

RECORDATION REQUESTED BY:

South Valley State Bank
801 Main Street
Klamath Falls, OR 97601

WHEN RECORDED MAIL TO:

South Valley State Bank
801 Main Street
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

Clyde W McRunnels and Marlis McRunnels
16449 Harpold
Malin, OR 97632

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF MORTGAGE

THIS MODIFICATION OF MORTGAGE IS DATED JUNE 27, 1995, BETWEEN Clyde W McRunnels and Marlis McRunnels, as TENANTS BY THE ENTIRETY, (referred to below as "Grantor"), whose address is 16449 Harpold, Malin, OR 97632; and South Valley State Bank (referred to below as "Lender"), whose address is 801 Main Street, Klamath Falls, OR 97601.

MORTGAGE. Grantor and Lender have entered into a mortgage dated January 7, 1994 (the "Mortgage") recorded in Klamath County, State of Oregon as follows:

Recording in County Clerk's Office of Klamath County on March 2, 1994 at page 6507 and Volume M94

REAL PROPERTY DESCRIPTION. The Mortgage covers the following described real property (the "Real Property") located in Klamath County, State of Oregon:

NE1/4 OF NW1/4, N1/2 OF SE1/4 OF NW1/4, GOVERNMENT LOT 1 AND N1/2 OF GOVERNMENT LOT 2 OF SECTION 30, TOWNSHIP 40 SOUTH, RANGE 12 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON. S1/2 OF NE1/4, N1/2 OF N1/2 OF SE1/4, ALL LYING EAST OF THE MALIN-BONANZA ROAD OF SECTION 24, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

The Real Property or its address is commonly known as 16449 Harpold, Malin, OR 97632.

MODIFICATION. Grantor and Lender hereby modify the Mortgage as follows:

Extend Maturity date to June 15, 1996.

CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Mortgage shall remain unchanged and in full force and effect. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Mortgage as changed above nor obligate Lender to make any future modifications. Nothing in this Modification shall constitute a satisfaction of the promissory note or other credit agreement secured by the Mortgage (the "Note"). It is the intention of Lender to retain as liable all parties to the Mortgage and all parties, makers and endorers to the Note, including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, shall not be released by virtue of this Modification. If any person who signed the original Mortgage does not sign this Modification, then all persons signing below acknowledge that this Modification is given conditionally, based on the representation to Lender that the non-signing person consents to the changes and provisions of this Modification or otherwise will not be released by it. This waiver applies not only to any initial extension or modification, but also to all such subsequent actions.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF MORTGAGE, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

x Clyde W McRunnels
Clyde W McRunnels

x Marlis McRunnels
Marlis McRunnels

LENDER:

South Valley State Bank

By: [Signature]
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon)
) SS
COUNTY OF Klamath)



On this day before me, the undersigned Notary Public, personally appeared Clyde W McRunnels and Marlis McRunnels, to me known to be the individuals described in and who executed the Modification of Mortgage, and acknowledged that they signed the Modification as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 28th day of June, 19 95.

By Charlene Terry
Notary Public in and for the State of Oregon

Residing at Bonanza
My commission expires 11-23-97

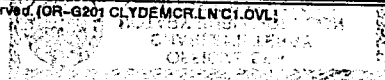
LENDER ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS

On this _____ day of _____, 19____, before me, the undersigned Notary Public, personally appeared _____ and known to me to be the _____, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ South Valley State Bank _____ the _____ 30th _____ day
of _____ June _____ A.D., 19 95 at 1:30 o'clock _____ P.M., and duly recorded in Vol. _____ M95,
of _____ Mortgages _____ on Page 17124.

FEE \$15.00

Bernetha G. Letsch County Clerk

By Annette Mueller