

74738 TCS 2/11/99

Vol. 199 Page 5423

## RECORDATION REQUESTED BY:

'99 FEB 17 AM 108

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:

Ernst Brothers LLC  
P O Box 437  
Gilchrist, OR 97737

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

## MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED DECEMBER 7, 1998, BETWEEN Ernst Brothers LLC, an Oregon limited liability company, an estate in fee simple (referred to below as "Grantor"), whose address is P O Box 637, Gilchrist, OR 97737; 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 May 28, 1997 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded in the Klamath County Official Records on June 4, 1997 in Volume M97, page 17107, Microfilm #38724.

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 F

The Real Property or its address is commonly known as Gilchrist Townsite.

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

Edit the definition of "Note" to include the following: Note #600116 dated May 28, 1997, in the principal amount of \$3,000,000.00, increased to \$3,250,000.00 by Change in Terms dated June 11, 1998, increased a second time to \$3,650,000.00 by Change in Terms dated June 28, 1998 and with this Modification the principal balance will be reduced back to \$3,000,000.00; and Note #830090289 dated December 7, 1998, in the principal amount of \$650,000.00. Both Notes are from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Notes.

Revise the terms of payment on Note #600116 from a revolving line of credit with Quarterly interest payments, to a Term Note of 5 years, amortized over a period of 20 years, with a fixed Monthly Payment that includes both principal and interest.

Change the Maturity date on Note #600116 to December 5, 2003. Note #830090289 has a scheduled Maturity Date of February 8, 1999.

Change the Interest Rate on Note #600116 previously based upon South Valley Bank & Trust's Index, plus 1 Point; to a term rate based upon the Federal Reserve Statistical Release H.15 (519) 5 - year constant maturity which is 4.40%, effective September 28, 1998, plus 300 basis points, for an initial rate of 7.40%, fixed for five years.

Note #830090289 will Remain a Variable Rate at South Valley Bank & Trust's Prime Index, plus 1.00% for an initial rate of 5.75% which can change as often as each day.

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 charged 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:

Ernst Brothers LLC

By: 

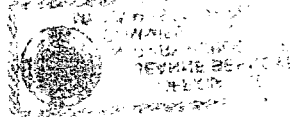
Wayne G. Ernst, Manager

## LENDER:

South Valley Bank & Trust

By: 

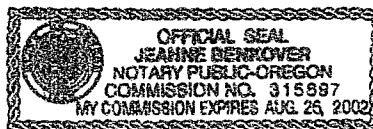
Authorized Officer



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LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Oregon )  
COUNTY OF Klamath ) SS



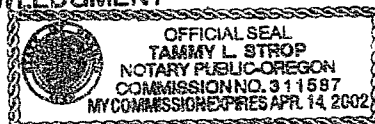
On this 24th day of December, 1998, before me, the undersigned Notary Public, personally appeared Wayne G Ernst, Member of Ernst Brothers LLC, and known to me to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Modification and in fact executed the Modification on behalf of the limited liability company.

By Wayne G Ernst  
Notary Public in and for the State of Oregon

Residing at 803 Main St. Klamath Falls  
My commission expires Aug. 25, 2002

LENDER ACKNOWLEDGMENT

STATE OF Oregon )  
COUNTY OF Klamath ) SS



On this 14th day of January, 1999, before me, the undersigned Notary Public, personally appeared Keith S. Ernst and known to me to be the Managing 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 Tammy L. Strop  
Notary Public in and for the State of Oregon

Residing at 803 Main St. Klamath Falls  
My commission expires April 14, 2002

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## EXHIBIT F

Lots 1, 2, 4, 8, 10, 11, 12, 13, 15, 17, 18, 21, 22, 32, 34, 38, 41, 42, 43, 53, 55, 56, 59, 61, 70, 71, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84, 85, 91, 97, 101, 104, 108, 109, 110, 111, 112, 114, 115, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 130, 131, 132, 133, 134, 136, 141, in Tract 1318, Gilchrist Townsite, Klamath County, Oregon.

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of South Valley Bank the 17th day  
of February A.D., 1999 at 11:08 o'clock A. M., and duly recorded in Vol. 1899  
of Mortgages on Page 5423

Linda Smith, County Clerk

FEE

\$20.00

by

Kathleen Rossi