

RECORDATION REQUESTED BY:

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

'99 JUL -4 A11:44

Vol M99 Page 22125

WHEN RECORDED MAIL TO:

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

SEND TAX NOTICES TO:

The Pennbrook Company
869 NW Wall St., Suite 204
Bend, OR 97701

AMERITITLE 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.

MTG 1396-1018

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED MAY 11, 1999, BETWEEN The Pennbrook Company, an Oregon Corporation (referred to below as "Grantor"), whose address is 869 NW Wall St., Suite 204, Bend, OR 97701; 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 October 17, 1997 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Recorded in the office of Klamath County, State of Oregon, in Volume M97, page 35243, Microfilm #47594 on October 27, 1997; Modified on November 16, 1998, Volume M98, page 44066, Microfilm #70750

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

PARCEL 1: Lots 312, 313, 314, and 315 of the RUNNING Y RESORT, PHASE 4, 1st ADDITION, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2: Lots 342, 343, 344, 345, 346 and 347 of RUNNING Y RESORT PHASE 4, 2nd ADDITION, 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 Falcon Drive, RUNNING Y RESORT, Klamath Falls, OR 97601.

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

Extend the maturity date to November 1, 1999

Reduce the interest rate by .25%

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:

The Pennbrook Company

By: Donald N. Bauhofer
Donald N. Bauhofer, President

LENDER:

South Valley Bank and Trust

By: Stephanie M. Hickman
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF OREGON
COUNTY OF DESCHUTES



On this 14th day of MAY, 1999, before me, the undersigned Notary Public, personally appeared Donald N. Bauhofer, President of The Pennbrook Company, and known to me to be an authorized agent of the corporation that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, 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 corporation.

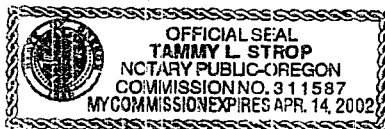
By Stephanie M. Hickman
Notary Public in and for the State of OREGON

Residing at BEND, OREGON
My commission expires 12-2-02

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LENDER ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Klamath) ss



On this 28th day of May, 1999, before me, the undersigned Notary Public, personally appeared Sharon VanBuren and known to me to be the Head of Office, 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 823 Main Street, Klamath Falls, OR
My commission expires April 14, 2002

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State of Oregon, County of Klamath
Recorded 6/04/99, at 11:44 a.m.
In Vol. M99 Page 22125
Linda Smith, County Clerk
Fee \$ 15-00

Linda Smith