

RECORDATION REQUESTED BY:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

200 JUN 27 PM 3:36

Vol MOQ Page 23996

WHEN RECORDED MAIL TO:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

MTG 1396-1935

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated June 23, 2000, is made and executed between Kent Pederson and Linda L. Pederson, as tenants by the entirety ("Grantor") and South Valley Bank & Trust, Commercial Branch, P O Box 5210, Klamath Falls, OR 97601 ("Lender").

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated July 14, 1995 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on July 18, 1995 in Volume M95, Page 18485, Instrument #2887. Modified December 8, 1997 and recorded December 12, 1997 in Volume M97, Page 40496, Instrument #50040.

REAL PROPERTY DESCRIPTION. The Deed of Trust covers the following described real property located in Klamath County, State of Oregon:

Lot 8 and the Southeasterly 120 feet of Lot 9, Block 2, Hot Springs Addition to the city of Klamath Falls, being a portion of the SE 1/4 SE 1/4 of Section 29, Township 39 south, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

The Real Property or its address is commonly known as 1135 Pine St., Klamath Falls, OR 97601.

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

Extend maturity date to June 5, 2005, increase monthly payment to \$957.22 and increase the loan amount to \$82,325.79.

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.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF DEED OF TRUST AND GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF DEED OF TRUST IS DATED JUNE 23, 2000.

GRANTOR:

x Kent Pederson
Kent Pederson, Individually

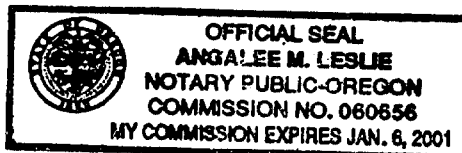
x Linda L. Pederson
Linda L. Pederson, Individually

LENDER:

x Angalee M. Leslie
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)
) SS
COUNTY OF KLAMATH)



On this day before me, the undersigned Notary Public, personally appeared Kent Pederson and Linda L. Pederson, 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 23 day of June, 2000.

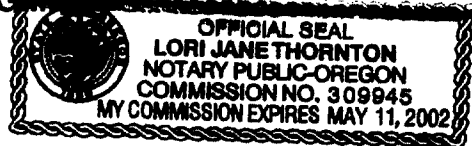
By Angalee M. Leslie Residing at 801 Main St., Klamath Falls, OR 97601
Notary Public in and for the State of Oregon My commission expires Jan. 6, 2001

MODIFICATION OF DEED OF TRUST
(Continued)

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LENDER ACKNOWLEDGMENT

STATE OF OREGON)
) SS
COUNTY OF KLAMATH)



On this 23RD day of JUNE, 20 00, before me, the undersigned Notary Public, personally appeared ANGALEE LESLIE and known to me to be the LOAN OFFICER, 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 [Signature] Residing at KLAMATH FALLS, OREGON
Notary Public in and for the State of OREGON My commission expires 5/11/2002

[LASER PRO Lending, Reg. U.S. Pat. & T.M. OFF., Ver. 6.12.00.07 (c) Concentra 1997, 2000. All Rights Reserved. - OR F:\LPWIMC\FILPLUG202.FC TR-834 PR-STD/LN12]

State of Oregon, County of Klamath
Recorded 06/29/00, at 3:36 p m.
In Vol. M00 Page 23996
Linda Smith,
County Clerk Fee \$ 26 .