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RECORDATION REQUESTED BY:

South Valley Bank and Trust
P O Box 5210
Klamath Falls, OR 97601

99 MAR -3 P3:12

Vol. M99 Page 7613

WHEN RECORDED MAIL TO:

South Valley Bank and Trust
P O Box 5210
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

Jim McClung
5206 Barry Ave
Klamath Falls, OR 97603

AMERITILE, 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 1396-9150

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED FEBRUARY 25, 1999, BETWEEN Jim McClung (referred to below as "Grantor"), whose address is 5206 Barry Ave, Klamath Falls, OR 97603; and South Valley Bank and 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 March 29, 1995 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Volume M95, Page 8480, Reception 97753, recorded on April 6, 1995 in the office of the County Clerk, Klamath County, Oregon;
Modified on April 4, 1996, Volume M96 at page 9569, reception # 15985

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

Lots 2 and 7 in Block 1, Tract 1249, Re-subdivision of Lot 4, Block 1, WASHBURN PARK, TRACT 1080, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

The Real Property or its address is commonly known as 3320 Washburn Way, Klamath Falls, OR 97603.

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

Revise the payment structure to provide for 3 months of interest only, and increase the monthly Principal and interest payments after the initial interest only period.
Change Maturity date to December 31, 2000

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 Jim S. McClung
Jim McClung

LENDER:

South Valley Bank and Trust

By: Stephen VanBuren
Authorized Officer

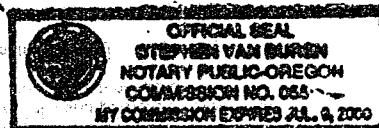
INDIVIDUAL ACKNOWLEDGMENT

STATE OF

Oregon

) SS

COUNTY OF

Klamath

On this day before me, the undersigned Notary Public, personally appeared Jim McClung, 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 26th day of February 19 99 2/26/99

By Stephen VanBuren Residing at Klamath Falls, OR
Notary Public in and for the State of Oregon My commission expires July 9, 2000

FEMDES VCK:NOTARY PUBLIC

(continued)

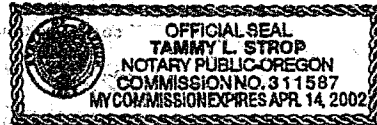
MODIFICATION OF DEED OF TRUST

ACT

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LENDER ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath) SS



On this 24th day of February, 1999, before me, the undersigned Notary Public, personally appeared Stephen Hansen and known to me to be the lending officer, authorized agent for the 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 1000 N. 1st St. Klamath Falls, OR 97601
My Commission Expires April 14, 2002

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STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 3rd day
of March A.D., 1999 at 3:12 o'clock P. M., and duly recorded in Vol. M99
of Mortgages on Page 7613

FEE \$15.00

Linda Smith, County Clerk

by Kathleen Ross

MODIFICATION OF DEED OF TRUST

RECORD THIS INSTRUMENT

WHEN BELONGED WITH TO

RECORD THIS INSTRUMENT

RECORD THIS INSTRUMENT

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