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FILED IN 100-100000-100000
SR
Cascadia Revolving
Fund
OCT 22 8 55 AM '01
OLSON
GARY M. OLSON

Document Title(s)

- Grantor(s)

- 2.

- 3.**

- 4.

Grantee(s)

- 2.

- 3.

- 4.

Legal description (abbreviated: i.e. lot, block, plat OR section, township, range, qtr./qtr.)

☐ Additional legal is on page _____ of document _____

AF140650

☐ Additional numbers on page ____ of document.

Assessor's Property Tax Parcel/Account Number

03-07-36-3-4-0400-00

☐ Property Tax Parcel ID is not yet assigned

☐ Additional parcel numbers on page _____ of document

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information.

NOTE MODIFICATION AGREEMENT

THIS NOTE MODIFICATION AGREEMENT ("Modification") is made and entered into this 7th day of October, 2001, by and between Sawtooth Technologies L.L.C., a Washington limited liability company, ("Borrower"), Brian J. Adams, ("Guarantor"), and Cascadia Revolving Fund, a Washington nonprofit corporation ("Cascadia"). The parties hereby agree as follows:

A. Note. The Borrower executed and delivered to Cascadia a promissory note dated February 26, 2001, in the original principal amount of One Hundred Twenty Six Thousand Nine Hundred Twelve and 15/100 Dollars (\$126,912.15) ("Note"), and having a current principal balance of One Hundred Twenty Four Thousand Nine Hundred Eighty One and 98/100 Dollars (\$124,981.98) and accrued interest.

B. Security. The Note, as amended by this Modification, is secured by:

- X 1. A deed of trust dated February 26, 2001, ("Deed of Trust"), recorded on March 26, 2001, in the records of Skamania County, Washington, under Document No. 140650 and encumbering certain real property located in said county and state, as more particularly described as Parcel A in the attached Exhibit A; a Subordination and Estoppel Agreement executed by Paul G. Adams on March 15, 2001, granting Cascadia a senior lien interest on Parcel A, and a second Deed of Trust to be recorded in the records of Skamania County, Washington and encumbering certain real property (together with the real property parcel referred to in the Deed of Trust dated February 26, 2001, the "Property") located in said county and state, as more particularly described as Parcel B in the attached Exhibit A;
- X 2. A security agreement dated February 26, 2001, ("Security Agreement") encumbering personal property, intangibles, and other rights and interests of Borrower from time to time located upon or derived from the Property, as evidenced by financing statements recorded with the Washington State Department of Licensing under Document No. 2001-082-0199;
- X 3. The independent continuing guaranty dated February 26, 2001, executed by the Guarantor ("Guaranty");

(collectively the "Security"), all pursuant to and subject to the additional terms, covenants, conditions, warranties, and obligations set forth in a Loan Agreement and Participation Agreement dated February 26, 2001, between the Borrower and Cascadia ("Loan Agreement").

C. Continuation of Security. The Security is amended so as to secure the entire principal and interest of the Note, as amended by this Modification, all expense reimbursements referred to in this Modification, and the Modification fee.

D. Confirmation of Debt. The Borrower and the Guarantor confirm and acknowledge that: (1) the Note, Loan Agreement, and Security are in full force and effect, (2) they are liable under said documents in accordance with their terms, (3) they have no defenses or offsets to their obligations thereunder, and (4) Cascadia has performed all of its obligations to this date.

E. Modification of Note and Loan Agreement. The Note and Loan Agreement are hereby modified as follows:

1. Promise to Pay. In return for an additional advance received, the Borrower promises to pay to the order of Cascadia the additional principal sum of Forty Thousand and 00/100 Dollars (\$40,875.00), for a total principal balance due under the Note of One Hundred Sixty Seven Thousand Eight Hundred Thirty Two and 15/100 Dollars (\$167,832.15) plus accrued interest.

2. Interest Rate. Interest on the total principal balance shall accrue at a fixed annual rate of interest of Nine percent (9.0%).

3. Due Date. All sums due under the Note, as amended by this Modification, are due in full on October 1, 2008, ("Due Date"). On the Due Date, the Borrower shall pay to Cascadia all outstanding principal, accrued interest, and any other sums due under the Note, the Loan Agreement, or this Modification.

4. Payments. The Borrower agrees to make eighty four (84) monthly principal and interest payments in the initial amount of Two Thousand Seven Hundred and 00/100 Dollars (\$2,700.00), beginning November 1, 2001, due on the same day of each month, and

Participation Payments (as defined and further described in the Loan Agreement and Participation Agreement dated February 26, 2001) equal to 1.5% of the monthly Total Revenue (not including equipment sales and NoaNet wholesale charges passed through to the end customer) as reported on the Borrower's monthly Profit and Loss Statements provided to Cascadia for the Qualifying Period (as defined in the Loan and Participation Agreement), due 20 days after the end of each month in which a payment is due; and any other unpaid sums due under this Note, the Loan and Participation Agreement, or the Security Documents due on the Due Date. Cascadia agrees that the amount of any monthly Participation Payment may be reduced to the extent that Cascadia's total rate of return on the principal balance of the loan in any given month exceeds 1.75% (as calculated by adding the amount of the interest payment paid that month to the Participation Payment calculated for the month

and dividing by the current outstanding balance of principal and accrued interest on the loan at the end of the month) ("Return Cap").

Participation Payments may be accrued until the Borrower's total monthly revenues exceed \$50,000, at which time current Participation Payments are due and payable on the 20th day of the following month and all accrued Participation Payments are due and payable in equal installments over the following six months. If total monthly revenues do not exceed \$50,000 by January 1, 2002, all accrued Participation Payments will be capitalized onto the principal balance of the Loan (and a new loan payment will be calculated based on the remaining amortization period) and all current Participation Payments thereafter will be due and payable on the 20th day of the following month. The Return Cap only applies in months in which the Borrower pays the interest and the Participation Payment when due.

5. Modification Fee. The Borrower also promises to pay to the order of Cascadia a Modification fee of Eight Hundred and 00/100 Dollars (\$800.00), which is included in the Reimbursements to Cascadia and netted from the Additional Advance to the Borrower as detailed in Exhibit B to this Modification. This fee shall be in addition to all other amounts evidenced by the Note.

6. Disbursement. The Borrower agrees that Cascadia will disburse the Loan proceeds according to the Loan Disbursement Schedule attached as Exhibit B.

7. Use of Proceeds. Borrower shall use the Loan solely for the purpose of working capital and equipment purchases as approved by Cascadia.

F. Expense Reimbursements. The Borrower agrees to pay all of the costs, fees, and expenses of Cascadia incurred in connection with this Modification, including but not limited to Cascadia's costs and attorney fees, all recording fees, and any title insurance premiums.

G. Title Policy. The Borrower shall provide or authorize Cascadia to obtain at Borrower's expense an endorsement to Cascadia's existing mortgagee's title insurance policy which increases the face amount of that policy from One Hundred Twenty Thousand and 00/100 Dollars (\$120,000.00) to One Hundred Sixty Five Thousand Dollars (\$165,000.00) and insures the validity and second lien priority of the Deed of Trust through and including the date of recordation of this Modification, subject only to the exceptions contained in the original policy. Any additional exceptions shall be removed by and at the expense of Borrower upon Cascadia's demand. The Borrower and Guarantor hereby warrant that they have not consented to the filing of any liens on the Property since the date of the original Note.

H. Consent of Guarantor. The Guarantor agrees with the terms, covenants, and conditions of this Modification and specifically acknowledges that the Guaranty secures the entire principal and interest of the Note, as amended by this Modification, including all

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Cascadia Revolving Fund

By: [Signature]
Shaw Canale
Its: Executive Director

Guarantor: Brian J. Adams

Guarantor's Address: 227 School Street
Stevenson, WA 98648

By: [Signature]
Brian J. Adams

Acknowledged by the Guarantor:

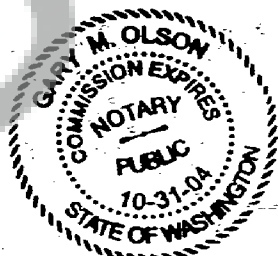
STATE OF WASHINGTON)
COUNTY OF SKAMAWA

On this day personally appeared before me Brian J. Adams, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he/she signed the same as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 9 day of Oct, 2001.

By: [Signature]
Gary M. Olson

Notary Public in and for the State of Washington, residing at NORTH BENDVILLE.



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EXHIBIT A
to the Note Modification Agreement

Legal Description

PARCEL A

Lots 2, 3 and 4, Block 3, Roselawn Extension Addition to the Town of Stevenson, according to the recorded plat thereof, recorded in Book A of Plats, Page 65, in the County of Skamania, State of Washington.

PARCEL B

Lots 5, 6 and 7, Block 3, of ROSELAWN EXTENSION, according to the official plat thereof, on file and of record at Page 65, Book A of Plats, records of Skamania County, in the County of Skamania, State of Washington.

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EXHIBIT B
to the Note Modification Agreement
LOAN DISBURSEMENT SCHEDULE

<u>TOTAL ORIGINAL NOTE AMOUNT:</u>	\$126,912.15
<u>TOTAL CURRENT OUTSTANDING PRINCIPAL BALANCE AS OF OCTOBER 4, 2001:</u>	\$124,981.98
<u>TOTAL ADDITIONAL LOAN DISBURSEMENTS</u>	\$ 40,920.00
CASCADIA FEES:	
DEED OF TRUST FILING FEE	\$ 800.00
NOTE MODIFICATION FILING FEE	\$ 25.00
RECONVEYANCE FEE	\$ 45.00
	\$ 50.00
<u>TOTAL REIMBURSEMENTS TO CASCADIA</u>	\$ 920.00
<u>NET TO BORROWER</u>	<u>\$ 40,000.00</u>
<u>MAXIMUM BALANCE OF PRINCIPAL INCLUDING MODIFICATION FEES AFTER ADDITIONAL DISBURSEMENT</u>	<u>\$167,832.15</u>