

RECORDATION REQUESTED BY:

Washington Mutual Bank doing business as Western Bank
421 South 7th Street
P.O. Box 669
Klamath Falls, OR 97601-0322

WHEN RECORDED MAIL TO:

Washington Mutual Bank doing business as Western Bank
421 South 7th Street
P.O. Box 669
Klamath Falls, OR 97601-0322

SEND TAX NOTICES TO:

Kenneth Scott Dugan
522 Pacific Terrace
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 1396-9400

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED SEPTEMBER 17, 1998, BETWEEN Kenneth Scott Dugan (referred to below as "Grantor"), whose address is 522 Pacific Terrace, Klamath Falls, OR 97601; and Washington Mutual Bank doing business as Western Bank (referred to below as "Lender"), whose address is 421 South 7th Street, P.O. Box 669, Klamath Falls, OR 97601-0322.

DEED OF TRUST. Grantor and Lender have entered into a Deed of Trust dated August 29, 1989 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded September 1, 1989, in the Office of the Klamath County Clerk, as Document No. 400374749, in Volume M89 and Page 16537; and in Volume M92 and Page 1235, 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 Exhibit "A" attached hereto and by this reference incorporated herein.

The Real Property or its address is commonly known as 677 South Seventh Street, Klamath Falls, OR 97601. The Real Property tax identification number is 476684, 476726, 477914 and 17378.

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

Pursuant to the execution of that certain Change in Terms Agreement of even date herewith, Grantor hereby agrees that the maturity date of the Deed is extended to August 17, 1999.

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 endorers 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 Kenneth Scott Dugan
Kenneth Scott Dugan

LENDER:

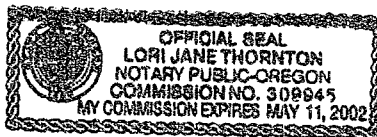
Washington Mutual Bank doing business as Western Bank

By:

[Signature]
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon)
) SS
COUNTY OF Klamath)



On this day before me, the undersigned Notary Public, personally appeared Kenneth Scott Dugan, 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 22nd day of September, 1998.

By [Signature] Residing at Klamath Falls, Oregon

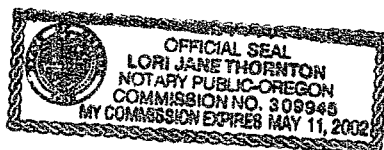
Notary Public in and for the State of Oregon My commission expires 5/11/2002

MODIFICATION OF DEED OF TRUST
(Continued)

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LENDER ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Klamath) ss



On this 22nd day of September, 1998, before me, the undersigned Notary Public, personally appeared Charles R. Skyberg and known to me to be the AVP/Assistant Manager, 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 [Signature]
Notary Public in and for the State of Oregon Residing at Klamath Falls, Oregon
My commission expires 5/11/2002

PARCEL 1

Lots 19D, 20A, 20B, 20C, 20D, and 20E, in Block 5 of RAILROAD ADDITION to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2

Lots 5 to 16 inclusive in Block 3 and Lots 4 to 11 inclusive in Block 4 of HOLLISTER ADDITION to the City of Klamath Falls, Klamath County, Oregon, and also the vacated alley through Block 4 of said HOLLISTER ADDITION; and

Also, that portion of Block 15 of RAILROAD ADDITION to the City of Klamath Falls, Klamath County, Oregon, according to the latest recorded plat thereof lying between the Southeasterly extension of the Northeasterly line of Seventh Street and the Northeasterly extension of the Northwestern line of Lot 10 of Block 4 of HOLLISTER ADDITION to the City of Klamath Falls, being a strip of land one foot in width and 142 feet, more or less in length; and

Also, that portion of Block 15 of RAILROAD ADDITION to the City of Klamath Falls, Klamath County, Oregon, according to the latest recorded plat thereof lying between the Northeasterly extension of the Southeasterly line and the Southeasterly extension of the Northeasterly line of Lot 4 of Block 4 of HOLLISTER ADDITION to the City of Klamath Falls, Oregon, being a strip of land one foot in width and 27 feet, more or less, in length; and

Also, that portion of vacated Willow Avenue lying between Block 3 and 4 of HOLLISTER ADDITION to the City of Klamath Falls, Klamath County, Oregon, and described as follows:

Beginning at the intersection of the Northwestern line of Willow Avenue with the Northeasterly line of Seventh Street; thence Northerly along the Northwestern line of Willow Avenue, a distance of 156 feet to the Northeasterly corner of Lot 16, Block 3, HOLLISTER ADDITION; thence, Southeasterly at right angles to Willow Avenue, a distance of 70.0 feet to the Northwestern corner of Lot 4, Block 4 of HOLLISTER ADDITION; thence Southwesterly along the Southeasterly line of Willow Avenue, a distance of 156 feet to the Northeasterly line of Seventh Street; thence, Northwesternly along the Northeasterly line of Seventh Street, a distance of 70.0 feet to the point of beginning.

35551

PARCEL 3

Lots 17, 18, 19 and 20 in Block 3 of HOLLISTER ADDITION to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, and also the Northwesterly 35 feet of vacated Willow Avenue adjacent to said Lots 17, 18, 19 and 20 Block 3 of HOLLISTER ADDITION to the City of Klamath Falls, Klamath County, Oregon.

PARCEL 4

The Southeasterly 35 feet of vacated Willow Avenue, adjacent to Lots 1, 2 and 3, Block 4, HOLLISTER 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.

PARCEL 5

Lot 1 in Block 3 of HOLLISTER ADDITION to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 6

That portion of Block 15 of the SUPPLEMENTAL PLAT OF RAILROAD ADDITION lying between the Northeasterly extension of the Northwesterly line of Lot 10 of Block 4 of Hollister Addition and the Northeasterly extension of the Southeasterly line of Lot 4, Block 4, Hollister 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.

Tax Account No: 3809 032AD 00900
3809 032AD 01300
3809 033BC 07000
3809 033BC 07300

STATE OF OREGON; COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 28th day
of September A.D., 19 98 at 3:43 o'clock P M., and duly recorded in Vol. M98
of Mortgages on Page 35548

FEE \$25.00

By Bernetha G. Letsch County Clerk
Kathleen Ross