

✓ Recording requested by and
after recording, return to:
Preston Gates & Ellis LLP
222 S.W. Columbia Street, Suite 1400
Portland, Oregon 97201
Attention: Ellen C. Bachman, Esq.

1999 AUG 10 AM 11: 23

The name and address of the entity holding a lien or other interest created by this instrument is specified below and the Tax Account No(s). of the property subject to the lien is: _____

MODIFICATION OF DEED OF TRUST AND REVOLVING CREDIT AGREEMENT AND APPOINTMENT OF SUCCESSOR TRUSTEE

This MODIFICATION OF DEED OF TRUST AND REVOLVING CREDIT AGREEMENT AND APPOINTMENT OF SUCCESSOR TRUSTEE (the "Modification") is entered into as of this 7th day of June 1999, between BEVERLY A. KRUNGLEVICH, whose address is 2217 Ogden Street, Klamath Falls, Oregon 87604 ("Borrower") AND U.S. BANK NATIONAL ASSOCIATION (formerly known as United States National Bank of Oregon), whose address is U.S. Bank Place, MPFP2514, 601 Second Ave. S., Minneapolis, MN 55402-4302 ("Lender").

RECITALS:

A. Borrower and Lender entered into a Revolving Credit Agreement dated November 8, 1994 (the "Prior Agreement"), as amended by Modification of Revolving Credit Agreement dated December 21, 1998 (the "First Modification"). The Prior Agreement as amended by the First Modification may sometimes collectively be referred to as the "Original Credit Agreement".

B. The Original Credit Agreement is secured by a Trust Deed dated December 21, 1998, from Borrower as grantor to Lender as beneficiary and naming Lucy E. Kivel, Esq. as trustee and recorded in Klamath County Records December 21, 1998 in Volume M98, page 47152 (the "Original Trust Deed"). The Original Trust Deed encumbers the real property described on Exhibit A attached to this Modification and by this reference made a part of it (the "Property").

C. Section 8 of the First Modification authorized the Original Credit Agreement to be further modified if the Borrower had not sold the Property by May 7, 1999.

D. The Borrower has not sold the Property, and the parties desire both to further modify the Original Credit Agreement and the Trust Deed as authorized by Section 8 of the First Modification and to appoint a Successor Trustee.

Now, Therefore, in consideration of the foregoing and for valuable consideration, the parties agree as follows:

1. **Incorporation of Recitals and Definitions.** The recitals are incorporated in and made a part of this Modification. Capitalized terms which are not defined in this Modification and are defined in the Original Credit Agreement shall have the meaning given those terms in the Original Credit Agreement. Effective as of the date of this Modification, all references to "Credit Agreement" or "Revolving Credit Agreement" shall mean the Original Credit Agreement as modified by this Modification and as the same may be modified in the future, and all references to the term "Trust Deed" or "Deed of Trust" shall mean the Original Trust Deed as modified by this Modification and as the same may be modified in the future.

2. **Change in Payment Terms and Interest Rate.** Effective as of May 7, 1999, the outstanding balance due under the Revolving Credit Agreement and Trust Deed is \$47,922.12 (the "Outstanding Balance"). The Outstanding Balance includes the principal amount of \$45,487.31 and accrued but unpaid interest to May 7, 1999 of \$2,434.81. Effective as of May 7, 1999, the interest rate on all amounts owing under the Credit Agreement and Trust Deed shall be and is reduced to a rate of eight percent (8%) per year. The Outstanding Balance shall be paid in monthly installments of \$457.97 each, including principal and interest. The first monthly installment shall be due and payable on June 7, 1999, and each succeeding monthly installment in the amount of \$457.97 shall be due and payable on the 7th day of each month thereafter until May 7, 2014, when the entire Outstanding Balance, together with accrued but unpaid interest, shall be due and payable.

3. **Prepayment.** The Outstanding Balance may be prepaid in whole or in part without any prepayment penalty. Any prepayments shall be applied to the most remote unpaid installments of the outstanding balance.

4. **Final Maturity Date.** The final maturity date for payment in full of the Outstanding Balance shall be and is extended to May 7, 2014.

5. **No escrow.** The Borrower shall not be required to deposit in escrow any amounts for payment of property taxes or insurance. The Borrower shall pay when due, all insurance premiums and property taxes on the Property. The Lender is not providing the Borrower with credit life or disability insurance, and the Borrower acknowledges and agrees that the Lender is not providing her with credit life or disability insurance.

6. **Statutory Warning.** The following warning is provided pursuant to Oregon law.

WARNING: UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR CONTRACT OR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPERTY COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTRACT OR LOAN

BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW. (Each reference to "you" and "your" shall refer to Borrower and each reference to "us" and "we" shall refer to Lender.)

7. **Substitution of Trustee.** Effective as of the date of this Modification, Lucy E. Kivel is removed as trustee under the Trust Deed, and Amerititle Title Insurance Co. is appointed as successor trustee under the Trust Deed, and is vested with all of the powers of the original trustee under the Trust Deed.

8. **Effect of Modification.** The Original Credit Agreement and Original Trust Deed, as modified by this Modification, shall be and remain in full force and effect.

The parties have executed this Modification as of the date specified on the first page of this Modification.

LENDER:

U.S. BANK NATIONAL ASSOCIATION,
a national banking organization

By: Diane M. Sheldon

Name: Diane M. Sheldon,

Title: Vice President

By: Pamela K. Bennett

Name: Pamela K. Bennett

Title: Vice President

BORROWER:

Beverly A. Krunglevich

BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

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LENDER:

U.S. BANK NATIONAL ASSOCIATION,
a national banking organization

By: _____

Name: _____

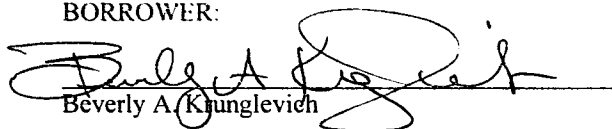
Title: _____

By: _____

Name: _____

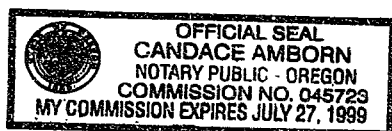
Title: _____

BORROWER:


Beverly A. Khunglevich

STATE OF OREGON)
) ss.
 County of Klamath)

This instrument was acknowledged before me on July 12, 1999, by
 Beverly A. Krunglevich.



Candace Amborn
 Notary Public for Oregon
 My commission expires:

STATE OF MINNESOTA)
) ss.
 County of Hennepin)

This instrument was acknowledged before me on _____, 1999, by
 _____, the _____ of U.S. Bank
 National Association, and _____, the
 _____ of U.S. Bank National Association, on behalf of the U.S. Bank
 National Association.

 Notary Public for Minnesota
 My commission expires:

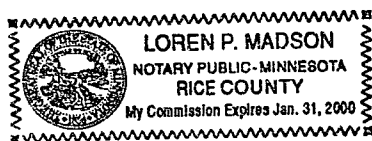
STATE OF OREGON)
) ss.
 County of Klamath)

This instrument was acknowledged before me on _____, 1999, by
 Beverly A. Krunglevich.

 Notary Public for Oregon
 My commission expires:

STATE OF MINNESOTA)
) ss.
 County of Hennepin)

This instrument was acknowledged before me on July 21, 1999, by
Diane M. Sheldon, the Vice President of U.S. Bank
 National Association, and Pamela K. Bennett, the
Vice President of U.S. Bank National Association, on behalf of the U.S. Bank
 National Association.



Loren P. Madson
 Notary Public for Minnesota
 My commission expires: 1/31/2000

State of Oregon, County of Klamath
 Recorded 8/10/99. at 11:23 a.m.
 In Vol. M99 Page 32213
Linda Smith,
 County Clerk Fee \$ 35 KR