

AFTER RECORDING, RETURN TO:

DON K. LLOYD
1001 SW FIFTH AVENUE, SUITE 2000
PORTLAND, OREGON 97204-1136

200 MAY -8 PM 3: 22

MTC 51080

**SECOND MODIFICATION OF LINE OF CREDIT INSTRUMENT,
DEED OF TRUST AND SECURITY AGREEMENT WITH
ASSIGNMENT OF RENTS, AND OTHER DEFINED LOAN DOCUMENTS**

MATURITY DATE: March 31, 2005

This Second Modification of Line of Credit Instrument, Deed of Trust and Security Agreement With Assignment of Rents ("Second Modification of Deed of Trust"), and other Loan Documents (as defined herein) is made effective 1st day of April, 2000 by and between Mark S. Hemstreet ("Grantor"), and The Bank of Tokyo-Mitsubishi, Ltd., a banking corporation organized under the laws of Japan and doing business in Portland, Oregon ("Beneficiary"), and Ticor Title Insurance Company ("Trustee"). This document is referred to herein and in the Second Modification of Note of the same date as of the "Second Modification of Deed of Trust."

RECITALS

- A. Key Bank of Oregon ("Key") entered into the Construction Loan on March 28, 1995 with Grantor ("Loan"). The Loan was evidenced and documented by all of the documents set forth on Exhibit A attached to a Modification of Line of Credit Instrument, Deed of Trust and Security Agreement with Assignment of Rents and Other Defined Loan Documents dated March 8, 1996, and recorded March 19, 1996 in Vol. M96, Page 7441, real property records of Klamath County, Oregon ("Modification of Deed of Trust"), which by this reference is incorporated herein, and all of such documents are herein collectively called the "Original Loan Documents". Beneficiary has received a full and complete assignment of all the right, title and interest of Key in the Loan and the Original Loan Documents.
- B. The Loan is evidenced by a Note (the "Note") dated March 28, 1995 and secured by a Line of Credit Instrument, Commercial Deed of Trust and Security Agreement with Assignment of Rents, of the same date in which the Ticor Title Insurance Company of Oregon is named as Trustee (herein "Deed of Trust"). The Deed of Trust was recorded March 28, 1995 at Book M95, Page 7448, Records of Klamath County, Oregon. The Deed of Trust was amended by the Modification of Deed of Trust. The Loan and the Note are further evidenced, guaranteed, and secured by the Original Loan Documents. The term

"Note" as used herein include the Note, the Modification of Note and the Second Modification of Note. The term "Deed of Trust" as used herein and in the Second Modification of Note of even date herewith includes this Second Modification of Deed of Trust. The Deed of Trust encumbers certain lands, premises, and property (the "Property") located in Klamath County, Oregon as more particularly described on Exhibit A attached hereto.

- C. The Modification of Note granted Grantor an option extend the term of the Loan until March 31, 2005, which option Grantor has exercised.
- D. By instrument of even date herewith, Grantor and Beneficiary have entered into a Second Modification of Note pursuant to which Grantor and Beneficiary have modified the Note and the Modification of Note. The term "Note" as used herein includes the Note as modified by the Modification of Note and the Second Modification of Note. The outstanding principal balance of the Loan as evidenced by the Second Modification of Note is now \$7,617,600.56.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. INCORPORATION OF RECITALS.

The Recitals set forth above are true, accurate and correct and are incorporated herein as if set forth in full.

SECTION 2. REAFFIRMATION OF LOAN.

Grantor and Beneficiary agree that Grantor and Beneficiary have each fully performed and discharged their respective duties under the Loan Documents (as defined below) to the date hereof. As used herein the term "Loan Documents" include the Modification of Deed of Trust, the Modification of Note, an Assignment of Rents and Leases dated the same date as the Modification of Note, the Second Modification of Note, the Second Modification of Deed of Trust, and the Original Loan Documents. Except as specifically modified herein, or in this Second Modification of Note, Grantor reaffirms all of its obligations under the Loan Documents, and Grantor acknowledges that he has no claims, off-sets or defenses with respect to the payment of sums due under the Note, or any other Loan Document. Grantor grants, acknowledges, and hereby submits the real property described on Exhibit A attached hereto and by this reference incorporated herein, to the terms and conditions, including but not limited to the power of sale, of the Deed of Trust.

SECTION 3. GRANTOR'S REPRESENTATIONS AND WARRANTIES.

Grantor represents and warrants to Beneficiary that all representations and warranties made in the Loan Documents are true and correct as of the date hereof; that Beneficiary may rely on the truth and accuracy and completeness of such representations and warranties; and, that, Grantor acknowledges that Beneficiary would not extend the term of the Loan, but for the truthfulness, accuracy and completeness of said representations and warranties. Borrower

warrants and represents unto Lender that (a) any and all balance sheets, net worth statements and other financial statements and data which have heretofore been given to Lender with respect to Borrower fairly and accurately represent the financial condition Borrower as of the dates thereof, and, since the dates thereof, there has been no material adverse change in the financial condition of Borrower, and (b), except as may be set out on any exhibit attached hereto (i) there are no legal proceedings, material claims or demands pending against, or to the knowledge of Borrower threatened against, Borrower or any of Borrower's assets, (ii) Borrower is not in breach or default of any obligation to pay money, and (iii) no event (including specifically Borrower's execution and delivery of this Second Modification of Deed of Trust) has occurred which, with or without the lapse of time or action by a third party, constitutes or could constitute a material breach or material default under any document evidencing or securing any obligation to pay money or under any other contract or agreement to which Borrower is a party.

SECTION 4. NOTICE TO GRANTOR.

UNDER OREGON LAW, AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS ACT CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSE OR SECURED SOLELY BY THE GRANTOR'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

SECTION 5. COSTS AND ATTORNEY FEES.

If the Note, Loan Documents or the Deed of Trust is placed in the hands of an attorney due to a default in the payment or performance of any of its terms, the defaulting party shall pay, immediately upon demand, the other party's reasonable attorney fees, collection costs, costs of either a litigation or a foreclosure report (whichever is appropriate), even though no suit or action is filed thereon, and any other fees or expenses incurred by the nondefaulting party.

SECTION 6. TRUSTEE'S ACCEPTANCE OF TRUST.

Trustee accepts this Modification of Deed of Trust on the terms and conditions set forth in Section 4.1 of the Deed of Trust.

Dated this 2nd day of May, 2000.

Mark S. Hemstreet
Mark S. Hemstreet

THE BANK OF TOKYO-MITSUBISHI, LTD.

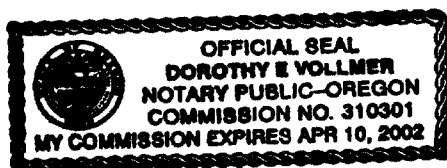
By: [Signature]
 Name: Hiroki Nakazawa
 Title: Vice President

TICOR TITLE INSURANCE COMPANY

By: [Signature]
 Name: JOE. Spencer
 Title: Assistant Vice President

STATE OF OREGON)
 County of Multnomah) ss.

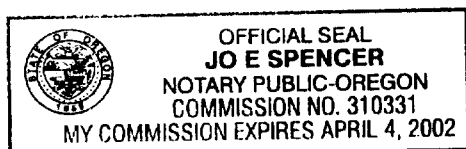
This instrument was acknowledged before me on this 28 day of April, 2000,
 by Mark S. Hemstreet.



[Signature]
 Notary Public for Oregon
 My Commission Expires: 4/10/2002

STATE OF OREGON)
 County of Multnomah) ss.

This instrument was acknowledged before me on this 2nd day of May, 2000,
 by Hiroki Nakazawa, as Vice President of The Bank of Tokyo-Mitsubishi, Ltd.

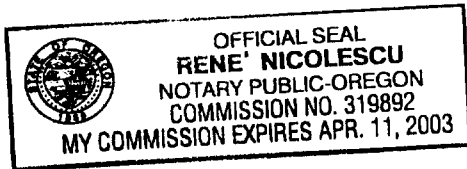



[Signature]
 Notary Public for Oregon
 My Commission Expires: 4-4-2000

4 - SECOND MODIFICATION OF LINE OF CREDIT INSTRUMENT, DEED OF TRUST
 AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS AND OTHER
 DEFINED LOAN DOCUMENTS

STATE OF OREGON)
) ss.
 County of Multnomah

This instrument was acknowledged before me on this 4th day of May, 2000,
 by JOE SPENCER as Asst. Vice Pres. of Ticor Title Insurance Company.




 Notary Public for Oregon
 My Commission Expires: _____

State of Oregon, County of Klamath
 Recorded 05/08/00, at 3:22 p. m.
 In Vol. M00 Page 16526
Linda Smith,
 County Clerk Fee \$ 51.00