

RECORDATION REQUESTED BY:

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

99 JUL 10 AM 11:47

Vol M99 Page 17806

WHEN RECORDED MAIL TO:

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

SEND TAX NOTICES TO:

Klamath Pacific Corporation and Bogatay Construction
Incorporated
2618 Westgate
Klamath Falls, OR 97603

AMERTITLE, 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.

NTC 1396-9933

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED APRIL 23, 1999, BETWEEN Klamath Pacific Corporation and Bogatay Construction Incorporated, as Tennants in Common (referred to below as "Grantor"), whose address is 2618 Westgate, 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 31, 1994 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded on May 31, 1995 at the Klamath County Clerk's Office, Volume M95, page 14296, reception #816

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 "A"

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

Extend the Maturity date to March 30, 2001

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 endorsers 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 [Signature]
Klamath Pacific Corporation

x [Signature]
Bogatay Construction Incorporated

LENDER:

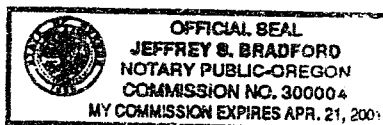
South Valley Bank and Trust

By:

[Signature]
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon)
) SS
COUNTY OF Klamath)



On this day before me, the undersigned Notary Public, personally appeared Klamath Pacific Corporation and Bogatay Construction Incorporated, to me known to be the individuals described in and who executed the Modification of Deed of Trust, and acknowledged that they signed the Modification as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 30th day of April, 19 99.

By [Signature]
Notary Public in and for the State of Oregon

Residing at 261 Main St., K. Falls, OR 97601
My commission expires 4/21/01

LENDER ACKNOWLEDGMENT

STATE OF Oregon)

COUNTY OF Lincoln) ss

On this 30 day of April, 1999, before me, the undersigned Notary Public, personally appeared Jeffrey S. Stanford 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.

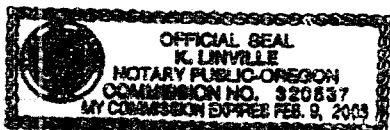
By Stanville

Residing at Lincoln Falls

Notary Public in and for the State of Oregon

My commission expires _____

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PARCEL 1

The SE1/4 SW1/4 and the SW1/4 SE1/4 of Section 22, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon:

SAVING AND EXCEPTING therefrom the right of way of Modoc Northern Railway and the F31 Lateral.

ALSO SAVING AND EXCEPTING all that portion of the SW1/4 SE1/4 lying East of the railroad right of way.

ALSO SAVING AND EXCEPTING beginning at the intersection of the Westerly line of the Central Pacific Railway Co. right of way and the section line common to Sections 22 and 27, Township 39 South, Range 9 East of the Willamette Meridian in Klamath County, Oregon, being 3444 feet, more or less, East of the Section corner common to Sections 21, 22, 27 and 28 of said township and range; thence North 33 degrees 16' West 1636 feet, more or less, and parallel to the Central Pacific Railway Company right of way to the North line of the SE1/4 SW1/4 of said Section 22; thence Westerly on the last said North line 98.02 feet to a point; thence South 33 degrees 16' East 1636 feet, more or less, and parallel to the right of way of the said Central Pacific Railway to the section line common to said Sections 22 and 27; thence Easterly along the section line common to said Section 22 and 27, 98.02 feet, more or less, to the point of beginning.

ALSO SAVING AND EXCEPTING a tract of land located in the SW1/4 of aforesaid section, township and range, more particularly described as follows: Commencing at the Southwest corner of Section 22; thence South 83 degrees 35' 22" East along the South boundary of Section 22, 1337.30 feet to a 5/8 inch iron pin; thence North 00 degrees 08' 23" East 1329.11 feet to a 5/8 inch iron pin for the true point of beginning of this description; thence North 00 degrees 08' 23" East 6.69 feet to a 5/8 inch iron pin at the Northwest corner of the SE1/4 SW1/4 of Section 22; thence South 88 degrees 54' 32" East along the North boundary of the SE1/4 SW1/4 of Section 22, 1079.69 feet to a 5/8 inch iron pin located on the Southwesterly boundary of Spring Lake Road; thence South 33 degrees 32' 11" East along said road boundary, 25.24 feet to a 5/8 inch iron pin; thence South 88 degrees 54' 26" West along an existing fence line, 34.95 feet to a 5/8 inch iron pin; thence North 88 degrees 04' 30" West along an existing fence line 1059.11 feet to the true point of beginning.

(continued)

EXHIBIT "A"

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PARCEL 2

All the following described real property situate in Klamath County, Oregon;

The N1/2 SE1/4 of Section 26, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM the following parcels:

1. The Easterly 30 feet being the right of way of Homedale Road.
2. The tract deeded to the City of Klamath Falls in Deed Book 272 at page 295, Deed Records of Klamath County, Oregon.
3. The Bureau of Reclamation right of way for 1-C Drain, a part of which is described in Deed Book M66 at page 6438, Microfilm Records of Klamath County, Oregon.
4. The right of way of Bureau of Reclamation Drain along the South boundary of the property.
5. A parcel of land in the E1/2 SE1/4 of Section 26, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 5/8" iron pin which is located North 89 degrees 52' West 30.00 feet from the East quarter corner of Section 26, and is also the intersection of the Homedale West Right of Way and the East-West center of Section 26; thence South 00 degrees 16' West 883.57 feet along the West right of way of Homedale Road to a 5/8" iron pin; thence West 421.54 feet to a 5/8" iron pin which is also the East Right of Way of 1-C Drain; thence North 00 degrees 25' 45" West 326.91 feet along the East Right of Way of 1-C Drain to a 5/8" iron pin; thence North 19 degrees 48' West 593.20 feet along the East Right of Way to a 5/8" iron pin, which is also the intersections of East Right of Way 1-C Drain and East-West centerline of Section 26; thence South 89 degrees 52' East 629.05 feet along the East-West center line of Section 26 to the point of beginning.

PARCEL 3

A tract of land in Lot 2, Section 26, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the Southeast corner of said Lot 2; thence North along the East line of said Lot 2, 660 feet to a point; thence West 1155 feet, more or less, to the East line of the W1/2 W1/2 W1/2 NW1/4 NE1/4 of said Section 26; thence South along said East line 660 feet to the South line of said Lot 2; thence East along the South line of said Lot 2, 1155 feet, more or less, to the point of beginning

(continued)

EXHIBIT A^m
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EXCEPTING THEREFROM a parcel of land situated in the most Northeasterly corner of that property described in Deed Volume M66 at page 3136, Microfilm Records of Klamath County, Oregon, all of which is in Lot 2 of Section 26, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows: Beginning at a point on the East line of Lot 2, 660 feet North of the Southeast corner of said Lot 2; thence West 520.00 feet, along the North line of said parcel; thence South 210.00 feet, parallel to the East line of Lot 2; Thence East 520.00 feet parallel to the North line of said parcel, to the East line of Lot 2; thence North 210.00 feet, along the East line of Lot 2 to the place of beginning.

* * * END * * *

ATTACHED TO ORIGINAL DEED OF TRUST DATED MARCH 31, 1994,
AND BY THIS REFERENCE INCORPORATED HEREIN.


KLAMATH PACIFIC CORPORATION


BOGATAY CONSTRUCTION INCORPORATED

State of Oregon, County of Klamath
Recorded May10, 1999, at 11:41 AM
at the referenced page, Vol. M99.
Linda Smith, County Clerk

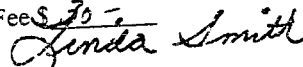
Fees \$30.00


EXHIBIT "A"

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