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Vol. 1991 Page 13666

RECORDATION REQUESTED BY:

South Valley Bank & Trust
P O Box 5210
Klamath Falls, OR 97603

97 MAY -5 P242

WHEN RECORDED MAIL TO:

South Valley Bank & Trust
P O Box 5210
Klamath Falls, OR 97603

SEND TAX NOTICES TO:

South Valley Bank & Trust
P O Box 5210
Klamath Falls, OR 97603

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED APRIL 14, 1997, BETWEEN Owen N Matthews and Debra G Matthews, as tenants by the entirety (referred to below as "Grantor"), whose address is 28585 DeMerritt Rd., Mailin, OR 97632; and South Valley Bank & Trust (referred to below as "Lender"), whose address is P O Box 5210, Klamath Falls, OR 97603.

DEED OF TRUST. Grantor and Lender have entered into a Deed of Trust dated May 1, 1992 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded May 15, 1992, in the office of the County Clerk, Klamath County, Oregon, Volume M92, page 10651, reception # 44958.

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

A Tract of Land situated in the SE1/4 SE1/4 of Section 8, Township 41 South, Range 12 E.W.M., Klamath County, Oregon, more particularly described as follows:

Beginning at a point marked by a P.K. nail on the South line of said Section 8, said point being South 89 degrees 50' 00" West 660.52 feet from the Southeast corner of said Section 8; thence continuing South 89 degrees 50' 00" West along said Section line, 186.00 feet to a P.K. nail; thence North 00 degrees 34' 40" East 30.00 feet to a 5/8 inch iron pin on the Northerly right of way line of DeMerritt Road; thence continuing North 00 degrees 34' 40" East 377.00 feet to a 5/8 inch iron pin; thence North 89 degrees 50' 00" East 186.00 feet to a 5/8 inch iron pin; thence South 89 degrees 34' 40" West 377.00 feet to a 5/8 inch iron pin on the Northerly right of way line of said DeMerritt Road; thence continuing South 00 degrees 34' 40" West 30.00 feet to the point of beginning.

The Real Property or its address is commonly known as 28585 DeMerritt Rd., Mailin, OR 97632.

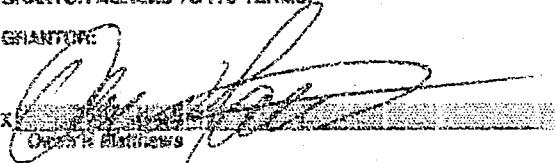
MODIFICATION. Grantor and Lender hereby modify the Deed of Trust as follows:

Extend the maturity date to March 31, 2002, and adjust the payment schedule to include annual principal and interest payments.

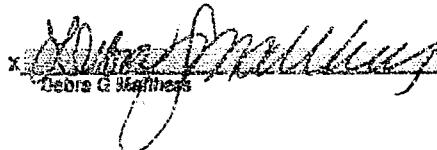
CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Deed of Trust shall remain unchanged and in full force and effect. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Deed of Trust as changed above nor obligate Lender 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 endorsers 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:



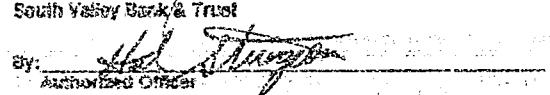
Owen N. Matthews



Debra G. Matthews

LENDER:

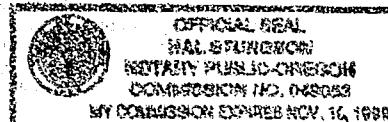
South Valley Bank & Trust



Notary Public

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Klamath)



On this day before me, the undersigned Notary Public, personally appeared Owen N. Matthews and Debra G. Matthews 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 24th day of April, 1997.

By Jeff Stinger Notary Public, State of Oregon, Commission No. 049033.

Notary Public in and for the State of Oregon, My commission expires Nov

1998.
I HEREBY CERTIFY THAT THIS DOCUMENT WAS SIGNED IN MY PRESENCE AND THAT THE SIGNATURES ARE THOSE OF THE INDIVIDUALS IDENTIFIED IN THE DOCUMENT.

04-18-1997
Loan No 204907

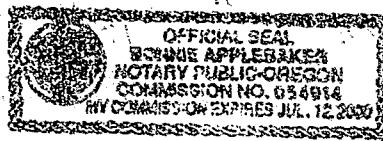
MODIFICATION OF DEED OF TRUST
(Continued)

13667 Page 2

LENDER ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath



On this 29th day of April, 1997, before me, the undersigned Notary Public, personally appeared Bonnie Applebacher, authorized agent for the Lender, and known to me to be the Lender's Attorney-in-Fact, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes herein mentioned, and on oath stated that he or she is authorized to execute this instrument and that the seal affixed is the corporate seal of said Lender.

By Bonnie Applebacher Residing at 3535 Homedale Rd., Klamath, OR 97601
Notary Public in and for the State of Oregon My commission expires 7-12-2000

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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. 1997 at 2:42 o'clock P.M., and duly recorded in Vol. M97
of Mortgages on Page 13666.

Witnessed by Bonnie G. Letsch, County Clerk

Fee \$15.00

by Kathleen Rose

I, the undersigned, do hereby acknowledge that I have read the foregoing instrument and that it is my intention to be bound thereby according to its terms.

I further declare that I am at least eighteen years of age and of sound mind, and that I have read the foregoing instrument and understand its contents, and that I sign it freely and voluntarily.

I declare under penalty of perjury that the foregoing is true and correct.

I further declare that I have read the foregoing instrument and that I understand its contents, and that I sign it freely and voluntarily.

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