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RECORDATION REQUESTED BY:
Wells Fargo Bank, (formerly known as)
First Interstate Bank of Oregon, N.A.
1300 S.W. Fifth Avenue, T-18
Portland, OR 97208

Vol. m96 Page 11640

WHEN RECORDED MAIL TO:
Wells Fargo Bank
P.O. Elox 3330, MS BV-120
Portland, OR 97208-3330

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WELLS FARGO BANK,
(formerly known as)
First Interstate Bank of Oregon, N.A.

MODIFICATION OF DEED OF TRUST

APR 25 11:34 AM '96

THIS MODIFICATION OF DEED OF TRUST IS DATED APRIL 8, 1996, BETWEEN KLAMATH MACHINERY CO., INC., an Oregon Corporation (referred to below as "Grantor"), whose address is PO Box 1178, Klamath Falls, OR 97601; and Wells Fargo Bank (formerly known as First Interstate Bank of Oregon, N.A. and referred to below as "Lender"), whose address is P.O. Box 3131, T-18, Portland, OR 97208.

DEED OF TRUST. Grantor and Lender have entered into a Deed of Trust dated August 23, 1995 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded August 23, 1995 in Volume M95, Page 22676

AND MODIFICATION OF DEED OF TRUST dated February 1, 1996 recorded in Klamath County, State of Oregon as follows:

Recorded February 1, 1996 in Volume M96, Page 3049

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

Lots 5, 6 and 7 Block 8, 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.

The Real Property or its address is commonly known as 445 S. Spring, Klamath Falls, OR 97601. The Real Property tax identification number is 3809-033BB-10700.

Modification. Grantor and Lender hereby make a second modification of the Deed of Trust as follows:


Pursuant to the execution of that certain Change in Terms Agreement of even date herewith, Grantor and Lender agree to modify the maturity date; which if not sooner paid, is due and payable on July 4, 1996.

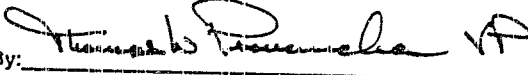
CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Deed of Trust shall remain unchanged and in full force and effect. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Deed of Trust as changed above nor obligate Lender to make any future modifications. Nothing in this Modification shall constitute a satisfaction of the promissory note or other credit agreement secured by the Deed of Trust (the "Note"). It is the intention of Lender to retain as liable all parties to the Deed of Trust 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 Deed of Trust 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 DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:
KLAMATH MACHINERY CO., INC.

LENDER:
Wells Fargo Bank, (formerly known as)
Interstate Bank of Oregon, N.A.

By: 
Don C. Rice, President

By:  IA
Authorized Officer

MODIFICATION OF DEED OF TRUST
(Continued)

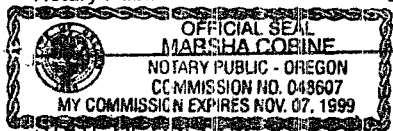
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CORPORATE ACKNOWLEDGMENT

STATE OF OREGON)
)ss
COUNTY OF MULTNOMAH)

On this 22nd day of April, 1996, before me, the undersigned Notary Public, personally appeared Don C. Rice, President of KLAMATH MACHINERY CO., INC., and known to me to be an authorized agent of the corporation that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

By Marsha Corine Residing at Klamath Falls, OR
Notary Public in and for the State of Oregon My commission expires 11-7-99

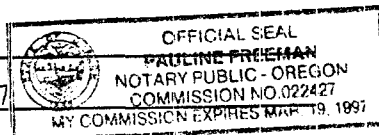


LENDER ACKNOWLEDGMENT

STATE OF OREGON)
)ss
COUNTY OF MULTNOMAH)

On this 11th day of April, 1996, before me, the undersigned Notary Public, personally appeared Thomas L. Soraccha and known to me to be the Vice President, 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 Pauline Freeman Residing at Portland Or.
Notary Public in and for the State of OR My commission expires 3-1997



RECORDING ACKNOWLEDGMENT

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Wells Fargo the 25th day of April A.D., 1996 at 1:34 o'clock
P M., and duly recorded in Vol. M96, of Mortgages on
Page 11640.

FEE \$15.00

Bernetha G. Letsch, County Clerk
By Cheryl Russell