

After Recording, return to:  
 U. S. National Bank of Oregon  
 Commercial Real Estate Division  
 OR-T-7  
 111 S.W. Fifth Avenue, Suite 700  
 Portland, Oregon 97204  
 Attention: Pasquale Jenkins

97-47835

Loan No. 9302934

AMENDMENT TO PROMISSORY NOTE  
 AND  
 DEED OF TRUST

Dated: December 17, 1997

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

1. The Loan.

(a) U.S. Bank ("Lender") has extended credit to 1120 S.E. Highway 97 an Oregon general partnership ("Borrower") pursuant to the terms of a promissory note dated June 19, 1996 in the original principal amount of \$1,150,000.00 (as amended from time to time, 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 June 19, 1996, recorded June 27, 1996, as No.96-23378, records of Deschutes County, State of Oregon (as amended from time to time, the "Deed of Trust"), 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) The Note and Deed of Trust have been amended from time to time, including without limitation by agreement dated June 26, 1997, recorded July 3, 1997 as No. 97-23595, records of Deschutes County, Oregon.

(d) Repayment of the Note is guaranteed pursuant to the terms of a guaranty dated June 19, 1996 executed by Johnnie E. Ertle, II, Vicki L. Ertle, Douglas F. Berry and Roberta K. Berry ("Guarantor").

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

MATURITY. The entire unpaid principal balance and interest thereon, together with any other sums due Lender under the provisions of any security instrument securing the Note, shall be paid on or before January 1, 2001.

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

(a) VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the mean

average (rounded to the nearest 1/8th of 1%) of the percent per annum yields reported under the heading "This Week" for U.S. Government Securities, 1-Year Treasury Constant Maturities, in the four most recent statistical releases H.15 (519) of the Federal Reserve Board of Governors published as of 15 days prior to each interest rate change (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than once each year; the interest rate will change (a) on the first day of the 13th month following the month this Note is dated (or if this Note is dated as of the first day of any month, on the first day of the 12th month following such month) and (b) annually thereafter. The Index currently is 5.500% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 2.750 percentage points over the Index, resulting in an initial rate of 8.250% per annum. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (a) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (b) increase Borrower's payments to cover accruing interest, (c) increase the number of Borrower's payments, and (d) continue Borrower's payments at the same amount and increase Borrower's final payment.

(b) PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 35 regular payments of \$9,067.19 each and one irregular last payment estimated at \$1,111,830.00. Borrower's first payment is due February 1, 1998, and all subsequent payments are due on the same day of each month after that. Borrower's final payment due January 1, 2001, will be for all principal and all accrued interest not yet paid. Payment include principal and interest. Interest on this Note is computed on an 30/360 simple interest basis; that is, with the exception of odd days in the first payment period, monthly interest is calculated by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by a month of 30 days. Interest for the odd days is calculated on the basis of the actual days to the next full month and a 360-day year. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

(c) PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower making fewer payments.

#### 4. Costs and Fees.

(a) Prior to or contemporaneously with execution of this Agreement, Borrower shall pay to Lender a conversion fee of \$5,750.00.

(b) Borrower shall pay to Lender on demand all costs incurred by Lender in connection with this Agreement, including without limitation recording fees, costs of title insurance endorsements required by Bank and attorney fees.

5. Agreement Enforceable; Release.

(a) Each Borrower and Guarantor hereby acknowledges and agrees to all terms and conditions of this Agreement, 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.

6. Attorney Fees. In any action to interpret or enforce any provision of this Agreement, 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.

7. References to Parties. If there is more than one Borrower or Guarantor, all references to Borrower or Guarantor shall mean any one or more of them.

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

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY LENDERS 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 THE LENDER TO BE ENFORCEABLE.

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

BORROWER:

1120 S.E. Highway 97, an Oregon general partnership

By: Johnnie E. Ertle, II  
 Johnnie E. Ertle, II,  
 Title: General Partner

By: Vicki L. Ertle  
 Vicki L. Ertle  
 Title: General Partner

By: [Signature]  
Douglas F. Berry  
Title: General Partner

GUARANTORS:

[Signature]  
Johnnie E. Ertle

[Signature]  
Vicki L. Ertle

[Signature]  
Douglas F. Berry

[Signature]  
Roberta K. Berry

LENDER:

U. S. Bank

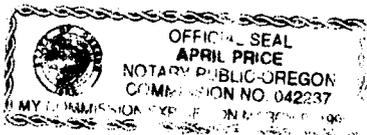
By: [Signature]  
Title: Relationship Manager

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PARTNERSHIP ACKNOWLEDGMENT - INDIVIDUAL PARTNER

STATE OF OREGON )  
COUNTY OF Washington ) ss.

This instrument was acknowledged before me this 22 day of December, 1997 by Johnnie E. Ertle, II as general partner of the 1120 S.E. Highway 97, an Oregon general partnership.

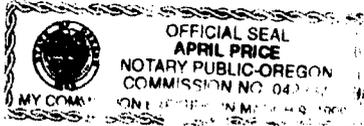
[Signature]  
Notary Public for  
My commission expires: 3-9-99



PARTNERSHIP ACKNOWLEDGMENT - INDIVIDUAL PARTNER

STATE OF OREGON )  
COUNTY OF Deschutes ) ss.

This instrument was acknowledged before me this 22 day of December, 1997 by Vicki L. Ertle as general partner of the 1120 S.E. Highway 97, an Oregon general partnership.



April Price  
Notary Public for  
My commission expires: 3-9-99

PARTNERSHIP ACKNOWLEDGMENT - INDIVIDUAL PARTNER

STATE OF OREGON )  
COUNTY OF Deschutes ) ss.

This instrument was acknowledged before me this 22 day of December, 1997 by Douglas F. Berry as general partner of the 1120 S.E. Highway 97, an Oregon general partnership.



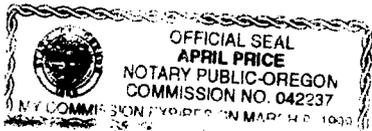
April Price  
Notary Public for  
My commission expires: 3-9-99

STATE OF OREGON )  
County Deschutes ) ss.

BE IT REMEMBERED, that on this 22 day of December, 1997 before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Johnnie E. Ertle, II known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Before me:  
April Price  
Notary Public for Oregon  
My commission expires: 3-9-99



STATE OF OREGON )  
County Deschutes ) ss.

BE IT REMEMBERED, that on this 22 day of December, 1997 before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Vicki L. Erle known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Before me:  
April Price  
Notary Public for Oregon  
My commission expires: 3-9-99

STATE OF OREGON )  
County Deschutes ) ss.

BE IT REMEMBERED, that on this 22 day of December, 1997 before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Douglas F. Berry known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Before me:  
April Price  
Notary Public for Oregon  
My commission expires: 3-9-99

STATE OF OREGON

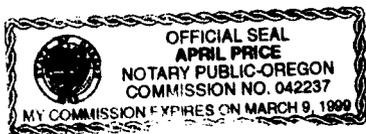
County Deschutes } ss.

BE IT REMEMBERED, that on this 22 day of December, 1997 before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Roberta K. Berry known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Before me:

April Price  
Notary Public for Oregon  
My commission expires: 3-9-99



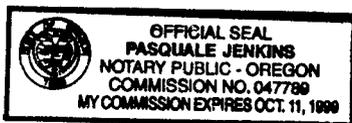
STATE OF OREGON

County of Multnomah } ss.

THIS CERTIFIES that on this 23rd day of December, 1997, personally appeared Joe Rygg who, being sworn stated that he is a Officer of said corporation and that the seal affixed is its seal and that this instrument was voluntarily signed and sealed in behalf of the corporation by authority of its Board of Directors.

Before me:

[Signature]  
Notary Public for Oregon  
My commission expires: 10/11/99



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

That portion of Tract Twenty-seven (27) of VIRGINIA PARK, Deschutes County, Oregon, more particularly described as follows: Beginning at the Northwest corner of said Tract 27, said point being also the intersection of the southerly right-of-way line of Reed Market Road and the Easterly right-of-way line of U. S. Highway No. 97; thence East along said South right-of-way line of Reed Market Road a distance of 211.30 feet; thence South 200.00 feet to the South line of Tract 27; thence West along said South line, a distance of 229.20 feet to the Easterly right-of-way line of U.S. Highway No. 97; thence along said right-of-way line on the arc of a 985.37 foot radius curve to the left, a distance of 192.51 feet; the chord of which bears North 5°24'45" East a distance of 192.21 feet; thence continuing along said right-of-way line North 0°11'15" West a distance of 8.66 feet to the point of beginning; EXCEPTING THEREFROM that portion deeded to The Sate of Oregon, by and through its Department of Transportation, recorded June 20, 1979, in Book 301, Page 466. Deed Records.

FURTHER EXCEPTING that portion conveyed to the City of Bend by Dedication Deed, recorded June 21, 1996, in Book 413, Page 1845, Deschutes County Records.

STATE OF OREGON )  
COUNTY OF DESCHUTES ) SS.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND  
RECORDER OF CONVEYANCES, IN AND FOR SAID  
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN  
INSTRUMENT WAS RECORDED THIS DAY:

97 DEC 24 PM 1:35

MARY SUE PENHOLLOW  
COUNTY CLERK

BY: *T. Warren* DEPUTY

NO. 97-47835 FEE 50

DESCHUTES COUNTY OFFICIAL RECORDS