

Upon recordation please return to:) Space reserved for
 Dean Gisvold) recorder's use
 1600 Standard Plaza)
 Portland, OR 97204)

Old Loan Number: 202098-0
 New Loan Number: _____

K-35766

MEMORANDUM OF SECOND MODIFICATION AGREEMENT

A. W.C. RANCH, INC., an Oregon Corporation, NANCY BARNES COFFIN, S. RUSH COFFIN, and NANCY BARNES COFFIN AND S. RUSH COFFIN AS TRUSTEES OF TRUST AGREEMENT DATED JUNE 2, 1976 (collectively "Mortgagor") and THE TRAVELERS INSURANCE COMPANY, a Connecticut corporation ("Beneficiary") have agreed to modify the Mortgage (as defined below), the Note secured thereby and the other loan documents executed in connection therewith ("Loan Documents").

B. The Mortgage ("Mortgage") recorded on December 21, 1982, in Volume M82, ^{page 18205} Mortgage Records of Klamath County, Oregon, is a valid and existing lien on the real property described in Exhibit A, attached hereto and incorporated herein by this reference, and secures the indebtedness evidenced by the Note from the Borrowers to Beneficiary dated December 1, 1982, in the original principal amount of \$600,000.00 (the "Note"). The Note, the Mortgage, and all other security instruments executed in connection therewith, are hereinafter referred to collectively as "Loan Documents." Subsequent to the making of the Loan, the parties agreed to certain amendments to the Loan as memorialized by that certain Modification Agreement dated May 8, 1987, and a Memorandum of Modification Agreement was recorded May 14, 1987, Vol. M87, Page 8305, Mortgage Records of Klamath County, Oregon.

C. Mortgagor has requested that additional modifications be made in the Note and Mortgage. Beneficiary has agreed to such request and the parties have entered into a second modification agreement of even date (the "Second Modification Agreement").

D. Capitalized words and terms used herein without other definition shall have the meanings given in the Mortgage and in the Second Modification Agreement.

W I T N E S S E T H:

1. Pursuant to the Second Modification Agreement, the parties have agreed to the following modifications of the Loan Documents:

(a) The Maturity Date of the Mortgage has been extended from January 1, 1994, to January 1, 1999.

(b) The Loan Documents were amended in several additional respects, including new prepayment provisions and the following:

The Mortgage was amended to add the following provision:

"The Mortgagee may at any time without notice and without the prior consent of junior lienholder release portions of the Property from the lien of the Mortgage and it is expressly understood and agreed that such partial releases shall not affect the personal liability of any person on the Note secured hereby or any party assuming the obligations evidenced by the Note, or the priority of the lien of the Mortgage on the Property remaining subject to the Mortgage for the full amount of the Note then remaining unpaid."

2. Nothing herein contained shall in any manner affect the priority of the lien of the Mortgage, as amended, or any other Loan Document securing the Note.

3. The law of the State of Oregon shall govern the validity, interpretation, construction, and performance of this Amendment.

4. The provisions of the Second Modification Agreement shall be secured by the Mortgage and the other Loan Documents as fully as if such provisions were included in the original Note, Mortgage, and other Loan Documents.

5. The parties have agreed that the Note, the Mortgage, and other Loan Documents as amended by the Second Modification Agreement are and shall remain in full force and effect according to their terms, and all terms, covenants and conditions and provisions thereof as so amended are hereby ratified and confirmed.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY TRAVELERS INSURANCE COMPANY AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S

2 - MEMORANDUM OF SECOND MODIFICATION AGREEMENT AND SECOND AMENDMENT TO MORTGAGE

24727

RESIDENCE MUST BE IN WRITING. EXPRESS CONSIDERATION AND
BE SIGNED BY AN AUTHORIZED REPRESENTATIVE OF
TRAVELERS INSURANCE COMPANY TO BE ENFORCEABLE.

DATED as of July 18th, 1994.

W. C. RANCH INC.,
 an Oregon corporation

By: [Signature]
 Its: Sec

Nancy Barnes Coffin
 Nancy Barnes Coffin

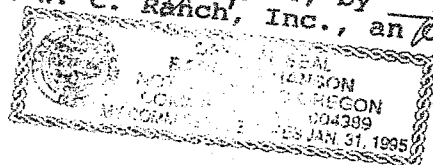
Nancy Barnes Coffin
 as Trustee of Trust Agreement
 dated June 2, 1976

[Signature]
 S. Rush Coffin

[Signature]
 S. Rush Coffin
 as Trustee of Trust Agreement
 dated June 2, 1976

STATE OF OREGON)
 County of Klamath) ss.

This instrument was acknowledged before me on the 15th
 day of July, 1994, by Nancy W. May, as Sec.
 of W. C. Ranch, Inc., an Oregon corporation.



Barbara Hanson
 Notary Public for Oregon
 My Commission expires: 1/31/95

PROVINCE)
 STATE OF BRITISH COLUMBIA) ss.
 DISTRICT)
 County of Campbell River

This instrument was acknowledged before me on the 20
 day of July, 1994, by Nancy Barnes Coffin, individually and as
 Trustee of Trust Agreement dated June 2, 1976.



[Signature]
 Notary Public for British Columbia
 My Commission expires: LIFETIME COMMISSION

3 - MEMORANDUM OF SECOND MODIFICATION AGREEMENT AND
 SECOND AMENDMENT TO MORTGAGE
 K. PATRICIA EMERY
 Notary Public
 460 11th Avenue, Campbell River, B.C.
 V9W 4G3 287-7565

Province
 STATE OF *BRITISH Columbia* } ss.
District
 County of *Gambling River* }

— This instrument was acknowledged before me on the 20
 day of July, 1994, by S. Rush Coffin, individually and as Trustee
 of Trust Agreement dated June 2, 1976.

[Signature]
 Notary Public for ~~Oregon~~ *BRITISH Columbia*
 My Commission expires: LIFETIME COMMISSION



K. PATRICIA EMERY
 Notary Public
 460 11th. Avenue, Campbell River, B.C.
 V9W 4G3 287-7565

The land referred to in this policy is situated in the State of Oregon, County of Klamath and is described as follows:

The following described real property situate in Klamath County, Oregon.

PARCEL 1:

TOWNSHIP 40 S.R. 10 E.W.M.

Section 10: E½SW¼

Section 16: NW¼NW¼; S½N½; N½S½; N½SE½SE½; SW½SE½; SW½SW½ LESS portion lying Southwesterly of Great Northern Railroad Right of way.

Section 20: Lot 4

Section 21: Lots 4, 9, 10 and 11,

EXCEPTING that portion of Lot 9, lying South of Lost River.

ALSO EXCEPTING that portion of Lot 11 lying within the following description: Beginning at 5/8 inch iron pin on the Southwesterly right of way line of the Great Northern Railroad right of way from which the section corner common to Sections 16, 17, 20 and 21, Township 40 South, Range 10 East of the Willamette Meridian bears North 53°48'36" West a distance of 667.31 feet; thence North 44°00'00" West along said right of way 1076.20 feet to a point on the Northerly line of a tract of land described in Volume 360 page 132, Deed Records of Klamath County, Oregon; thence North 73°00'00" West along said Northerly line 276.12 feet to a point on the Southeasterly right of way line of Zukerman road; thence South 33°09'20" West along said Southeasterly right of way line 331.87 feet; thence South 50°47'36" East 292.42 feet to a point on the South line of Section 17, Township 40 South, Range 10 East, Willamette Meridian; thence Southerly along the high water line of Lost River the meander line of which is as follows: South 48°52'32" East 232.66 feet; thence South 52°04'05" East 237.81 feet; thence leaving said highwater line North 63°04'05" East 108.12 feet; thence South 26°20'35" East 105.18 feet; thence South 44°00'00" East 162.43 feet; thence North 78°45'30" East 354.64 feet to the point of beginning.

TOGETHER with an easement 20 feet in width for the purpose of egress and ingress the centerline of which is more particularly described as follows: Commencing at the most Southeasterly corner of the above described parcel; thence North 44°00'00" West 392.41 feet to the point of beginning for this easement; thence South 48°51'55" West 168.04 feet; thence South 70°36'00" West 110 feet.

Section 22: NW¼NW¼; S½NW¼; NW½SW¼ EXCEPT portion lying Southerly of Hill Road; E½SW¼; W½SE½; SW½SW¼

Section 23: E½W½; W½NE½; NW½SE½

Section 26: NE½NW¼

Section 27: Lots 5, 6, 7, 8 and 9; SE½SE½; N½NW¼; SE½NW¼; W½NE½

LESS the following: Beginning at a 5/8 inch iron pin marking the northeast corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 27; thence S 00°33'36" W, along the east line of said NW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 27, 1382.64 feet, more or less, to the northerly right of way line of Hill Road, a county road; thence northwesterly along the northerly right of way line of said Hill Road 1300 feet, more or less, to a one-inch iron pin at the intersection of said right of way line with a fence running northeast; thence along said fence and the northeasterly projection thereof N 42°12'33" E 542.46 feet to a one-inch iron pin set in the center of a dirt road; thence leaving said fence line N 35°05'31" E 392.34 feet to a point on the north line of said Section 27, said point being marked by a one-inch iron pin; thence N 89°58'17" E along the said north line of said Section 27, 420.67 feet to the point of beginning, containing 20.1 acres, more or less.

AND ALSO SAVING AND EXCEPTING THEREFROM a parcel of land situated in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, in Lot 5, and in Lot 6 all being in Section 27, Township 40 South, Range 10 East of the Willamette Meridian, and being more particularly described as follows: Beginning at a point where the South line of said Section 27 intersects the Westerly right of way line of the Burlington Northern Railroad, from which the southeast corner of said Section 27 bears S 89°38'24" E, 1097.43 feet; thence N. 28°45'24" W, along said right of way line, 1029.75 feet; thence S 61°14'36" W, 50.00 feet; thence N 28°45'24" W, 655.60 feet; thence along the arc of a 5629.65 foot radius curve to the left (delta equals 01°10'05"), 114.77 feet to the South line of a drainage easement; thence S 57°42' W along the South line of said drainage easement, 275.64 feet, more or less, to a point on the mean high water line of the left bank of Lost River; thence southeast along said mean high water line to a point on the south line of said Section 27; thence S 89°38'24" E, along said South line 751.73 feet, more or less, to the point of beginning, containing 17.03 acres, more or less.

Section 28: Lot 4

EXCEPTING from the above described lands, right of way for Great Northern Railroad as set out in transcript of Decree dated June 6, 1931, recorded November 2, 1931, in Volume 96 page 246, Deed Records of Klamath County, Oregon.

PARCEL 2:

TOWNSHIP 40 S. R. 10 E. W. M.

Section 16: S $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 21: E $\frac{1}{4}$ NE $\frac{1}{4}$ and that portion of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ lying Northerly of Hill Road.

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

Page 2 - EXHIBIT "A"

Klamath County Title Co
on this 10th day of Aug. A.D. 19 94
at 3:27 o'clock P. M. and duly recorded
in Vol. M94 of Mortgages Page 24725
Evelyn Biehn County Clerk
By M. B. Biehn
Deputy.

Fee, \$35.00