

MODIFICATION OF CONTRACT AND ASSUMPTION AGREEMENT

RECITALS:

1. The CITY OF NEWBERG, a municipality of the State of Oregon, (hereinafter called "CITY") has entered into a Contract (hereinafter called "Contract") in the amount of sixty thousand dollars (\$60,000.00) with THOMAS W. EDWARDS and KAY L. EDWARDS as individuals and INDUSTRIAL WOODWORKS, INC., an Oregon Corporation (hereinafter called "Borrower"), on February 17, 1989.
2. The Borrower purchased certain real property with the funds lent by the City pursuant to the Contract. Said real property was deeded to the Borrower by warranty deed, dated February 17, 1989, recorded in the official records of Yamhill County, F229P2039.
3. This Contract was executed by Borrower on February 17, 1989 and the debt was evidenced by a Promissory Note, dated February 17, 1989, executed by the Borrower in the amount of sixty thousand dollars (\$60,000.00).
4. The debt of sixty thousand dollars (\$60,000.00) was secured by a Trust Deed on certain property which was granted by the Borrower to Northwest Title Insurance Company as Trustees and the City of Newberg as Beneficiaries. Such deed was executed on February 17, 1989, and recorded in the official records of Yamhill County, Oregon, F229P2041-2043.
5. Partial reconveyance occurred on March 6, 1990, as evidenced by Partial Reconveyance Document recorded in the official records of Yamhill County, Oregon, F241P0694.
6. DAVID W. CRAIG, VICKI R. CRAIG, MARVIN D. LEE and KATHRYN S. LEE as individuals and David Craig Construction, Inc., an Oregon Corporation (hereinafter called "Obligor") are purchasing the real property which is being used to secure the debt of the Borrower to the City (as referenced in Trust Deed recited in Paragraph 4, minus the property released

Borrower's Name & Address:

Thomas W. Edwards & Kay L. Edwards

Obligor's Name & Address:

David W. Craig, Vicki R. Craig
Marvin D. Lee, Kathryn S. Lee

After recording return to:

Terrence D. Mahr
414 E. First Street
Newberg, OR 97132

**Until a change is requested, all Tax
Statements shall be sent to:**

David & Vicki Craig and Marvin and Kathryn Lee
11420 SW 92nd Ave.
Tigard, Oregon 97223

Recorded in Official Yamhill County Records
CHARLES STERN, COUNTY CLERK



50.00

199407932 10:50am 05/19/94

001 000647 12 05 000200

1 0 D06 4 20.00 10.00 20.00 0.00 0.00
0.00

Recorded in Official Yamhill County Records
CHARLES STERN, COUNTY CLERK



5.00

199407933 10:50am 05/19/94

001 000648 12 05 000200

1 0 D02 1 5.00 0.00 0.00 0.00 0.00 0.00 0.00

through the partial reconveyance document set out in Paragraph 4, above). Said legal description is as follows:

Beginning at a point on the East line of the Richard Everest Donation Land Claim No. 52 in Township 3 South, Range 2 West of the Willamette Meridian in Yamhill County, Oregon, which point marks the Southeast corner of that tract of land conveyed to Marian F. DeAlton by instrument recorded in Film Volume 207, Page 256, Records for Yamhill County and bears North 1935.03 feet from the Southeast corner of said Everest Claim; thence North 89 degrees 50'44" West along the South line of said DeAlton Tract and the Westerly extension thereof, 571.77 feet to the TRUE POINT OF BEGINNING; thence South 00 degrees 09'16" West perpendicular to the South line of said DeAlton tract, 293.00 feet; thence South 89 degrees 50'44" East parallel with the South line of said DeAlton tract, 542.56 feet to a point which is 30.00 feet West of the East line of said Everest Claim; thence South parallel with said East line, 30.61 feet, to a point on the North line of Parcel II as described in Deed conveyed to Doris A. Huffman, et al, recorded October 2, 1978 in Film Volume 133, Page 597, Records for Yamhill County, Oregon; thence North 89 degrees 51'05" West along the North line of said Huffman tract, 792.90 feet to an iron pipe in the Easterly right-of-way line of State Highway No. 219; thence North 22 degrees 53'51" West along said right-of-way line, 351.78 feet to an iron pipe on the Westerly extension of the South line of said DeAlton tract; thence South 89 degrees 50'44" East along said line, 388.00 feet to the point of beginning.

7. The Obligor wishes to assume the liability of said Borrower and consents to assume said Contract.

8. The transfer of the real property used to secure the debt to the City is subject to the approval and consent of the City, and the City has refused to give its written consent to the aforesaid transfer unless Obligor unconditionally assumes and agrees to undertake the obligations of the Borrower to the City and to otherwise enter into the covenants herein contained with said loan.

NOW, THEREFORE, for and in consideration of the foregoing and in consideration of the consent by the City to the aforesaid transfer to Obligor, and the good and valuable consideration, the Obligor hereby agrees as follows:

- A. The Obligor hereby assumes and agrees to pay to the City the unpaid balance and all accrued interest on the Contract described above pursuant to the terms and conditions of said Contract as referenced in Paragraph 1 of the Recitals and evidenced by the Promissory Note referenced in Paragraph 3 of the Recitals.
- B. The Obligor hereby agrees and is bound by the following amendment to the Contract:
 - 1) The Obligor hereby agrees that the Obligor shall begin construction on a commercial building on said property within two (2) years of the date of this agreement. Further, the Obligor agrees said construction shall be completed within one (1) year of beginning of construction.
 - 2) If Obligor fails to commence or complete said construction on property,

the entire balance of the loan, both principal and interest shall become due and payable to the City of Newberg.

- C. Obligor further agrees to comply with and perform all of the obligations contained in the above described Contract and in all other instruments executed by Borrower in connection with the Contract, including but not limited to the above described documents as though the same had been originally made, executed and delivered by Obligor to the City.
- D. Obligor and Borrower further agrees that all other collateral documents now in effect, if any, will remain in effect as liens on the properties described therein and will also bind the Obligor; and
- E. Obligor and Borrower further agrees that nothing contained or done pursuant hereto shall affect or alter the Contract or other collateral documents or their priority over other liens, charges, or encumbrances; or shall affect the release of or the liability of any party or parties whomsoever who may now be, or hereafter become, liable under or on account of said Contract and other collateral documents and all instruments executed by Borrower in connection with the Contract.

IN WITNESS WHEREOF, Obligor and the City has caused this instrument to be executed this 13th day of May, 1994.

CITY OF NEWBERG:

Duane R. Cole
Duane R. Cole, City Manager

APPROVED AS TO FORM & CONTENT:

Terrence D. Mahr
Terrence D. Mahr, City Attorney

OBLIGOR(S):

David W. Craig
David W. Craig (individually)

Vicki R. Craig
Vicki R. Craig (individually)

Marvin D. Lee
Marvin D. Lee (individually)

DAVID CRAIG CONSTRUCTION, INC.

David W. Craig
By: David W. Craig, President
STATE OF OREGON

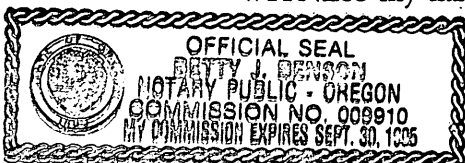
Kathryn S. Lee
Kathryn S. Lee (individually)

COUNTY OF Yamhill

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ON THIS DAY there personally appeared before me DAVID W. CRAIG, who did say that he is the President of David Craig Construction Company, Inc. and that he had authority to sign on behalf of the corporation and that he acknowledges said instrument to be his voluntary act and deed of the corporation.

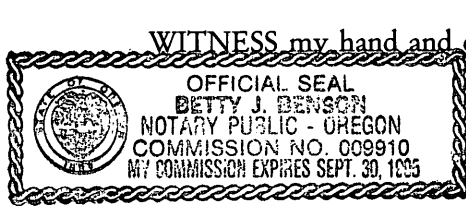
WITNESS my hand and official seal on this 13th day of May, 1994.



Betty J. Benson
Notary Public for Oregon. My Commission
Expires: 9-30-95

STATE OF OREGON)
COUNTY OF Yamhill) SS

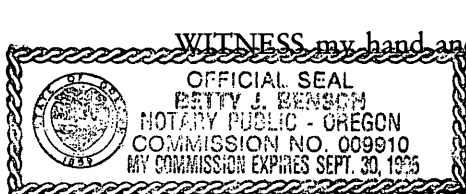
ON THIS DAY there personally appeared before me DAVID W. CRAIG, who acknowledged the foregoing instrument to be her voluntary act and deed before me.



Betty J. Benson
Notary Public for Oregon. My
Commission
Expires: 9-30-95

STATE OF OREGON)
COUNTY OF Yamhill) SS

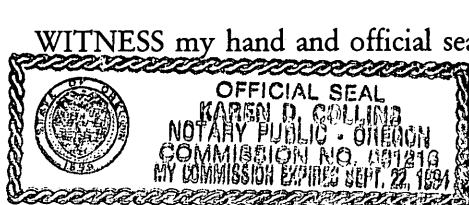
ON THIS DAY there personally appeared before me VICKI R. CRAIG, who acknowledged the foregoing instrument to be her voluntary act and deed before me.



Betty J. Benson
Notary Public for Oregon. My
Commission
Expires: 9-30-95

STATE OF OREGON)
COUNTY OF JOSEPHINE) SS

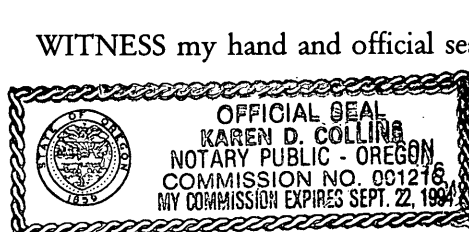
ON THIS DAY there personally appeared before me MARVIN D. LEE, who acknowledged the foregoing instrument to be her voluntary act and deed before me.



Karen D. Collins
Notary Public for Oregon. My
Commission
Expires: 9-22-94

STATE OF OREGON)
COUNTY OF JOSEPHINE) SS

ON THIS DAY there personally appeared before me KATHRYN S. LEE, who acknowledged the foregoing instrument to be her voluntary act and deed before me.



Karen D. Collins
Notary Public for Oregon. My
Commission
Expires: 9-22-94