

Record and Return to:

Weil, Gotshal & Manges
767 Fifth Avenue
New York, NY 10153
Attention: Oscar A. Zamora, Esq.

K-48782

EXTENSION AGREEMENT

This EXTENSION AGREEMENT (this "Agreement"), dated as of December 24, 1995, between State Street Bank and Trust Company, as Trustee for Oregon Commercial Mortgage, Inc. 1995-1 Commercial Mortgage Pass-Through Certificates, Series 1995-1 ("Lender"), having an address at c/o Amresco Management, Inc., 235 Peachtree St., Suite 900, Atlanta, GA 30303, and Frank M. Graves ("Borrower"), having an address at 652 Spyglass, Eugene, Oregon 97401.

W I T N E S S E T H:

WHEREAS, The Umpqua Savings and Loan Association ("Original Lender") made a loan (the "Loan") to Twin City Builders, Inc., Frank W. Graves, Frank M. Graves and Stephen B. Graves (collectively "Original Borrower") which is evidenced by that certain Promissory Note (as the same may have been amended, the "Note"), dated March 11, 1977, executed by Original Borrower, in the original principal amount of \$1,360,000;

WHEREAS, the Note is secured by, among other things, that certain Mortgage (as the same may have been amended, the "Mortgage"), dated March 11, 1977 between Original Borrower and Original Lender, and recorded on March 23, 1977, with the Clerk of Klamath County, Oregon, in Book 77, at Page 4871, and encumbering premises commonly known as 2919 Eberlien Street, Klamath Falls, Oregon, being more particularly described on Schedule A annexed hereto and made a part hereof;

WHEREAS, Lender has succeeded to the interests and rights of Original Lender in and to the Note, the Mortgage and all other documents evidencing or securing the Loan (collectively the "Loan Documents");

10:11 AM 96 MAY -6

WHEREAS, Borrower wishes to maintain exclusive responsibility and liability for the obligations of Original Borrower under the Loan Documents;

WHEREAS, Lender desires to release Twin City Builders, Inc., Frank W. Graves and Stephen B. Graves from its obligations under the Loan Documents; and

WHEREAS, Borrower and Lender have agreed to extend the maturity date of the Loan and amend the Loan Documents as hereinafter set forth.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Borrower and Lender hereby agree, as follows:

1. Notwithstanding any provision of the Loan Documents to the contrary, the maturity date (the "Maturity Date") of the Loan shall be September 15, 2001, on which date all outstanding principal, interest and other fees and charges in respect of the Loan shall be immediately due and payable.
2. Notwithstanding any provision of the Loan Documents to the contrary, all references to the Original Maturity Date (as hereinafter defined), shall hereinafter be replaced by September 15, 2001.
3. Notwithstanding any provision of the Loan Documents to the contrary, regular monthly payments of principal and interest on the Loan shall continue to be made by Borrower beyond the original maturity date of the Loan (the "Original Maturity Date"), at the times and in the amounts and manner set forth in the Loan Documents, until the Maturity Date, whereupon the principal of the Loan shall have been repaid in full.
4. Borrower shall not be obligated to repay the Loan on the Original Maturity Date, but Borrower shall retain the right to prepay all or any portion of the principal and interest of the Loan on the Original Maturity Date or at any time thereafter, without penalty, in the manner otherwise set forth in the Loan Documents.
5. Lender hereby releases Twin City Builders, Inc., Frank W. Graves, and Stephen B. Graves (the "Released Parties") from any and all liability and obligations which

the Released Parties may have had or currently have with respect to the Loan Documents.

6. Notwithstanding anything to the contrary, Borrower hereby confirms and reaffirms all of its obligations under the terms of the Loan Documents, which remain in full force and effect.

7. The Loan Documents are hereby amended by the terms of this Agreement and this Agreement shall not constitute a novation. In the event of any conflict between this Agreement and the Loan Documents, the terms of this Agreement shall control. Whenever possible, the provisions of this Agreement shall be deemed supplemental to and not in derogation of the terms of the Loan Documents. Except as set forth herein, the terms of the Loan Documents shall remain unmodified and in full force and effect.

8. Borrower acknowledges that it is executing this Agreement as its own voluntary act, free from duress and undue influence and upon and with the advice of counsel.

9. The person executing this Agreement on behalf of Borrower represents that it has the authority to do so and that this Agreement constitutes the valid, binding and enforceable obligation of Borrower.

10. This Agreement shall not constitute a waiver of any of Lender's rights or remedies under the Loan Documents or any defaults which may exist thereunder.

11. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which, together, shall constitute but one instrument.

12. This Agreement shall be governed by the laws of the State governing the Loan Documents.

13. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their successors and assigns.

14. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof, and all prior understandings with respect thereto shall be merged herein. This Agreement may not be amended except upon the written agreement of the parties.

IN WITNESS WHEREOF, Borrower and Lender have
executed this Agreement as of the date first above written.

Lender:

STATE STREET BANK AND TRUST COMPANY,
as Trustee for Oregon Commercial
Mortgage, Inc. 1995-1 Commercial
Mortgage Pass-Through Certificates,
Series 1995-1

By: AMRESKO Management, Inc., as
attorney in fact for
STATE STREET BANK AND TRUST
COMPANY, as Trustee for Oregon
Commercial Mortgage, Inc. 1995-1
Commercial Mortgage Pass-Through
Certificates, Series 1995-1

By: Tammy K. Heyman
Name: Tammy K. Heyman
Title: SERVICING OFFICER

Borrower:

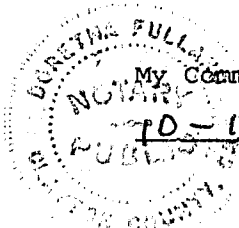
FRANK M. GRAVES

By: Frank M. Graves
Name: Frank M. Graves

ACKNOWLEDGMENT

STATE OF)
) ss.:
 COUNTY OF)

On the 29th day of December, 1995, before me personally came Tammy K. Heyman, to me known, who, being by me duly sworn, did depose and say that (s)he resides at 235 Peachtree St. Atlanta, GA, that (s)he is the SERVICING OFFICER of AMRESKO Management, Inc., the corporation described in and which, as attorney-in-fact, executed the foregoing instrument; and that AMRESKO Management, Inc., is known to me to be the attorney-in-fact of State Street Bank and Trust Company, as Trustee for Oregon Commercial Mortgage, Inc. 1995-1 Commercial Mortgage Pass-Through Certificates, Series 1995-1, the corporation described in and which by its said attorney-in-fact executed the foregoing instrument; and that (s)he signed his/her name thereto by authority of the board of directors of said corporation and that the said AMRESKO Management, Inc. duly executed said instrument as the act and deed of State Street Bank and Trust Company, as Trustee for Oregon Commercial Mortgage, Inc. 1995-1 Commercial Mortgage Pass-Through Certificates, Series 1995-1, therein described and for the purpose therein mentioned by virtue of the power-of-attorney executed by State Street Bank and Trust Company, as Trustee for Oregon Commercial Mortgage, Inc. 1995-1 Commercial Mortgage Pass-Through Certificates, Series 1995-1, the 6 day of December, 1995, and recorded with the Clerk of Klamath County, Oregon, on the 12th day of December, 1995, in Volume M95, Page 33914.



Doretha Fullard
 NOTARY PUBLIC

DORETHA FULLARD

12836

STATE OF Oregon)
COUNTY OF Lane) ss.:



The foregoing instrument was acknowledged before me this
2 day of April, 1996 by Frank M. Graves.

Kym M Adcock
Notary Public

Feb. 28, 2000
My Commission Expires

The Housing Project shall consist of the proposal submitted by Twin City Builders, Inc., dated December 18, 1974, and April 21, 1975; approved by the Housing Authority of Klamath Falls on January 6, 1975, and April 25, 1975; and approved by HUD on May 16, 1975.

The proposal shall include an 81-unit apartment project of ten (10) one-story row buildings and one (1) one-story rec/laundry/office building and which will be comprised of 80 one-bedroom units for the elderly and one two-bedroom manager's unit. Said project will be constructed on a piece of land bounded on the north by Wantland Avenue, on the east by the Main Reclamation Canal, on the south by Eberlein Avenue, and on the west by Applewood Street (unimproved). The subject property is more fully described as follows:

Parcel 1

The following described real property in Klamath County, Oregon:

A tract of land 320 feet wide north and south, in ENTERPRISE TRACTS NO. 38A and NO. 41B, and lying North of the North Line of the County Road known as the extension of Eberlein Avenue and bounded on the North by the Northerly Line of Wantland Avenue of Darrow Addition to the City of Klamath Falls, Oregon, extended East to the right of way of the U.S.R.S. Canal; also, such fragments of Enterprise Tracts No. 30 lying South of the U.S.R.S. Canal, as may remain after conveyance heretofore made by Enterprise Land and Investment Company to the U.S.R.S. for right of way, and to Klamath County, Oregon, for road purposes, together with vacated portions of Allandale and Applewood Streets, described as Parcels 1 and 2 in Volume 70, Page 4511, Klamath County, recorded June 5, 1970, in the Southwest 1/4, Section 34, Township 38 South, Range 9 East, of the Willamette Meridian;

EXCEPTING, HOWEVER, those certain parcels heretofore conveyed to the United States of America for right of way of the Main Canal and "B" Lateral of the United States of America Irrigation System, and to Klamath County, Oregon, for rights of way of roads known as the extension of Eberlein Avenue and Washburn Way;

EXCEPTING, ALSO, that certain parcel of land deeded by Alfred D. Collier and Ethel F. Collier, husband and wife, to George H. Merryman and Mabel C. Merryman, husband and wife, and George H. Merryman, Jr. and Elizabeth F. Merryman, husband and wife, recorded May 2, 1941, in Book 137 at Page 359, Deed Records of Klamath County, Oregon;

EXCEPTING, ALSO, that certain parcel of land deeded by Alfred D. Collier and Ethel F. Collier, husband and wife, to Klamath County, Oregon, recorded May 11, 1941, in Book 137 at Page 542, Deed Records of Klamath County, Oregon;

BUT INCLUDING ALSO the rights and privileges reserved in said deed to Alfred D. Collier and Ethel F. Collier, said land being deeded to Klamath County, Oregon, for the use as a County Road as therein set forth.

EXCEPT that portion lying West of the East Line of vacated Applewood Street.

Parcel 2

The following described real property in Klamath County, Oregon:

A tract of land 320 feet wide North and South, in ENTERPRISE TRACTS NO. 38A and NO. 41B, and lying North of the North Line of the County Road known as

128313

4874

the extension of Eberlein Avenue and bounded on the North by the Northerly Line of Wantland Avenue of Darrow Addition to the City of Klamath Falls, Oregon, extended East to the right of way of the U.S.R.S. Canal; also, such fragments of Enterprise Tracts No. 30 lying South of the U.S.R.S. Canal as may remain after conveyance heretofore made by Enterprise Land and Investment Company to the U.S.R.S. for right of way and to Klamath County, Oregon, for road purposes, together with vacated portions of Allandale and Applewood Streets described as Parcels 1 and 2 in Volume 70, Page 4511, Klamath County, recorded June 5, 1970, in the Southwest 1/4, Section 34, Township 38 South, Range 9 East, of the Willamette Meridian;

EXCEPTING, HOWEVER, those certain parcels heretofore conveyed to the United States of America for right of way of the Main Canal and "B" Lateral of the United States of America Irrigation System and to Klamath County, Oregon, for rights of way of roads known as the extension of Eberlein Avenue and Washburn Way;

EXCEPTING, ALSO, that certain parcel of land deeded by Alfred D. Collier and Ethel F. Collier, husband and wife, to George H. Merryman and Mabel C. Merryman, husband and wife, and George H. Merryman, Jr. and Elizabeth F. Merryman, husband and wife, recorded May 2, 1941, in Book 137 at Page 359, Deed Records of Klamath County, Oregon;

EXCEPTING, ALSO, that certain parcel of land deeded by Alfred D. Collier and Ethel F. Collier, husband and wife, to Klamath County, Oregon, recorded May 11, 1941, in Book 137 at Page 542, Deed Records of Klamath County, Oregon;

BUT INCLUDING ALSO the rights and privileges reserved in said deed to Alfred D. Collier and Ethel F. Collier, said land being deeded to Klamath County, Oregon, for the use as a County Road as therein set forth;

EXCEPT that portion lying East of vacated Applewood Street and West of the Centerline of vacated Allandale Street.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 6th day
of May A.D., 19 96 at 11:01 o'clock A.M., and duly recorded in Vol. M96
of Mortgages on Page 12831

FEE \$45.00

Bernetha G. Letsch, County Clerk
By Cheryl Russell