

74743 TCS 2/9/99  
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:

Ernst Brothers LLC  
P O Box 537  
Gitchrist, OR 97737

99 FEB 17 AM 1:16

Vol. 1799 Page 5436

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

K-53323  
**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, Gitchrist, 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 February 19, 1998 in Volume M98, page 5335, microfilm #50370

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 D

The Real Property or its address is commonly known as Crescent Oil, Crescent, OR 97733.

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 26, 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 8.75% 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 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:

Ernst Brothers LLC

By: Wayne G Ernst

Wayne G Ernst, Manager

LENDER:

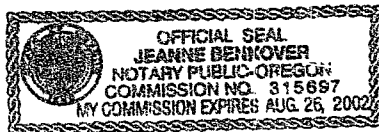
South Valley Bank & Trust

By: [Signature]

Authorized Officer

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Oregon  
COUNTY OF Klamath ) SS

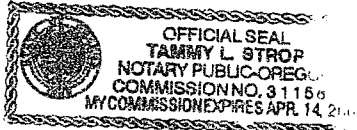


On this 24th day of December, 1998, before me, the undersigned Notary Public, personally appeared Wayne G Ernst, Member of Ernst Brothers LLC, and known to me to be a member or designated agent of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification 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 Residing at 21 Manzana  
Notary Public in and for the State of Oregon My commission expires 8-26-2002

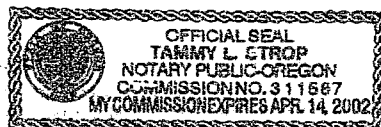
LENDER ACKNOWLEDGMENT

STATE OF Oregon  
COUNTY OF Klamath ) SS



On this 14th day of January, 1999, before me, the undersigned Notary Public, personally appeared Wayne G Ernst and known to me to be the 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 Residing at 803 Main Street  
Notary Public in and for the State of Oregon My commission expires April 14, 2002



## DESCRIPTION OF PROPERTY

## Parcel One:

A parcel of land the same containing portions of the SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  and the SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 30, Township 24 South, Range 9 East of the Willamette meridian, in the County of Klamath, State of Oregon, the said parcel of land being described as follows:

Beginning at a point on the East line of the said SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of said Section 30, which point is marked by a 30 inch steel bar monument and which point is located South  $0^{\circ}17'46''$  West a distance of 331.74 feet from the Northeast corner of the said SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 30 (said corner being also marked by a 30 inch steel bar monument); thence South  $89^{\circ}10'03''$  East for 77.42 feet along the South line of the N  $\frac{1}{4}$  of the NW  $\frac{1}{4}$  of the SE  $\frac{1}{4}$  of the SW  $\frac{1}{4}$  to an intersection with the Westerly boundary of the right of way of The Dalles-California State Highway, said right of way having a total width of 60 feet, to a 30 inch steel bar monument; thence in a Southwesterly direction along the curved Westerly boundary of said right of way, the said curve having a radius of 1940.00 feet, for a distance of 145.10 feet (the chord of said portion of said curve bearing South  $32^{\circ}35'42''$  West for a distance of 145.06 feet) to a 30 inch steel bar monument located on the East boundary of the said SW  $\frac{1}{4}$  of Section 30; thence North  $0^{\circ}17'46''$  East along the said subdivision line for a distance of 38.66 feet to a steel bar monument, which point is further located South  $0^{\circ}17'46''$  West a distance of 84.72 feet from the point of beginning above described; thence South  $39^{\circ}33'20''$  West for 157.82 feet to a 30 inch steel bar monument; thence North  $50^{\circ}26'40''$  West for 154.53 feet to a 30 inch steel bar monument located on the Southeasterly boundary of the right of way of the Gilchrist Lumber Company Railroad, said right of way having a width of 100 feet; thence North  $39^{\circ}37'00''$  East along said right of way boundary for a distance of 346.42 feet to a 30 inch steel bar monument located on the East line of the said SW  $\frac{1}{4}$  of the SW  $\frac{1}{4}$  of Section 30, which point is also located South  $0^{\circ}17'46''$  West, a distance of 172.90 feet from the Northeast corner of the said SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of said Section 30; thence along said subdivision line South  $0^{\circ}17'46''$  West, a distance of 158.84 feet to the point of beginning.

## Parcel Two:

That portion of Lot 4, (SW  $\frac{1}{4}$  SW  $\frac{1}{4}$ ) of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point on the East side of said Lot 4, which is South  $0^{\circ}17'46''$  West, a distance of 430.76 feet from the Northeast corner of said Lot 4, which point is also the intersection of the relocated Westerly right of way line of The Dalles-California Highway with the Easterly line of said Lot 4; thence North  $0^{\circ}17'46''$  East a distance of 14.3 feet to a point; thence South  $39^{\circ}33'20''$  West along the Easterly line of property conveyed to Standard Oil Company of California by Deed recorded in Volume 125 at page 318, Deed Records of Klamath County, Oregon, a distance of 132.82 feet; thence South  $50^{\circ}26'40''$  East a distance of 34.0 feet, more or less, to the relocated Westerly right of way line of The Dalles-California Highway; thence Northeasterly along said Westerly right of way line to the point of beginning.

EXCEPTING THEREFROM that portion of the SW  $\frac{1}{4}$  of the SW  $\frac{1}{4}$  of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at a point which is South  $0^{\circ}17'46''$  West, a distance of 416.46 feet, and South  $39^{\circ}33'20''$  West, a distance of 132.82 feet from the Northeast corner of said SW  $\frac{1}{4}$  of the SW  $\frac{1}{4}$  of Section 30; thence South

5439

39°33'20" West, a distance of 25 feet to a point; thence North 50°26'40" West, a distance of 154.53 feet to a point; thence North 39°37' East, a distance of 25 feet to a point; thence South 50°26'40" East, a distance of 154.53 feet, more or less, to the point of beginning.

EXCEPT from above described Parcel 1 that portion conveyed to the State of Oregon, by and through its State Highway Commission by Bargain and Sale Deed recorded December 11, 1943, in Volume 160 page 405, Deed Records of Klamath County, Oregon.

PARCEL THREE:

Lots 5 and 6 in Block 1 of Chemult, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Together with, A nonexclusive perpetual easement over and across Lot 4 of Block 1, for the following purposes: Access to said Lots 5 and 6 from U. S. Highway 97, and parking of vehicles

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 17th day  
of February A.D., 1999 at 11:16 o'clock A. M., and duly recorded in Vol. M99  
of Mortgages on Page 5436

FEE \$25.00

Linda Smith, County Clerk

by Kathleen Ross