE OF OREGON )

County of Klamath )

) ss.

On this 16 day of September, 1993, before me personally appeared Ranse L. Herzinger, known to me to be an authorized agent of the Farm Credit Bank of Spokane 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 was authorized to execute said instrument.



X Margaret John  
Notary Public for Oregon  
Residing at Klamath Falls, OR  
My Commission Expires: 9-12-94

Township 39 South, Range 8 East, of the Willamette Meridian.  
Section 27: Lots 1, 2, 6, 7 and 8  
Section 34: Lots 9, 10, 11, 15, 16 and 17, SW $\frac{1}{4}$ NW $\frac{1}{4}$

Township 40 South, Range 8 East, of the Willamette Meridian.  
Section 2: Lots 1, 2 and 12  
Section 3: N $\frac{1}{2}$

EXCEPTING THEREFROM the following described parcel: A parcel of land situated in Sections 2 and 3, Township 40 South, Range 8 East, of the Willamette Meridian, being more particularly described as follows: Beginning at a 5/8 inch iron rod, at the intersection of the mean high water line on the right bank of Klamath River and the centerline of an existing drain canal, from which the Brass Capped iron pipe marking the corner common to Sections 34 and 35, Township 39 South, Range 8 East, of the Willamette Meridian, and Sections 2 and 3, Township 40 South, Range 8 East, of the Willamette Meridian, bears North 59°51'02" West, 319.26 feet; thence South 59°36'06" West 803.06 feet along the centerline of said existing drain canal to a point from which a 5/8 inch iron rod on the South bank of said drain canal bears South 37°09'39" East, 30.21 feet; thence South 37°09'39" East, 30.21 feet to said 5/8 inch iron rod; thence continuing South 37°09'39" East, 752.42 feet to a 5/8 inch iron rod; thence North 68°34'03" East, 405.47 feet to a 5/8 inch iron rod; thence South 58°32'07" East, 499.93 feet to a 5/8 inch iron rod; thence South 01°51'33" East 449.12 feet to a 5/8 inch iron rod on the Northeasterly bank of an existing drain ditch; thence, Southeasterly, along the Northeasterly Bank of said existing drain ditch as follows: Thence South 87°03'54" East, 447.50 feet to a 5/8 inch iron rod; thence South 73°43'58" East, 215.77 feet to a 5/8 inch iron rod; thence South 55°05'24" East, 297.62 feet to a 5/8 inch iron rod; thence South 28°39'12" East, 256.72 feet to a 5/8 inch iron rod; thence South 39°49'20" East, 275.92 feet to a 5/8 inch iron rod; thence South 12°12'22" East, 236.87 feet to a 5/8 inch iron rod in an old existing East-West fence line, and on the North boundary of that tract of land described in Volume M66 page 3295 of Deed Records of Klamath County, Oregon; thence South 89°17'47" East, 739.09 feet along said East-West fence line to a 5/8 inch iron rod at the mean high water line on the right bank of Klamath River; thence, upstream, along said mean high water line as follows: Thence North 32°00'50" West, 744.92 feet; thence North 36°22'46" West 110.95 feet; thence North 46°29'59" West, 435.80 feet; thence North 51°16'05" West, 527.85 feet; thence North 54°06'46" West, 818.63 feet; thence North 03°21'52" West, 60.01 feet; thence North 82°35'19" West, 112.06 feet; thence North 55°36'10" West, 178.76 feet; thence North 42°22'54" West, 699.59 feet to the point of beginning, containing 49.21 acres, more or less.

SUBJECT TO an easement, 40 feet in width, for ingress and egress along the North boundary of Sections 3 and 2, Township 40 South, Range 8 East, of the Willamette Meridian, to the mean high water line of Klamath River; thence downstream along said mean high water line to the North boundary of the above described parcel.

Together with a 40 HP G.E. electric motor, with a Rain-o-Flow centrifugal pump, and with a 40 HP G.E. electric motor, with a Cornell centrifugal pump, and a 50 HP G.E. electric motor, with a Cornell centrifugal pump, and 6300 feet of sizes 6" through 16" steel and PVC mainline and any replacements thereof; all of which are hereby declared to be appurtenant thereto. ✓

X *[Signature]* X *[Signature]* X *[Signature]*

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_ the \_\_\_\_\_ 24th day  
of \_\_\_\_\_ Sept. \_\_\_\_\_ A.D., 19 93 at 1:19 o'clock P M., and duly recorded in Vol. M93  
of \_\_\_\_\_ Mortgages \_\_\_\_\_ on Page 24713

FEE \$20.00

Evelyn Biehn County Clerk

By *[Signature]*