

After recording return to:

Northwest Farm Credit Services, ACA  
PO Box 148  
Klamath Falls, OR 97601

Customer/Note No. 22741/301

*K-32903*  
**MEMORANDUM OF LOAN MODIFICATION AGREEMENT**

Karl D. Scronce ("Borrower"), whose address is PO Box 221, Merrill, OR 97633, and Northwest Farm Credit Services, ACA, successor by merger to The Federal Land Bank of Spokane, whose address is 1700 S. Assembly, Spokane, WA 99224-2121 ("Lender") entered into that certain Loan Modification Agreement signed on February 27, 1998, ("Agreement") to amend the Notes dated May 13, 1980, and any amendments thereto (the "Original Note") and Mortgages dated May 13, 1980, recorded on May 22, 1980, as Instrument No(s). 84630 in Book M80, Page 9356, and dated September 26, 1990, recorded on October 5, 1990, as Instrument Nos 21036 in Book M90, Page 20160 and re-recorded on November 5, 1990, as Instrument Nos 22250 in Book M90, Page 22160, 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 legal description of the property to which this Agreement applies is attached hereto and incorporated herein as Exhibit "A."

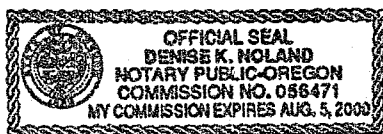
Dated: 2-27-98

Karl D. Scronce  
Karl D. Scronce

Northwest Farm Credit Services, ACA,  
successor by merger to The Federal Land Bank  
of Spokane

State of Oregon       )  
                                  ) ss.  
County of Klamath    )

On 2-27-98, before me personally appeared Karl D. Scronce, known to me 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.

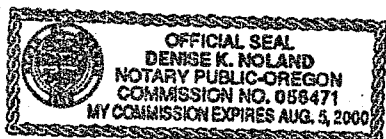


Denise K. Noland

Notary Public for the State of Oregon  
Residing at Klamath Falls  
My commission expires 8-5-2000

State of Oregon       )  
                                  ) ss.  
County of Klamath    )

On 2-27-98, before me personally appeared John M. Ray, known to me to be an authorized agent of Northwest Farm Credit Services, ACA, successor by merger to The Federal Land 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/she was authorized to execute said document.



Denise K. Noland

Notary Public for the State of Oregon  
Residing at Klamath Falls  
My commission expires 8-5-2000

EXHIBIT A

6948

Township 37 South, Range 9 East, of the Willamette Meridian.

Section 6: Governments Lots 5, 6 and 7; SE $\frac{1}{4}$ SW $\frac{1}{4}$  and that portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  lying West of the State Highway; EXCEPT from Lot 5 that portion conveyed to Klamath County, Oregon, by deed and agreement recorded in Volume 334, page 329, Deed Records of Klamath County.

Section 7: Lots 1, 2 and 3 and the E $\frac{1}{2}$ NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ SW $\frac{1}{4}$

Township 37 South, Range 8 East, of the Willamette Meridian.

Section 1: Lot 1

Section 12: Lots 1, 2 and 3.

PARCEL A:

Township 37 South, Range 8 East of the Willamette Meridian.

Section 12: Lot 4

Section 13: Lot 1, N $\frac{1}{2}$  of Lot 2, NE $\frac{1}{4}$ NE $\frac{1}{4}$ /4, N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ /4

EXCEPT those portions of the above described properties heretofore conveyed to the State of Oregon for highway purposes in Deed Volume 224, page 139, Deed Records of Klamath County, Oregon.

ALSO EXCEPTING those portions of the above described properties heretofore conveyed to the Oregon Eastern Railway Company, an Oregon Corporation, for railroad right-of-way in Deed Volume 26, page 396, Deed Records of Klamath County, Oregon.

Township 37 South, Range 9 East of the Willamette Meridian.

Section 7: Lot 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$ /4

Section 18: N $\frac{1}{2}$ 2NW $\frac{1}{4}$ /4, portions of the S $\frac{1}{2}$ 2NW $\frac{1}{4}$ /4, more particularly described as follows: Beginning at the Northeast corner of the SE $\frac{1}{4}$ 4NW $\frac{1}{4}$ /4 of Section 18; thence Southwesterly along the center of the dredger cut to a point 10 chains North of the quarter section corner on the West line of said Section 18; thence North to the Northwest corner of SW $\frac{1}{4}$ 4NW $\frac{1}{4}$ /4 of said Section 18, East along the North line of S $\frac{1}{2}$ 2NW $\frac{1}{4}$ /4 of Section 18 to the place of beginning.

Key #'s 376989, 378380, 376391 & 376408

PARCEL B:

Government Lots 5, 6 and 7; the SE $\frac{1}{4}$ 4SW $\frac{1}{4}$ /4 and that portion of the NE $\frac{1}{4}$ 4SW $\frac{1}{4}$ /4 lying West of the State Highway, all in Section 6; Lots 1, 2 and 3 and the E $\frac{1}{2}$ 2NW $\frac{1}{4}$ /4 and the NE $\frac{1}{4}$ 4SW $\frac{1}{4}$ /4 of Section 7; all in Township 37 South, Range 9 East of the Willamette Meridian.

Lot 1, Section 1 and Lots 1, 2 and 3 of Section 12 all in Township 37 South, Range 8 East of the Willamette Meridian.

Key #'s 376863, 376337, 376382, 376818 & 376827

Together with a 25 HP Fairbanks Morse electric motor and G.E. panel with Vertiline Layne Bowler turbine pump; and any replacements thereof, all of which are hereby declared to be appurtenant thereto.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 3rd day of March A.D., 1998 at 3:21 o'clock P. M., and duly recorded in Vol. M98 of Mortgages on Page 6947.

FEE \$15.00

By Bernetha G. Letsch, County Clerk  
Kathleen K. 1222