

RECORDATION REQUESTED BY:
Washington Mutual Bank dba Western Bank
Klamath Falls Branch
421 South 7th Street
P.O. Box 669
Klamath Falls, OR 97601-0322

200 NOV 17 PM 3:11

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WHEN RECORDED MAIL TO:
Washington Mutual Bank dba Western Bank
Klamath Falls Branch
421 South 7th Street
P.O. Box 669
Klamath Falls, OR 97601-0322

SEND TAX NOTICES TO:
Kenneth S. Dugan
522 Pacific Terrace
Klamath Falls, OR 97601

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated October 25, 2000, is made and executed between Kenneth S. Dugan, whose address is 522 Pacific Terrace, Klamath Falls, OR 97601 ("Grantor") and Washington Mutual Bank dba Western Bank, Klamath Falls Branch, 421 South 7th Street, P.O. Box 669, Klamath Falls, OR 97601-0322 ("Lender").

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated August 29, 1989 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded September 1, 1989 in Klamath County, State of Oregon, as Document No. 40037, as modified from time to time.

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

See Exhibit "A" attached hereto and by this reference incorporated herein

The Real Property or its address is commonly known as 677 South Seventh Street, Klamath Falls, OR 97601. The Real Property tax identification number is 476684, 476728, 477914 and 17378.

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

Pursuant to the execution of that certain Change in Terms Agreement of even date herewith, Grantor hereby agrees that the maturity date of the Deed is extended to October 17, 2005. Effective October 25, 2000, the Principal Amount of the Promissory Note is hereby reduced to \$225,176.06.

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.

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 OCTOBER 25, 2000.

GRANTOR:

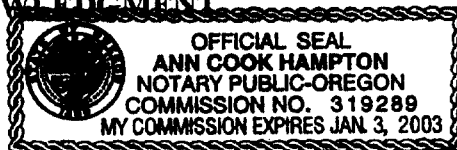
X Kenneth S. Dugan
Kenneth S. Dugan, Individually

LENDER:

X [Signature]
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)
) SS
COUNTY OF KLAMATH)



On this day before me, the undersigned Notary Public, personally appeared Kenneth S. Dugan, to me known to be the individual described in and who executed the Modification of Deed of Trust, and acknowledged that he or she signed the Modification as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 27th day of OCT, 2000.

By Ann Cook Hampton

Residing at Klamath Falls, OR

Notary Public in and for the State of OREGON

My commission expires _____

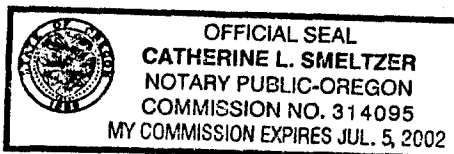
MODIFICATION OF DEED OF TRUST
(Continued)

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LENDER ACKNOWLEDGMENT

STATE OF OREGON)
) SS
COUNTY OF KLAMATH)



On this first day of November, 20 00, before me, the undersigned Notary Public, personally appeared Charles R. Skyberg and known to me to be the Business Banking 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 Catherine L. Smeltzer Residing at Klamath Falls, OR
Notary Public in and for the State of Oregon My commission expires July 5, 2002

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State of Oregon, County of Klamath
Recorded 11/17/00, at 3:11 p. m.
In Vol. M00 Page 41657
Linda Smith,
County Clerk Fee\$ 26⁰⁰