

Return Address:

Northwest FCS - Klamath Falls
300 Klamath Ave, Ste 200
Klamath Falls, OR 97601-6308

MODIFICATION OF LINE OF CREDIT MORTGAGE AND FIXTURE FILING

NOTICE: THE DEED OF TRUST MODIFIED HEREBY IS A LINE OF CREDIT TRUST DEED. THE MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED UNDER THE SECURED OBLIGATIONS (AS DEFINED IN THE DEED OF TRUST) SECURED HEREBY IS \$900,000.00. IN ADDITION, THE DEED OF TRUST MODIFIED HEREBY SECURES ALL OTHER INDEBTEDNESS EVIDENCED BY THE SECURED OBLIGATIONS OR OTHERWISE CREATED IN CONNECTION WITH THE DEED OF TRUST AS MODIFIED HEREBY, WHICH INDEBTEDNESS IS POTENTIALLY UNLIMITED. THE SECURED OBLIGATIONS PROVIDE FOR A MATURITY DATE OF AUGUST 1, 2017 (EXCLUSIVE OF THE OPTION TO RENEW OR EXTEND).

This Modification of Line of Credit Deed of Trust and Fixture Filing (this "Modification"), dated as of August 17, 2016, is made by and between **HWN-KF'S Antarctica, LLC**, a Limited Liability Company and **Cerule, LLC**, a Limited Liability Company (collectively "Grantor"), whose address is PO Box 489, Klamath Falls, OR 97601, and **Northwest Farm Credit Services, PCA**, a corporation organized and existing under the laws of the United States ("Beneficiary"), whose address is 1700 South Assembly Street, Spokane, WA 99224-2121, P. O. Box 2515, Spokane, WA 99220-2515.

WHEREAS, a Line of Credit Deed of Trust, dated August 1, 2016 was executed in favor of Beneficiary, which was recorded on August 2, 2016, as Instrument No(s). 2016-008177 in the Official Records of Klamath County, Oregon (as modified, amended or restated, the "Deed of Trust"), covering the land described on the attached Exhibit A;

WHEREAS, the parties have agreed to add the real property in Klamath County, Oregon described on Exhibit B hereto and incorporated herein by this reference (the "Additional Collateral") to the property encumbered by the Deed of Trust.

WHEREAS, the Deed of Trust secures, among other things, the payment and performance of indebtedness evidenced by the Note dated September 8, 2015, payable to the order of Beneficiary, in the initial face principal amount of Seven Hundred Thousand and No/100 Dollars (\$700,000.00) (the "Note").

WHEREAS, the parties hereto are amending the Note pursuant to that certain Amendment to Note dated on or around even date herewith (and as it may be extended, renewed, modified, amended or restated from time to time, the "Amendment") and the parties wish to acknowledge that the obligations secured by the Deed of Trust previously evidenced by the Note are now additionally evidenced by the Amendment.

WHEREAS, the obligations secured by the Deed of Trust are now hereby described as follows:

Modification of Line of Credit Deed of Trust and Fixture Filing
(Cerule, LLC/Note No. 6089206)

Note No.	Date of Note	Principal Amount	Final Installment Date
6089206	September 8, 2015	\$900,000.00	August 1, 2017

In addition, this Deed of Trust is intended to secure future loans and advances made by Beneficiary, no matter how evidenced. The continuing validity and priority of this Deed of Trust for future loans and advances shall not be impaired by the fact that at certain times no outstanding indebtedness to Beneficiary nor commitment from Beneficiary to make future loans exist.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, receipt of which is hereby acknowledged, and intending to be bound hereby, Grantor and Beneficiary now agree to modify the Deed of Trust as follows.

ARTICLE 1 AMENDMENTS

1.1 Recitals, References and Definitions.

- a. The recitals hereto are incorporated in and made a part of this Modification.
- b. All secured indebtedness described in the Deed of Trust shall be deemed also to include the Amendment.
- c. All references in the Deed of Trust to the "Collateral" shall be deemed to include the Additional Collateral.
- d. All references in the Deed of Trust to the "Rents" shall include the rents, issues, profits, royalties, income and other proceeds and similar benefits derived from the Additional Collateral.]
- e. All references in the Deed of Trust to the "Deed of Trust" are deemed to refer to the Deed of Trust as amended and supplemented by this Modification.
- f. All capitalized terms used but not otherwise defined in this Modification shall have the meaning given such terms in the Deed of Trust.

ARTICLE 2 Supplemental Grant of Security

2.1 Grant of Security. Grantor, in consideration of the indebtedness secured by the Deed of Trust, irrevocably bargains, sells, grants, mortgages, transfers, conveys, assigns and warrants to Trustee, IN TRUST, WITH POWER OF SALE, AND RIGHT OF ENTRY AND POSSESSION for the benefit and security of Beneficiary, all Grantor's existing and future rights, titles, interests, estates, powers and privileges in or to the real property described on Exhibit B attached to this Modification and incorporated herein.

2.2 Grant of Security Interest. As security for the payment, performance and observance of the indebtedness secured by the Deed of Trust, Grantor, as debtor, hereby grants to Beneficiary, as secured party, a security interest in all of Grantor's existing and future right, title and interest in and to the Collateral related to the Additional Collateral.

2.3 Fixture Filing. This Modification is intended to serve as a Fixture filing covering Fixtures located on the Additional Collateral pursuant to the terms of the applicable Uniform Commercial Code.

2.4 Assignment of Rents, Issues and Profits. Grantor absolutely, unconditionally and irrevocably bargains, sells, grants, mortgages, transfers, conveys, assigns and warrants to Beneficiary all of its right, title and interest in and to all rents, issues, profits, royalties, income and other proceeds and similar benefits derived from the Additional Collateral (collectively the "Additional Rents"), and gives to Beneficiary the right, power and authority to collect such Additional Rents.

2.5 Supplemental Nature of Grants. The grants and assignments provided by this Article 2 are in addition to and supplemental of and not in substitution for the grants provided by the Deed of Trust, and nothing herein contained shall affect or impair the lien or priority of the Deed of Trust as to the indebtedness secured thereby prior to giving effect to this Modification.

ARTICLE 3 MISCELLANEOUS

3.1 Acceptance By Trustee. Trustee accepts this trust when this Modification, duly executed and acknowledged, is made a public record as provided by law.

3.2 Headings. Article and section headings are included in this Modification for convenience of reference only and shall not be used in construing this Modification.

3.3 Severability. Every provision of this Modification is intended to be severable. The illegality, invalidity or unenforceability of any provision of this Modification shall not in any way affect or impair the remaining provisions of this Modification, which provisions shall remain binding and enforceable.

3.4 Successors and Assigns. This Modification applies to, inures to the benefit of and binds all parties to this Modification, their heirs, legatees, devisees, administrators, executors, successors and assigns.

3.5 Counterparts. This Modification may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

3.6 WAIVER OF JURY TRIAL. GRANTOR AND LENDER HEREBY IRREVOCABLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS LOAN DOCUMENT OR ANY OTHER LOAN DOCUMENTS AND ANY FUTURE MODIFICATIONS, AMENDMENTS, EXTENSIONS, RESTATEMENTS AND SERVICING ACTIONS RELATING TO THIS LOAN DOCUMENT AND ANY OTHER LOAN DOCUMENTS. THE PARTIES INTEND THAT THIS JURY WAIVER WILL BE ENFORCED TO THE MAXIMUM EXTENT ALLOWED BY LAW.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, Grantor and Beneficiary have duly executed this Modification as of the date first above written.

GRANTOR:

HWN-KF'S Antarctica, LLC, a Limited Liability Company

By: Cerule, LLC, a Limited Liability Company, Member

By: [Signature]
Gregory S. Newman, Manager

Cerule, LLC, a Limited Liability Company

By: [Signature]
Gregory S. Newman, Manager

BENEFICIARY:

Northwest Farm Credit Services, PCA

By: [Signature]
Authorized Agent

STATE OF Oregon)
County of Klamath) ss.

On this 17th day of August, 2016, before me personally appeared Gregory S. Newman, known to me to be the manager of Cerule, LLC, the limited liability company that executed the within instrument as a member in HWN-KF'S Antarctica, LLC, the limited liability company that executed the within instrument, and acknowledged that such limited liability company executed the same as such member and in the company name freely and voluntarily, and on oath stated that he/she was authorized to execute said instrument.



Lori Ann Fernlund
Notary Public for the State of Oregon
Residing at Klamath County
My commission expires 4-25-2020
Printed Name Lori Ann Fernlund

STATE OF Oregon)
County of Klamath)ss.

On this 17th day of August, 2016, before me personally appeared Gregory S. Newman, known to me to be the Manager of the Limited Liability Company which executed the within instrument, and acknowledged that he/she executed the same as one of the members of Cerule, LLC and in the limited liability company name freely and voluntarily.



Lori Ann Fernlund
Notary Public for the State of Oregon
Residing at Klamath County
My commission expires 4-25-2020
Printed Name Lori Ann Fernlund

STATE OF Oregon)
County of Klamath)ss.

On this 19th day of August, 2016, before me personally appeared Mitchell K Stokes, known to me to be an authorized agent of Northwest Farm Credit Services, PCA, 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 instrument.



Lori Ann Fernlund
Notary Public for the State of Oregon
Residing at Klamath County
My commission expires 4-25-2020
Printed Name Lori Ann Fernlund

EXHIBIT A
PROPERTY DESCRIPTION

PARCEL 2: (AVALON)

Lots 13, 14, and 15 in Block 4 of FIRST ADDITION TO ALTAMONT ACRES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, TOGETHER WITH vacated Maryland Avenue (formerly Tappen Avenue) adjacent thereto.

PARCEL 3: (WASHBURN)

A tract of land situated in the SW1/4 of NW1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon and Lot 7 in Block 4 of THIRD ADDITION TO ALTAMONT ACRES. Beginning at a point that is 327 feet North of the intersection of the North line of LaVerne Street and the East line of Washburn Way; thence South along the East line of Washburn Way 100 feet; thence East parallel to the North line of LaVerne Street to the West line of Lot 10 in Block 4 of THIRD ADDITION TO ALTAMONT ACRES; thence North along said West line 54.6 feet to the Northwest corner of said Lot 10; thence East along the North line of Lots 8, 9 and 10 in Block 4, 300 feet to the West line of Avalon Street; thence North along said street 45.4 feet; thence West parallel to the North line of LaVerne Street to the point of beginning.

EXCEPTING THEREFROM the following described parcel: Beginning at the Northwest corner of said Lot 10; thence East along the North line of Lots 8, 9 and 10, Block 4, 300 feet to the West line of Avalon Street; thence North along said street 45.4 feet; thence West parallel to the North line of LaVerne Street to a point on the West line of Lot 7, Block 4, THIRD ADDITION TO ALTAMONT ACRES, thence South along the West line of said Lot 7 to the point of beginning.

FURTHER EXCEPTING that portion deeded to the State of Oregon for highway purposes by instrument recorded September 10, 1965 in Volume M65, page 1556, Microfilm Records of Klamath County, Oregon.

PARCEL 4: (Cove)

Government Lots 2 and 4 of Section 13, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, BUT EXCEPTING THEREFROM the Northerly and Northeasterly parts thereof deeded to R. W. Browning, et ux., by deed recorded in Deed Volume 210, page 321, Klamath County, Oregon.

ALSO, that part of Government Lot 3, Section 13, Township 38 South, Range 8 East of the Willamette Meridian which lies Northeasterly of the right of way of the Central Pacific Railway Company.

TOGETHER WITH that portion of Parcel 1, Land Partition 35-98, conveyed to Klamath Veneer, Inc., an Oregon Corporation, to complete Property Line Adjustment 9-00, by Deed recorded June 2, 2000 in Volume M00, page 1996, being more particularly described as follows:

Commencing at the Southwest corner of the NE1/4 NE1/4 of Section 13, Township

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(Cerule, LLC/Note No. 6089206)

38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon; thence along the South line of said NE1/4 NE1/4 of said Section 13, North 89°37'10" East 338.20 feet to a 5/8 inch iron rod; thence South 00°22'50" East 185.41 feet to a 5/8 inch iron rod which is the true point of beginning for this description; thence South 80°41'50" East 38.30 feet to a 5/8 inch iron rod; thence South 61°49'50" East 122.52 feet to a 5/8 inch iron rod; thence South 89°37'10" West 644.05 feet; thence North 11°05'34" East 54.41 feet to a 5/8 inch iron rod; thence North 75°39'14" East 132.52 feet; thence North 88°12'14" East 209.19 feet; thence South 80°42'14" East 152.23 feet to the true point of beginning.

AND EXCEPTING THEREFROM that portion thereof conveyed to Cynthia Bourgeau and Kriss Wessling to complete Property Line Adjustment 9-00, by Deed recorded June 2, 2000 in Volume M00, page 19998, being more particularly described as follows:

A parcel of land situated in the SW1/4 NE1/4 of Section 13, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Commencing at a 5/8 inch iron rod marking the Southeast corner of Parcel 1 of Klamath County Land Partition 35-98 which bears South 72°58'30" West 873.82 feet from the center ¼ corner of said Section 13; thence South 89°37'10" West 937.66 feet to ½ inch iron rod which is the true point of beginning for this description; thence continuing South 89°37'10" West 65.11 feet, more or less, to the mean high water line of Upper Klamath Lake; thence Southeasterly along said mean high water line 353 feet, more or less, to a 5/8 iron rod; thence North 11°05'34" East 101.70 feet; thence South 89°37'10" West 293.61 feet to the true point of beginning.

Parcel 5: (COLD STORAGE)

Lots 6A, 6B, 7A, 7B, 8A, 8B and 9A in Block 3 of RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Parcel 6: (COLD STORAGE)

Lots 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 in Block 11 of RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Lots 6, 7, 8, and 9 in Block 19 and Lots 1, 2, 3, 4 and 5 in Block 20 of SECOND RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

All of Vacated Lake Street being bounded on the North by the South line of Lot 5 in Block 20 of Second Railroad Addition, on the West by the East line of Spring Street on the South by the North line of Lot 6 in Block 19 of Second Railroad Addition, and on the East by West line of the Southern Pacific Railroad right of way, all in Second Railroad Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXHIBIT B
ADDITIONAL COLLATERAL DESCRIPTION

Parcel 1: (KENO FACILITY)

Parcel 1 of Land Partition 43-95 situated in Government Lot 1 (NW1/4 NE1/4) Section 7, Township 40 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.