

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

ATTENTION: Tammery

SEND TAX NOTICES TO:

South Valley Bank & Trust
P.O. Box 5210
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 JANUARY 19, 1990, BETWEEN Burt E. Deener (referred to hereinafter as "Grantor"), whose address is 10610 Hill Rd, Klamath Falls, OR 97603; and South Valley Bank & Trust (referred to hereinafter 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 October 10, 1985 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded on October 23, 1985 in Volume M98, page 31333, microfilm #27239, modified and recorded in Volume M97, page 13664, microfilm #37134, recorded on May 6, 1987; modified and recorded in Volume M98, page 12021, microfilm #16281 in the records of the Clerk's office of Klamath County, Oregon.

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

Beginning at the Southeast corner of the SE 1/4 of Section 31, Township 33 South, Range 10 East of the Willamette Meridian; running thence West on the South line of said Section 31 to the West line of Lot 7 of said Section 31; thence North with meander line on the East side of Lost River to a point on said meander line 7 chains and 68 links North of said section line; thence in an Easterly direction to the Northeast corner of the SE 1/4 of said Section 31; thence South 20 chains to the place of beginning, being a portion of the SE 1/4 of Lot 7, Section 31 in Township 33 South, Range 10 East of the Willamette Meridian.

EXCEPTING therefrom such portions as have been heretofore deeded to the United States of America for canal rights of way.

ALSO EXCEPTING that portion thereof deeded to Great Northern Railway Company for railroad rights of way by deed dated June 10, 1931, recorded June 15, 1931, in Volume 55 on page 454, Deed Records of Klamath County, Oregon. That portion of the SW 1/4 of Section 32, Township 33 South, Range 10 East of the Willamette Meridian, lying West of the right of way of the "G" Canal. NE 1/4 of Lot 7, Section 31, Township 33 South, Range 10 East of the Willamette Meridian.

SAYING AND EXCEPTING those portions deeded to the United States of America for canal purposes and to Great Northern Railway Company for railroad rights of way.

ALSO SAYING AND EXCEPTING that portion of the NE 1/4 of Section 31, Township 33 South, Range 10 East of the Willamette Meridian, lying East of the "G" Canal.

EXCEPTING therefrom the SW 1/4 of the NE 1/4 and the SE 1/4 of the NW 1/4 lying East of Lost River (also known as a portion of Government Lot 7), in Section 31, Township 33 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

The Real Property or its address is commonly known as 10610 Hill Rd, Klamath Falls, OR 97603. The Real Property tax identification number is 3910-3100-1400, 3910-3200-2501, 3910-3300-2001.

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

Increase the principal amount of the loan to \$400,000.00. Modify the terms of payment to annual payments of \$36,224.00 including interest, beginning December 15, 1989, until the interest rate adjustment period from every three years to every one year, and decrease the interest rate by 1.00%.

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 does it constitute a satisfaction of the promissory note or other credit instrument. It is the intention of Lender to remain as liable as parties to the Deed of Trust and all parties, 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. Any person who signs the original Deed of Trust does not sign this Modification, then all persons signing the Modification are deemed to have acknowledged that this Modification is given conditionally, based on the representation to Lender that the non-signing person consents to the change and provisions of this Modification. This waiver applies not only to any initial extension or modification but also to subsequent actions.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

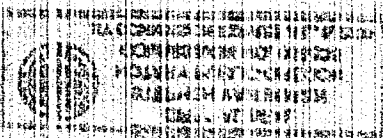
GRANTOR:

Burt E. Deener
Burt E. Deener

LENDER:

South Valley Bank & Trust

Robert A. Deener
Authorized Officer



INDIVIDUAL ACKNOWLEDGMENT

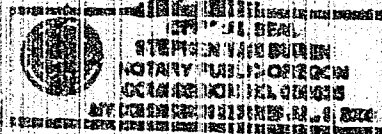
STATE OF

Oregon

COUNTY OF

Klamath

SS



On this day before me, the undersigned

Notary Public, personally appeared

13th E Duver, 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

19th

day of

January

1999

By Stephen Van Duren

Residing at

13th E Duver, Klamath Falls, OR

Notary Public in and for the State of

Oregon

My commission expires

July 9, 2000

LENDER ACKNOWLEDGMENT

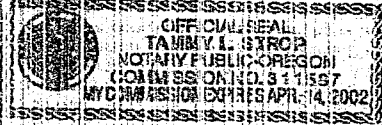
STATE OF

Oregon

COUNTY OF

Klamath

SS



On this 14th day of January, 1999, before me, the undersigned Notary Public, personally appeared Stephen Van Duren, known to me to be the individual described in and who executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, she is authorized by the Lender through its duly authorized officer or officers, 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.

Residing at

503 Main Street, Klamath Falls, OR

Notary Public in and for the State of

Oregon

My commission expires

April 14, 2002

LASEY PRO. Reg. U.S. Pat. & T.M. Off., Vol. 325 (11/98)

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STATE OF OREGON - COUNTY OF KLAMATH

TH

SS

Filed for record at request of

South Valley Bank

the

27th

day

of

January

A.D. 1999

at 11:45

o'clock

P.M., and duly recorded in Vol. 1999

of

Mortgage

Page

2927

FEE

\$15.00

Linda Smith, County Clerk

by

Kathleen Brown