

RECORDATION REQUESTED BY:

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

SEND TAX NOTICES TO:

SoCO Development, Inc.
135 South 9th Street
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 MAY 6, 1998, BETWEEN SoCO Development, Inc., an Oregon Non-Profit Corporation (referred to below as "Grantor"), whose address is 135 South 9th Street, 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 April 8, 1998 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Construction/Line of Credit recorded in Volume 2298, page 12745, microfilm #56563, on April 17, 1998

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

Tract 400: A Tract of land lying in the south west quarter of Section 34, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, said tract being more particularly described as follows:

Commencing at the southwest corner of said Section 34, which corner is a point on the center line of a county road; thence North 89 degrees 54' 58.3" East, 467 feet along the center line of the county road; thence North 9 degrees 54.6" West, 30 feet to a point on the north right-of-way line of the county road, and the TRUE POINT OF BEGINNING; thence continuing North 0 degrees 10' 54.6" West a distance of 2616.67 feet to a point on the E-W center line of section, said point being stamped "A-130-2"; thence North 89 degrees 51' 19.6" East along the E-W center line of said section, to the southwest corner of the southeast quarter of the northwest quarter of Section 34; thence continuing North 89 degrees 51' 19.6" East along the E-W center line of the section, a distance of 154.45 feet to a point "A-130-3"; thence South 0 degrees 10' 33.7" East, a distance of 1044.81 feet to "A-130-4"; thence North 89 degrees 50' 07.0" East 510.50 feet to "A-130-5"; thence South 0 degrees 11' 04.6" East, 1573.65 feet to "A-130-6", a point on the north right-of-way line of the county road; thence South 89 degrees 54' 58.3" West along the north right-of-way line of said county road, a distance of 1510.00 feet to "A-130-1", and the POINT OF BEGINNING.

Tract J: The SW1/4 of the NW1/4 of Section 31, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM

Unit 10765 (Preddy Avenue), Unit 10767 (Preddy Ave.), Unit 10770 (Preddy Ave.), Unit 10857 (Vincent Drive), Unit 10855 (Vincent Drive), Unit 10853 (Vincent Drive), Unit 10719 (Vincent Drive), Unit 10834 (Wright Ave.), Tract 1336-Falcon Heights Condominiums-Stage 1 according to the official plat thereof on file in the office of the County Clerk, Oregon.

The Real Property or its address is commonly known as Falcon Heights, Klamath Falls, OR 97603.

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

Increase Loan Amount to \$1,791,115.00 and extend the Maturity date to October 31, 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 sale action 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 this 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:

SoCO Development, Inc.

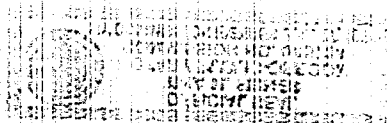
By: 
C Duane Bodker, President

By: 
Lou Eilyn Kelly, Secretary

LENDER:

South Valley Bank & Trust

By: 
Authorized Officer



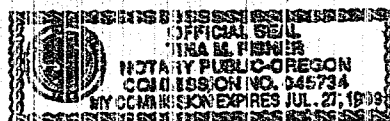
NOTATION OF MODIFICATION OF DEED OF TRUST

NOTATION OF MODIFICATION OF DEED OF TRUST

JK
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CORPORATE ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath ss

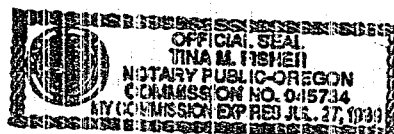


On this 6th day of May, 1998, before me, the undersigned Notary Public, personally appeared C Duane Biedker and Lou Elyn Kelly, President and Secretary of SoCO Development, Inc., and known to me to be authorized agents of the corporation that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

By Tina M Fisher Residing at Klamath Falls
Notary Public in and for the State of Oregon My commission expires 7-27-99

LENDER ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath ss



On this 6th day of May, 1998, before me, the undersigned Notary Public, personally appeared Carrie Price and known to me to be the Treasurer, authorized agent for the Lender that executed the within 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 Tina M Fisher Residing at Klamath Falls
Notary Public in and for the State of Oregon My commission expires 7-27-99

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of South Valley Bank the 8th day
of May, A.D., 1998 at 1:15 o'clock P. M., and duly recorded in Vol. 1498
of Mortgages on Page 15678

FEE \$15.00

By Bernetha G. Letsch, County Clerk
Kathleen Ross