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RECORDATION REQUESTED BY:

South Valley Bank & Trust
P O Box 5719
Klamath Falls, OR 97601

97 MAY -5 P2:42

Vol. 1197 Page 13664

WHEN RECORDED MAIL TO:

South Valley Bank & Trust
P O Box 5719
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

South Valley Bank & Trust
P O Box 5719
Klamath Falls, OR 97601

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED APRIL 20, 1997, BETWEEN Seth E Deaver (referred to below as "Grantor"), whose address is 10610 Hill Rd, Klamath Falls, OR 97603; and South Valley Bank & Trust (referred to below as "Lender"), whose address is P O Box 5719, Klamath Falls, OR 97601.

DEED OF TRUST. Grantor and Lender have entered into a Deed of Trust dated October 10, 1996 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Volume 1195, page 32633, recorded 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:

Beginning at the Southeast corner of the SE1/4SE1/4 of Section 31, Township 39 South, Range 10 East of the Willamette Meridian; running thence West on the South line of said Section 31 to the West line of Lot 7 of said Section 31; thence North with meander line on the East side of Lost River to a point on said meander line 7 chains and 53 links North of said section line; thence in an Easterly direction to the Northeast corner of the SE1/4SE1/4 of said Section 31; thence South 20 chains to the place of beginning, being a portion of the SE1/4SE1/4 and Lot 7, Section 31 in Township 39 South, Range 10 East of the Willamette Meridian. EXCEPTING therefrom such portions as have been heretofore deeded to the United States of America for canal rights of way. ALSO EXCEPTING that portion thereof deeded to Great Northern Railway Company for railroad rights of way by deed dated June 10, 1931, recorded June 13, 1931, in Volume 88 on page 464, Deed Records of Klamath County, Oregon. That portion of the SW1/4SW1/4 of Section 31, Township 39 South, Range 10 East of the Willamette Meridian, lying Westerly of the right of way of the "G" Canal. NE1/4NE1/4, Lots 7, 8, 9, in Section 4, Township 40 South, Range 10 East of the Willamette Meridian. SAVING AND EXCEPTING those portions deeded to the United States of America for canal purposes and to Great Northern Railway Company for railroad rights of way. ALSO SAVING AND EXCEPTING that portion of the NE1/4NE1/4 of Section 6, Township 40 S. R. 10 E.W.M., lying East of the "G" Canal.

The Real Property or its address is commonly known as 10610 Hill Rd, Klamath Falls, OR 97603.

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

Modify the terms of payment to annual payments of \$46,416.00 including interest, same maturity date of October 1, 2001.

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 endorser 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 Seth E Deaver
Seth E Deaver

LENDER:

South Valley Bank & Trust

By [Signature]
Authorized Officer

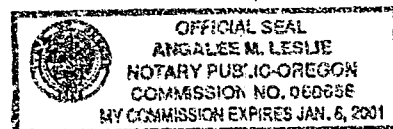


RECORDED IN THE CLERK'S OFFICE OF KLAMATH COUNTY, OREGON

MODIFICATION OF DEED OF TRUST

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath

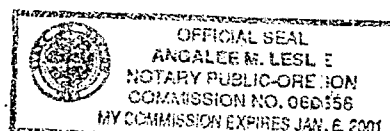


On this day before me, the undersigned Notary Public, personally appeared Beth E Deaver, to me known to be the individual described in and who executed the Modification of Deed of Trust, and acknowledged that he or she signed the Modification as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29 day of April, 19 97.
By Angela M. Lesje Residing at Klamath Falls OR
Notary Public in and for the State of Oregon My commission expires 1/6/01

LENDER ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath



On this 29 day of April, 19 97, before me, the undersigned Notary Public, personally appeared Steve Van Buren and known to me to be the authorized agent for the 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 Angela M. Lesje Residing at Klamath Falls OR
Notary Public in and for the State of Oregon My commission expires 1/6/01

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STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of South Valley Bank the 5th day
of May A.D., 19 97 at 2:42 o'clock P. M., and duly recorded in Vol. 1366
of Mortgages on Page 13664

FEE \$15.00

Bernetha G. Leusch, County Clerk

by Kathleen Ross

MODIFICATION OF DEED OF TRUST