

After recording return to:

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

K-36597 MEMORANDUM OF LOAN MODIFICATION AGREEMENT

Luther J. Horsley and Candace O. Horsley, husband and wife ("Borrower"), whose address is PO Box 209, Midland, OR, 97634, and Northwest Farm Credit Services, ACA, successor by merger to The Federal Land Bank of Spokane, whose address is 1700 South Assembly Street, PO Box 3486, Spokane, WA, 99220 ("Lender") entered into that certain Loan Modification Agreement signed on May 28, 1999, ("Agreement") to amend the Note dated January 4, 1984, and any amendments thereto (the "Original Note") and Mortgage(s) dated January 4, 1984, recorded on January 10, 1984, as Instrument No(s). 32365 in Volume M84, Page 468, records of Klamath County(ies), 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: May 28, 1999

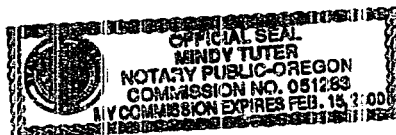
Luther J. Horsley  
Luther J. Horsley

Candace O. Horsley  
Candace O. Horsley

Ranse L. Herzinger  
Ranse L. Herzinger, Authorized Agent of  
Northwest Farm Credit Services, ACA,  
Successor by merger to The Federal Land Bank  
of Spokane

State of Oregon )  
 ) ss.  
County of Klamath )

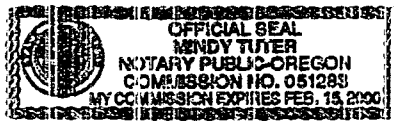
On May 28, 1999 before me personally appeared Luther J. Horsley, known to me to be the same person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.



Mindy Tuter  
Mindy Tuter  
Notary Public for the State of Oregon  
Residing at Klamath Falls  
My commission expires February 15, 2000

State of Oregon     )  
                                   ) ss.  
 County of Klamath )

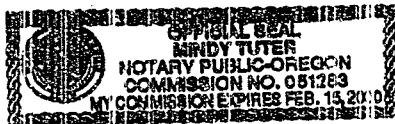
On May 28, 1999, before me personally appeared Candace O. Horsley, known to me to be the same person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.



Mindy Tuter  
 Mindy Tuter  
 Notary Public for the State of Oregon  
 Residing at Klamath Falls  
 My commission expires February 15, 2000

State of Oregon     )  
                                   ) ss.  
 County of Klamath )

On May 28, 1999, before me personally appeared Ranse L. Herzinger, 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 was authorized to execute said document.



Mindy Tuter  
 Mindy Tuter  
 Notary Public for the State of Oregon  
 Residing at Klamath Falls  
 My commission expires February 15, 2000

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## Exhibit A

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

That portion of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 19 and that portion  
of the W $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 30 lying Westerly of the Straits  
Canal; All of the SE $\frac{1}{4}$  of Section 31, in Township 40  
South, Range 9 East of the Willamette Meridian.

State of Oregon, County of Klamath  
Recorded 6/02/99, at 11:11 a.m.  
In Vol. M99 Page 21667  
Linda Smith, County Clerk  
Fee \$ 20-

*Linda Smith*