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Vol. M98 Page 32367

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:

Lee W Matchett
315 Mountain View Blvd
Klamath Falls, OR 97601

AMERITITLE, has recorded this
instrument by request as an accommodation only,
and has not examined it for regularity and sufficiency
or as to its effect upon the title to any real property
that may be described therein.

MTC 1396-9358

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED AUGUST 28, 1998, BETWEEN Lee W Matchett (referred to below as "Grantor"), whose address is 315 Mountain View Blvd, 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 July 21, 1994 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded July 28, 1994 in volume M94, page 23072, microfilm #84952 in Klamath County, State of Oregon.

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 900 Main St, Klamath Falls, OR 97601.

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

Increase the principal amount of Note to \$210,000.00.
Reduce the interest rate by .50% points, for an initial rate of 10.50%.
Revise the payment schedule to accommodate the principal increase.

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

Lee W Matchett

LENDER:

South Valley Bank & Trust

By:

Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

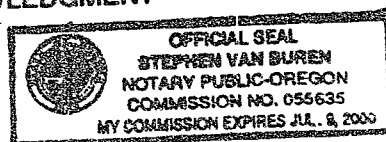
STATE OF

Oregon

) ss

COUNTY OF

Klamath



On this day before me, the undersigned Notary Public, personally appeared Lee W Matchett, 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

31st

day of

August

19 98

By

Stephen Van Buren

Residing at

Klamath Falls

Notary Public in and for the State of

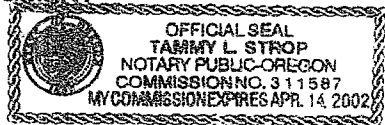
Oregon

My commission expires

7/9/2000

LENDER ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Clatsop) ss



On this 1st day of September, 1998, before me, the undersigned Notary Public, personally appeared John VanBuren and known to me to be the Lender, 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 Tammy L. Strop
Notary Public in and for the State of Oregon

Residing at Clatsop Falls, Oregon
My commission expires April 14, 2002

Unofficial Copy

EXHIBIT "A" LEGAL DESCRIPTION

PARCEL 1

All of Lot 7 in Block 49 NICHOLS 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. EXCEPTING THEREFROM the following described parcel:

Beginning at a point in the Southeasterly line of Main Street 50 feet Southwesterly from the most Northerly corner of Lot 7 in Block 49 NICHOLS ADDITION to the City of Klamath Falls, Oregon and running thence Southeasterly parallel with the line between Lots 6 and 7 of said Block 49, 113 feet to the Northwesterly line of the alley in said Block; thence Southwesterly along the Northwesterly line of the alley 11.17 feet; thence Northwesterly in a straight line, to a point in the Southeasterly line of Main Street, 10.8 feet Southwesterly from the most Northerly corner of Lot 6 of said Block 49; thence Northeasterly 25.8 feet to the point of beginning, being a portion of Lots 6 and 7 in said Block 49 of NICHOLS ADDITION to the City of Klamath Falls, Oregon.

PARCEL 2

A portion of Block 49 NICHOLS 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, described as follows:

Beginning at a point in the Southeasterly line of Main Street 50 feet Southwesterly from the most Northerly corner of Lot 7 in Block 49 NICHOLS ADDITION to the City of Klamath Falls, Oregon, and running thence Southeasterly parallel with the line between Lots 6 and 7 of said Block 49, 113 feet to the Northwesterly line of the alley in said Block; thence Southwesterly along the Northwesterly line of the alley 11.17 feet; thence Northwesterly in a straight line, to a point in the Southeasterly line of Main Street, 10.8 feet Southwesterly from the most Northerly corner of Lot 6 of said Block 49; thence Northeasterly 25.8 feet to the point of beginning, being a portion of Lots 6 and 7 in said Block 49 NICHOLS ADDITION to the City of Klamath Falls, Oregon.

PARCEL 3

A portion of Lots 6 and 7 in Block 49 NICHOLS 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, more particularly described as follows:

Beginning at the most Westerly corner of Lot 6 in Block 49 of NICHOLS ADDITION to the City of Klamath Falls, Oregon; thence Southerly along the Easterly line of Ninth Street 116 feet; thence Northeasterly and parallel to Main Street, a distance of 33 feet; thence Northwesterly to a point on the Southerly line of Main Street 46 feet Northeasterly from the most Westerly corner of said Lot 6; thence Southwesterly along the Southerly line of Main Street 46 feet to the place of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 2nd day
of September A.D. 19 98 at 11:34 o'clock A. M., and duly recorded in Vol. M98
of Mortgages on Page 32367

FILE \$20.00

By Bernetha G. Jetch, County Clerk
Kathleen Rose