

RECORDATION REQUESTED BY:

South Valley Bank and Trust
P O Box 6210
Klamath Falls, OR 97601

Vol M99 Page 27847

WHEN RECORDED MAIL TO:

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

1999 JUL 12 PM 3: 42

SEND TAX NOTICES TO:

SoCO Development, Inc.
135 South 9th Street
Klamath Falls, OR 97601

AMERICAN, has recorded this instrument by request as a recordation only, and has not examined it for recording purposes or as to its effect upon the title to any real property that may be described therein.

MTC 1396-1119

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST IS DATED JULY 8, 1999, BETWEEN SoCo Development, Inc., an Oregon Non-Profit Corporation (referred to below as "Grantor"), whose address is 135 South 9th Street, Klamath Falls, OR 97601; 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 April 8, 1998 (the "Deed of Trust") recorded in Klamath County, State of Oregon as follows:

Construction Deed of Trust recorded in Volume M98, page 12745, microfilm #56563, on April 17, 1998; Modified on May 6, 1998, recorded on May 8, 1998 Volume M98 at Page 15678, reception No. 57865; Modified on October 9, 1998, recorded on October 27, 1998 Volume M98 at Page 39273, reception No. 68642.

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

Tract 400: A Tract of land lying in the southwest quarter of Section 34, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, said tract being more particularly described as follows:

Commencing at the southwest corner of said Section 34, which corner is a point on the center line of a county road; thence North 89 degrees 54' 58.3" East, 487 feet along the center line of the county road; thence North 0 degrees 54.6" West, 30 feet to a point on the north right-of-way line of the county road, and the TRUE POINT OF BEGINNING; thence continuing North 0 degrees 10' 54.6" West a distance of 2616.87 feet to a point on the E-W center line of section, said point being stamped "A-130-2"; thence North 89 degrees 51' 19.8" East along the E-W center line of said section, to the southwest corner of the southeast quarter of the northwest quarter of Section 34: thence continuing North 89 degrees 51' 19.6" East along the E-W center line of the section, a distance of 154.45 feet to a point "A-130-3"; thence South 0 degrees 10' 33.7" East, a distance of 1044.81 feet to "A-130-4"; thence North 89 degrees 50' 07.0" East 510.50 feet to "A-130-5"; thence South 0 degrees 11' 04.6" East, 1573.65 feet to "A-130-6", a point on the north right-of-way line of the county road; thence South 89 degrees 54' 58.3" West along the north right-of-way line of said county road, a distance of 1510.00 feet to "A 130-1", and the POINT OF BEGINNING.

Tract J: The SW1/4 of the NW1/4 of Section 34, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM

Unit 10122 (Wright Ave), Unit 10124 (Wright Ave), Unit 10223 (Wright Ave), Unit 10225 (Wright Ave), Unit 10226 (Wright Ave), Unit 10227 (Wright Ave), Unit 10228 (Wright Ave), Unit 10229 (Wright Ave), Unit 10230 (Wright Ave), Unit 10231 (Wright Ave), Unit 10232 (Wright Ave), Unit 10334 (Wright Ave), Unit 10336 (Wright Ave), Unit 10337 (Wright Ave), Unit 10338 (Wright Ave), Unit 10340 (Wright Ave), Unit 10361 (McGuire Ave), Unit 10441 (Wright Ave), Unit 10442 (Wright Ave), Unit 10443 (Wright Ave), Unit 10444 (Wright Ave), Unit 10445 (Wright Ave), Unit 10446 (Wright Ave), Unit 10447 (Wright Ave), Unit 10448 (Wright Ave), Unit 10549 (Wright Ave), Unit 10550 (Wright Ave), Unit 10551 (Wright Ave), Unit 10553 (Wright Ave), Unit 10554 (Wright Ave), Unit 10555 (Wright Ave), Unit 10556 (Wright Ave), Unit 10572 (McGuire Ave), Unit 10657 (Wright Ave), Unit 10662 (Wright Ave), Unit 10663 (Wright Ave), Unit 10664 (Wright Ave), Unit 10668 (Wright Ave), Unit 10670 (Wright Ave), Unit 10683 (McGuire Ave), Unit 10686 (McGuire Ave), Unit 10687 (McGuire Ave), Unit 10688 (McGuire Ave), Unit 10690 (McGuire Ave), Unit 10740 (Kincheloe Ave), Unit 10741 (Kincheloe Ave), Unit 10749 (Vincent Drive), Unit 10751 (Vincent Drive), Unit 10765 (Preddy Ave), Unit 10766 (Preddy Ave), Unit 10767 (Preddy Ave), Unit 10768 (Preddy Ave), Unit 10769 (Preddy Ave), Unit 10770 (Preddy Ave), Unit 10771 (Preddy Ave), Unit 10772 (Preddy Ave), Unit 10773 (Wright Ave), Unit 10774 (Wright Ave), Unit 10775 (Wright Ave), Unit 10776 (Wright Ave), Unit 10777 (Wright Ave), Unit 10778 (Wright Ave), Unit 10779 (Wright Ave), Unit 10780 (Wright Ave), Unit 10792 (McGuire Ave), Unit 10794 (McGuire Ave), Unit 10798 (McGuire Ave), Unit 10847 (Kincheloe Ave), Unit 10849 (Kincheloe Ave), Unit 10853 (Vincent Drive), Unit 10855 (Vincent Drive), Unit 10857 (Vincent Drive), Unit 10859 (Vincent Drive), Unit 10881 (Wright Ave), Unit 10882 (Wright Ave), Unit 10883 (Wright Ave), Unit 10884 (Wright Ave), Unit 10885 (Wright Ave), Unit 10886 (Wright Ave), Unit 10887 (Wright Ave), Tract 1336-Falcon Heights Condominiums-Stage 1 according to the official plat thereof on file in the office of the Klamath County Clerk, Oregon.

The Real Property or its address is commonly known as **Falcon Heights, Klamath Falls, OR 97603.**

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

Extend the Maturity Date to October 31, 2000.

The word "Note" means the Promissory Note #830087434 dated October 9, 1998, in the amended principal amount of \$500,000.00 from Melvin L Stewart and Robert J Bogalay to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note(s).

The word "indebtedness" means the indebtedness evidenced by the Note, including all principal and interest, together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. In addition, the word "indebtedness" includes all other obligations, debts and liabilities, plus interest thereon, of Borrower, or any one or more them, to Lender, as well as claims by Lender against Borrower, or any one or more of them, whether existing now or later; whether they are voluntary or involuntary, due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated; whether Borrower may be liable individually or jointly with others; whether Borrower may be obligated as guarantor, surety, accommodation party or otherwise; recovery upon such indebtedness may be or hereafter may become barred by any statute of limitations; and whether such indebtedness may be or hereafter may become otherwise enforceable.

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:

SoCO Development, Inc.

By: Roger Rutledge
Roger Rutledge, Vice President

By: Lou Elyn Kelly
Lou Elyn Kelly, Secretary

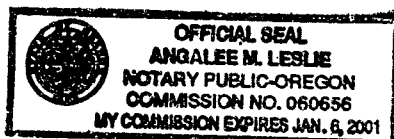
LENDER:

South Valley Bank and Trust

By: Angalee M Leslie
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath) ss



On this 8 day of July, 1999, before me, the undersigned Notary Public, personally appeared Roger Rutledge and Lou Elyn Kelly, Vice President and Secretary of SoCO Development, Inc., and known to me to be authorized agents 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 they are authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

By Angalee M Leslie
Notary Public in and for the State of Oregon

Residing at 803 Main Street, Klamath Falls OR 97601
My commission expires Jan. 6, 2001

LENDER ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) ss

On this _____ day of _____, 19____, before me, the undersigned Notary Public, personally appeared _____ 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 _____
Notary Public in and for the State of _____

Residing at _____
My commission expires _____

State of Oregon, County of Klamath
Recorded 7/12/99, at 3:42 P m.
In Vol. M99 Page 27847
Linda Smith,
County Clerk Fee \$ 15 RR