

21643

After Recording, return to:
 U. S. National Bank of Oregon
 Commercial Real Estate Division
 Ann Shorb/6th Floor/ORE-6343
 601 SE Hawthorne Blvd.
 Portland, Oregon 97214

Vol. m96 Page 21558

**AMENDMENT TO REAL ESTATE NOTE ADJUSTABLE INTEREST RATE
 AND
 DEED OF TRUST**

Dated: June 23, 1996.

For valuable consideration, the parties signing below agree as follows:

1. The Loan.

(a) UNITED STATES NATIONAL BANK OF OREGON, a national banking association, successor in interest to U.S. Bancorp Consumer Services, Inc., d.b.a. U.S. Creditcorp ("Lender") has extended credit to PRAKASH J. PATEL and PARESH J. PATEL ("Borrower") pursuant to the terms of a Real Estate Note Adjustable Interest Rate dated February 14, 1986, in the original principal amount of \$200,000.00 (the "Note").

(b) Repayment of the Note is secured by a Deed of Trust executed by Borrower as Grantor in favor of Lender as Beneficiary, dated February 14, 1986, recorded February 14, 1986, as No. 58324 in Vol. M86, Page 2784, records of Klamath County, Oregon, rerecorded March 30, 1987, as No. 72854 in Vol. M87, Page 5168, records of Klamath County, Oregon, (the "Deed of Trust"), and an Assignment of Leases and Rents dated February 14, 1986, recorded February 14, 1986, as No. 58325 in Vol. M86, Page 2786, records of Klamath County, Oregon, rerecorded March 30, 1987, as No. 72855 in Vol. M87, Page 5170, records of Klamath County, Oregon, covering the real property described on attached Exhibit A. The Note may also be secured as set forth in other documents executed by Borrower.

(c) Repayment of the Note is guaranteed pursuant to the terms of three guaranties dated February 14, 1986; one executed by Lotus Management, Inc., one by Bina P. Patel, and one by Sharmistha P. Patel ("Guarantors").

2. Amendments to Note and Deed of Trust. The Note and Deed of Trust are hereby amended to provide as follows:

(a) The maturity date of the Note is hereby changed to October 1, 1999, at which time the then-outstanding balance of principal and interest of the Note is due and payable in full.

3. Amendments to Note. The Note is hereby amended by adding thereto the following:

(a) The interest rate information listed in Paragraph 2 of the Note is hereby omitted and replaced with a fixed rate over the remaining term of the loan. The annual percentage rate will increase from the current rate of 8.40% to 9.25% per annum, effective April 1, 1996.

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(b) Beginning with the payment due May 1, 1996, the monthly payments to be made shall be increased from the current amount of \$1,867.01 to \$1,910.51 based upon the amortization of the unpaid principal balance over a term of 74 months.

(c) The late charge provision listed in Paragraph 5 of the Note is replaced by the following: If any installment is not paid when due, and is more than nineteen (19) past due, the undersigned promises to pay a late charge of 5% of the delinquent installment.

4. Amendments to Deed of Trust. The Deed of Trust is hereby amended by adding thereto the following:

(a) **Hazardous Substances:** The following language shall be added as paragraph 13 of the Deed of Trust:

13.1 Except as previously disclosed to Lender in writing, Borrower represents and warrants to Lender as follows:

- i. No hazardous substances are stored, located, used or produced on the Property.
- ii. To the best of Borrower's knowledge after due and diligent inquiry no hazardous substances are stored, located, used or produced on any adjacent property nor have any hazardous substances been stored, located, used, produced, or released on the Property or any adjacent property prior to Borrower's ownership, possession or control of the Property.

13.2 Borrower will not cause nor permit any activities on the Property which directly or indirectly could result in the release of any hazardous substance onto or under the Property or any other property. Borrower agrees to provide written notice to Lender immediately upon Borrower becoming aware that the Property or any adjacent property is being or has been subject to a release of any hazardous substance.

13.3 Lender and its representatives may enter the Property at any time for the purpose of conducting an environmental audit, committing only such injury to the Property as may be necessary to conduct the environmental audit. Lender shall not be required to remedy any such injury or compensate Borrower therefor. Borrower shall cooperate in all respects in the performance of the audit. Borrower shall pay the costs of any environmental audit if either a default exists under this Deed of Trust at the time Lender arranges to have the audit performed or the audit reveals a default pertaining to hazardous substances. If Borrower refuses to permit Lender or its representatives to conduct an environmental audit on the Property, Lender may specifically enforce performance of this provision.

13.4 Borrower will indemnify and hold Lender harmless from and against any and all claims, demands, damages, clean-up and other costs, expenses, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings (including attorneys' fees) arising directly or indirectly from or out of, or in any way connected with (i) the breach of any representation, warranty, covenant or agreement concerning hazardous substances contained herein or in any other document executed by Borrower in connection with the loan evidenced by the note(s); (ii) any release onto or under the Property or other property of any hazardous substance which occurs as a direct or indirect result of the acts or omissions of Borrower, its directors, officers, employees, agents, and independent contractors; and (iii) any release onto or under the Property of any hazardous substance which occurs during Borrower's ownership, possession, or control of the Property.

13.5 If Lender shall at any time, through the exercise of any of its remedies under this Deed of Trust, or by taking a deed in lieu of foreclosure, hold title to or own the Property in Lender's own right, and Lender discovers that any hazardous substance has been stored, located, used, produced or released onto or under the Property, Lender may, at its option, convey the Property to Borrower. Borrower covenants and agrees that it shall accept delivery of any instrument of conveyance and resume ownership of the Property in the event Lender exercises its option hereunder to convey the Property to

Borrower. Lender, at Lender's sole discretion, shall have the right to record any instrument conveying the Property to Borrower and such recordation shall be deemed acceptance of the instrument and conveyance by Borrower.

13.6 All Borrower's representations, warranties, covenants and agreements contained herein regarding hazardous substances, including but not limited to Borrower's agreement to accept conveyance of the Property from Lender and resume ownership shall survive foreclosure of this Deed of Trust or acceptance by Lender of a deed in lieu of foreclosure.

13.7 For purposes of this Deed of Trust, the term "hazardous substances" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, or a hazardous, toxic or radioactive substance (or designated by any other similar term) by any applicable federal, state or local statute, regulation or ordinance now in effect or in effect at any time during either the term of this Deed of Trust or however long Borrower remains in possession, custody, or control of the Property following either foreclosure of this Deed of Trust or acceptance by Lender of a deed in lieu of foreclosure.

(b) **Access Laws:** The following language shall be added as Paragraph 14 of the Deed of Trust:

14.1 Borrower agrees that Borrower and the Property shall at all times strictly comply with the requirements of the Americans with Disabilities Act of 1990; the Fair Housing Amendments Act of 1988; any other federal, state or local laws or ordinances related to disabled access; or any statute, rule, regulation, ordinance, order of governmental bodies and regulatory agencies, or order or decree of any court adopted or enacted with respect thereto, as now existing or hereafter amended or adopted (collectively, the "Access Laws"). At any time, Lender may require a certificate of compliance with the Access Laws and indemnification agreement in a form reasonably acceptable to Lender. Lender may also require a certificate of compliance with the Access Laws from an architect, engineer, or other third party acceptable to Lender.

14.2 Notwithstanding any provisions set forth herein or in any other document, Borrower shall not alter or permit any tenant or other person to alter the Property in any manner which would increase Borrower's responsibilities for compliance with the Access Laws without the prior written approval of Lender. In connection with such approval, Lender may require a certificate of compliance with the Access Laws from an architect, engineer, or other person acceptable to Lender.

14.3 Borrower agrees to give prompt written notice to Beneficiary of the receipt by Borrower of any claims of violation of any of the Access Laws and of the commencement of any proceedings or investigations which relate to compliance with any of the Access Laws.

14.4 Borrower shall indemnify and hold harmless Beneficiary from and against any and all claims, demands, damages, costs, expenses, losses, liabilities, penalties, fines, and other proceedings including without limitation reasonable attorneys fees and expenses arising directly or indirectly from or out of or in any way connected with any failure of the Property to comply with any of the Access Laws. The obligations and liabilities of Borrower under this section shall survive any termination, satisfaction, assignment, judicial or nonjudicial foreclosure proceeding, or delivery of a deed in lieu of foreclosure.

(c) **Financial Information:** The following language shall be added as Paragraph 15 of the Deed of Trust:

From time to time, upon request by Lender, Borrower shall provide, and shall cause any guarantor of the Indebtedness to provide, such financial information concerning such person or the Property as Lender may require. Such information may include without limitation financial statements, tax returns and operating statements regarding the Property.

(d) **Inspections and Appraisals:** The following language shall be added as Paragraph 16 of the Deed of Trust:

Lender or its agents may enter upon the Property at any reasonable time to inspect or appraise it, whether or not any default exists hereunder. If Borrower refuses to permit such inspection or appraisal, Lender may specifically enforce performance of this provision. Borrower agrees to pay the cost of all appraisals required by Lender in its sole discretion to comply with (a) any applicable statute or regulation or (b) the request or directive (whether or not having the force of law) of any regulatory authority with jurisdiction over Lender. All such appraisal costs shall become a part of the Indebtedness secured hereby and shall be payable by Borrower on demand, together with interest thereon at the highest rate applicable to any such Indebtedness.

(e) The following language shall be added as additional events of default in paragraph 5 of the Deed of Trust:

5.8 Borrower breaches any representations or warranties contained in this Deed of Trust.

5.9 Borrower breaches any covenant or agreement contained in this Deed of Trust regarding hazardous substances.

5. Costs and Fees

(a) Prior to or contemporaneously with execution of this Amendment, Borrower shall pay to Lender an extension fee of \$1,075.00.

(b) Borrower shall pay to Lender on demand all costs incurred by Lender in connection with this Amendment, including without limitation recording fees.

6. Agreement Enforceable; Release:

(a) Each Borrower and Guarantor hereby acknowledges and agrees to all terms and conditions of this Amendment, reaffirms the representations and warranties in each of the documents and instruments identified or referred to here or executed in connection with any indebtedness or obligations of Borrower to Lender (collectively, "Documents") and acknowledges that except as amended previously or herein, each such Document is and shall remain valid and enforceable in accordance with its terms.

(b) Each Borrower and Guarantor agrees that each Borrower and Guarantor has no defenses, setoffs, counterclaims, or claims for recoupment against the indebtedness and obligations represented by the Note, Deed of Trust or any other Document or the liability imposed by any guaranty executed by such party.

(c) Borrower and Guarantor hereby release, acquit and forever discharges Lender, its affiliates, employees, successors, agents, assigns, representatives, attorneys, and each of them (collectively, "Lender's Agents"), of and from any and all liability, claims, demands, damages, causes of actions, defenses, counterclaims, setoffs or claims for recoupment of whatsoever nature, whether known or unknown, whether based upon contract, tort, statute or regulation, arising directly or indirectly from, or in any way related to the relationship between Borrower and Guarantor and Lender or Lender's Agents.

7. Attorney Fees:

(a) In any action to interpret or enforce any provision of this Amendment, the prevailing party shall be entitled to recover from the other party such sums as the court may determine reasonable as attorney fees, including such fees in any appellate proceeding, proceeding under the bankruptcy code or receivership, in addition to all other sums provided by law.

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8. Reference to Parties:

(a) If there is more than one Borrower or Guarantor, all references to Borrower or Guarantor shall mean any one or more of them.

9. Disclosures: By Oregon statute, the following disclosure shall be made:

NOTICE PURSUANT TO ORS 41.550(3)(a)-(b)

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US ON OR 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 RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

Borrower and Guarantor acknowledge receipt of a completed copy of this Amendment.

BORROWER:

By: Prakash J. Patel
Prakash J. Patel

By: Parash J. Patel
Parash J. Patel

GUARANTOR:

By: Bina P. Patel
Bina P. Patel

By: Shamistha P. Patel
Shamistha P. Patel

LOTUS MANAGEMENT, INC.

By: _____

By: _____

Its: _____

Its: _____

LENDER:

UNITED STATES NATIONAL BANK OF OREGON,
a national banking association, successor in interest to
U.S. Bancorp Consumer Services, Inc., d.b.a. U.S. Creditcorp

By: Linda E. Loven
Linda E. Loven

Title: Assistant Vice President

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8. Reference to Parties:

(a) If there is more than one Borrower or Guarantor, all references to Borrower or Guarantor shall mean any one or more of them.

9. Disclosures: By Oregon statute, the following disclosure shall be made:

NOTICE PURSUANT TO ORS 41.880(3)(a)-(b)

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US ON OR 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 RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

Borrower and Guarantor acknowledge receipt of a completed copy of this Amendment.

BORROWER:

By: Prakash J. Patel
Prakash J. Patel

By: Parash J. Patel
Parash J. Patel

GUARANTOR:

By: Dina P. Patel
Dina P. Patel

By: Sharmistha P. Patel
Sharmistha P. Patel

LOTUS MANAGEMENT, INC.

By: Prakash J. Patel
Its: P. Patel

By: V. P.
Its: V. P.

LENDER:

UNITED STATES NATIONAL BANK OF OREGON,
a national banking association, successor in interest to
U.S. Bancorp Consumer Services, Inc., d.b.a. U.S. Creditcorp

By: Linda E. Loven
Title: Assistant Vice President

LENDER ACKNOWLEDGMENT

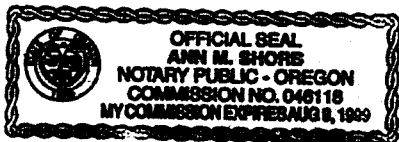
21564

STATE OF OREGON

County of Multnomah

)
) ss.
)

This instrument was acknowledged before me this 12th day of July, 1996, by Linda E. Loven, who, being duly sworn, did say that she is an Assistant Vice President of UNITED STATES NATIONAL BANK OF OREGON, a national banking association, and that said instrument was signed in behalf and by authority of said association; and she acknowledged said instrument to be its voluntary act and deed.



Ann M. Shore
Notary Public for Oregon
My commission expires: 8-9-99

21565

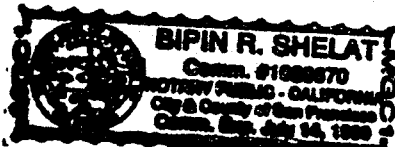
STATE OF CALIFORNIA

County of

Santa Clara) ss.

On 23rd June 1996 before me, Bipin R. Shelat personally appeared Prakash Patel, Parash Patel, Rina Patel, Shamsitra Patel personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Bipin R. Shelat
6/23/1996

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUALS
- CORPORATE OFFICER S
- President, V-P, Secretary, Director.
- Titles
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY IN FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER

Amendment to Real Estate Note
and Deed of Trust

Title of Type of Document

Five

Number of Pages

6-23-96

Date of Document

SIGNER IS REPRESENTING:

Name of Person(s) or Entity(ies)

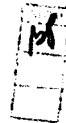
Themselves individual andNone

Signer (s) Other Than Named Above

EXHIBIT "A"

21566

Lots 99 through 104, inclusive, and Lots 107 through 110,
inclusive of Bunnell Addition to Balsiger Tracts,
according to the official plat thereof on file in the
office of the County Clerk of Klamath County, Oregon.



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MEMORANDUM REGARDING INSURANCE

This memorandum is signed by the undersigned individual or organization (the "borrower") in connection with a loan or extension of credit being made to the borrower by UNITED STATES NATIONAL BANK OF OREGON (the "lender"). Repayment of the loan is secured by a security interest (lien created by agreement) covering certain real estate and/or personal property (the "collateral"). This memorandum is a "separate document accompanying the loan agreement" for the purposes of ORS 746.201.

The borrower acknowledges and agrees that:

1. The lender has the right, but not the duty, to purchase insurance to protect its security interest in the collateral ("security protection insurance") at any time when the borrower fails to obtain the insurance coverage required by the loan documents (the "required insurance") or to provide to the lender with reasonably acceptable evidence that the borrower has obtained the required insurance.
2. The security protection insurance may not (a) protect the borrower's interest, (b) pay any claim the borrower may make or any claim made against the borrower, or (c) satisfy any need of the borrower for property damage coverage or any mandatory liability insurance requirements imposed by applicable law. The effective date of the security protection insurance may be either the date when the required insurance actually lapsed or the date when the borrower failed to provide evidence of the required insurance.
3. The borrower will be solely responsible for the cost of the security protection insurance even though it is purchased by the lender. The lender may demand immediate reimbursement of such cost or may add such cost to the principal balance of the loan without demanding reimbursement. If such cost is added to the principal balance of the loan, then interest will accrue on and be payable with respect to this added amount at the rate specified for security protection advances in the loan documents.
4. The security protection insurance may be considerably more expensive than the required insurance that the borrower could, and is obligated to, obtain. The borrower can always force the lender to cancel the security protection insurance by providing evidence that the borrower has obtained the required insurance elsewhere.
5. The lender has no fiduciary or other duty to the borrower, a guarantor, or any other person to obtain security protection insurance if the borrower fails to obtain the required insurance.
6. The borrower will bear all risk of loss to the collateral and any such loss will not reduce or otherwise affect the borrower's liability for repayment of the loan with interest, fees, and costs. If a loss occurs, the borrower will be personally liable to the lender for any deficiency in the borrower's effective insurance coverage.

Dated as of June 23, 1996.

By: Prakash J. Patel
Prakash J. Patel

By: Paresh J. Patel
Paresh J. Patel

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of U.S. National Bank the 19th day of July A.D., 19 96 at 10:24 o'clock A.M., and duly recorded in Vol. M96 of Mortgages on Page 21558.

FEE \$55.00

Bernetha G Letsch, County Clerk
By: Cheryl Swann