

RECORDATION REQUESTED BY: '97 JUL -7 PM 3:03

South Valley Bank & Trust
P O Box 5210
Klamath Falls, OR 97601

WHEN RECORDED MAIL TO:

South Valley Bank & Trust
P O Box 5210
Klamath Falls, OR 97601

ATTN: Tammy
SEND TAX NOTICES TO:

Robert J Bogalay
800 Hillside Avenue
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 JUNE 26, 1997, BETWEEN Robert J Bogalay (referred to below as "Grantor"), whose address is 800 Hillside Avenue, Klamath Falls, OR 97601; and South Valley Bank & Trust (referred to below as "Lender"), whose address is P O Box 5210, Klamath Falls, OR 97601.

DEED OF TRUST. Grantor and Lender have entered into a Deed of Trust dated August 13, 1993 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded on August 19, 1993 in the Klamath County Clerk's Office, Volume M93 at page 20823, reception no. 66551

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

See Attached Exhibit A

The Real Property or its address is commonly known as 203 Main Street, Klamath Falls, OR 97601. The Real Property tax identification number is 3809-32AC-5500.

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

Decrease interest rate to 2.00 percentage points over the Index, and extend maturity date to May 30, 1998.

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:

X

Robert J Bogalay

LENDER:

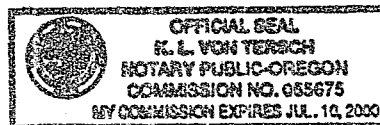
South Valley Bank & Trust

By:

Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)
) SS
COUNTY OF KLAMATH)



On this day before me, the undersigned Notary Public, personally appeared Robert J Bogalay, 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 26th day of JUNE, 1997.

By K. L. Von Tersch

Residing at 801 Main St

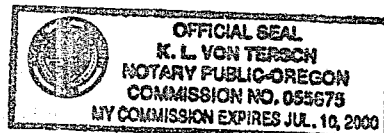
Notary Public in and for the State of OREGON

My commission expires 07/10/00

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LENDER ACKNOWLEDGMENT

STATE OF OREGON)
) SS
COUNTY OF Klamath)



On this 26th day of JUN, 1997, before me, the undersigned Notary Public, personally appeared John F. Ditty and known to me to be the LOAN OFFICER, 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 K. L. Von Tersch
Notary Public in and for the State of OREGON

Residing at 201 Main St
My commission expires 07/10/00

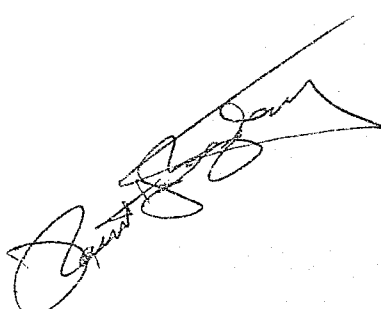
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MODIFICATION OF DEED OF TRUST

EXHIBIT A

A portion of Lots 4, 3 and 2 in Block 19 of Original Town of Klamath Falls (formerly Linkville), according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the most Southerly corner of said Lot 4; thence N. 39 degrees 05' E. Along the Southeasterly line of said Lots 4 and 3 a distance of 128.6 feet; thence at right angles N. 50 degrees 55' W., parallel with the Westerly line of said Lot 4 a distance of 77.6 feet to a corner of the Bush Furniture Building; thence N. 05' 50" W., along the outside face of said building a distance of 5.8 feet to a corner of said building, said corner being S. 50 degrees 55' W. Along the outside face of said building a distance of 30.1 feet, more or less, to the Southeasterly line of said alley; thence S. 39 degrees 05' W. Along said Southeasterly line a distance of 132.9 feet to the Northeasterly line of 2nd St; thence S. 50 degrees 55' E. Along said line a distance of 112.0 feet to the point of beginning.



STATE OF OREGON; COUNTY OF KLAMATH: ss.

Filed for record at request of South Valley Bank the 7th day
of July A.D., 19 97 at 3:03 o'clock P.M., and duly recorded in Vol. M97
of Mortgages on Page 20976.

FEE \$20.00

By Bernetha G. Letsch, County Clerk
Kathleen Rasmussen