

RECORDATION REQUESTED BY:

South Valley Bank & Trust
 5215 South Sixth Street
 Klamath Falls, OR 97603

WHEN RECORDED MAIL TO:

South Valley Bank & Trust
 5215 South Sixth Street
 Klamath Falls, OR 97603

SEND TAX NOTICES TO:

Kerry M. Smith and Cynthia E. Smith
 120 S. Rogers
 Klamath Falls, OR 97601

36 DEC 31 A9:44

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED DECEMBER 17, 1996, BETWEEN Kerry M. Smith and Cynthia E. Smith, as tenants by the entirety (referred to below as "Grantor"), whose address is 120 S. Rogers, Klamath Falls, OR 97601; and South Valley Bank & Trust (referred to below as "Lender"), whose address is 5215 South Sixth Street, Klamath Falls, OR 97603.

DEED OF TRUST. Grantor and Lender have entered into a Deed of Trust dated October 30, 1987 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Volume M877, page 21038, reception #81816, recorded November 20, 1987 in the Clerk's office of Klamath County, Oregon.

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

Lots 3 and 4, Block 16, Riverside 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 120 South Rogers St, Klamath Falls, OR 97601.

MODIFICATION. Grantor and Lender hereby modify the Deed of Trust as follows:

Extend the maturity date to February 28, 1997

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:

X Kerry M. Smith
 Kerry M. Smith

X Cynthia E. Smith
 Cynthia E. Smith

LENDER:

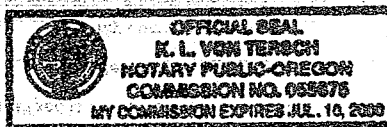
South Valley Bank & Trust

By: [Signature] VP
 Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON

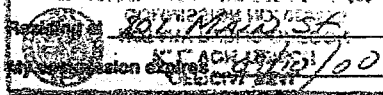
COUNTY OF Klamath



On this day before me, the undersigned Notary Public, personally appeared Kerry M. Smith and Cynthia E. Smith, to me known to be the individuals described in and who executed the Modification of Deed of Trust, 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 18th day of December, 1996.

By: [Signature]
 Notary Public in and for the State of OREGON



LENDER ACKNOWLEDGMENT

FORM NO. 50202-9
 10-15-1996

MODIFICATION OF DEED OF TRUST

30322

