

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

State of Oregon acting by and through its
Economic and Community Development Department
775 Summer St. NE, Suite 200
Salem, OR 97301-1280

State of Oregon, County of Klamath
Recorded 02/23/01, at 4:18 p.m.
In Vol. M01 Page 7352
Linda Smith,
County Clerk Fee \$ NC

SECOND MODIFICATION OF TRUST DEED

This Second Modification of Trust Deed is made and entered into by and between the State of Oregon acting by and through its Economic and Community Development Department ("Lender"), whose address is 775 Summer Street, NE, Suite 200, Salem, Oregon 97301 and Klamath Community Development Corporation ("Grantor"), whose address is 125 S. Sixth Street, Klamath Falls, Oregon 97601, as of the date of the last signature hereto.

RECITALS

WHEREAS, Grantor made, executed and delivered to Klamath County a promissory note in the principal amount of \$500,000 dated as of February 13, 1996 and payable to the order of Klamath County (the "OCDBG Note");

WHEREAS, Grantor made, executed and delivered to Klamath County a promissory note in the principal amount of \$130,000 dated as of August 1, 1996 and payable to the order of Klamath County (the "OGDF Note");

WHEREAS, as collateral for repayment of the OCDBG Note and the OGDF Note, Grantor made, executed and delivered to Klamath County that certain trust deed dated as of February 13, 1996, by and among Grantor, as grantor, Klamath County as beneficiary and Reginald R. Davis, as trustee, recorded on February 16, 1996 in Volume M96 of Mortgages on page 4520 in the office of the County Clerk in Klamath County, Oregon (the "Trust Deed"), covering the following described premises: Parcel 1 of Land Partition Number 32.95 on file in the Klamath County Clerk's Office;

WHEREAS, the OGDF Note has been satisfied;

WHEREAS, no payments have been made on the OCDBG Note;

WHEREAS, Klamath County assigned all of its right, title and interest in and to the Trust Deed, the OCDBG Note and certain related documents to Lender pursuant to that certain Assignment of Trust Deed and Related Documents dated as of January 30, 2001 and recorded on January 30, 2001 in Volume ~~M96~~ ^{M01} of Mortgages on page 3599 in the office of the County Clerk in Klamath County, Oregon (the "Assignment of Trust Deed");

WHEREAS, prior to the assignment of the Trust Deed, the OCDBG Note and the related documents, Klamath County and Grantor intended, through that certain Modification of Trust Deed dated as of January 30, 2001 and recorded on January 30, 2001 in Volum 1401 of Mortgages on page 3599 in the office of the County Clerk in Klamath County, Oregon (the "Prior Modification of Trust Deed"), to modify the Trust Deed to set forth a maturity date for the OCDBG Note and to reflect that the OGDF Note has been satisfied;

WHEREAS, Grantor and Lender are not sure whether the Prior Modification of Trust Deed was effective because it was recorded after the Assignment of Trust Deed; and

WHEREAS, in connection with the restructuring of Grantor's obligations under the OCDBG Note, Grantor and Lender desire, through execution, delivery and recordation of this instrument, to ensure that the Trust Deed is modified to set forth a maturity date for the OCDBG Note and to reflect that the OGDF Note has been satisfied.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Maturity Date

The third recital of the Trust Deed is hereby amended to read in its entirety as follows:

WHEREAS, Lender has loaned to Grantor from the Oregon Community Development Block Grant Program (OCDBG) the sum of five hundred thousand dollars (U.S. \$500,000) upon the terms and conditions set forth in that certain promissory note of Grantor dated February 13, 1996 with final payment due on February 12, 2021, which is the maturity date of the promissory note (as such promissory note may be modified, supplemented, extended, renewed, or replaced from time to time, the "OCDBG Note");

2. Reference to Notes

From and after the date of this Modification of Trust Deed all references in the Trust Deed to the "Note" or "Notes" shall be considered references to the OCDBG Note.

3. General

- 3.1 Governing Law; Venue; Consent to Jurisdiction. This Modification of Trust Deed shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit, or proceeding (collectively, "Claim") that arises from or relates to this Modification of Trust Deed shall be brought and conducted solely and exclusively

within the Circuit Court of Marion County for the State of Oregon. EACH PARTY HERETO BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

- 3.2. Counterparts. This Modification of Trust Deed may be executed in several counterparts, all of which when taken together shall constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart. Each copy of this Modification of Trust Deed so executed shall constitute an original.
- 3.3. Headings. The section headings in this Modification of Trust Deed are included for convenience only, do not give full notice of the terms of any portion of this Modification of Trust Deed and are not relevant to the interpretation of any provision of this Modification of Trust Deed.
- 3.4. Full Force and Effect. Grantor and Lender agree and acknowledge that the Trust Deed, as modified hereby, remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Modification of Trust Deed as of the dates set forth below.



KLAMATH COMMUNITY DEVELOPMENT CORPORATION

STATE OF OREGON

acting by and through its Economic and Community Development Department

By: William C. Scott, Director

By: [Signature]
John W. Day, President
L. H. Senn, Sec.

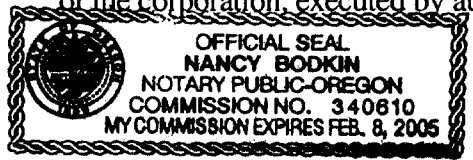
By: [Signature]
Sarah Garrison, Manager
Eastern Team

Date: 2/23/01

Date: 2/12/2001

STATE OF OREGON)
) ss.
County of Klamath)

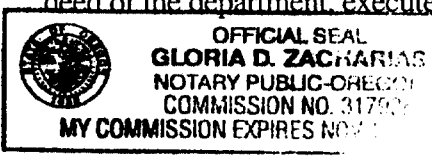
On this 23rd day of February, 2001, before me personally appeared L. H. Senn, who being duly sworn, stated that he is the Secretary of Klamath Community Development Corporation, an Oregon non-profit corporation, and acknowledged the foregoing instrument to be the voluntary act and deed of the corporation, executed by authority of its board of directors.



[Signature]
Notary Public in and for the State of Oregon
My Commission expires: Feb 8, 2005

STATE OF OREGON)
) ss.
County of Marion)

On this 12th day of February, 2001, before me personally appeared Sarah Garrison, who being duly sworn, stated that Sarah Garrison is the Manager of the Eastern On Team of the State of Oregon's Economic and Community Development Department, and acknowledged the foregoing instrument to be the voluntary act and deed of the department, executed by authority of its director.



[Signature]
Notary Public in and for the State of Oregon
My Commission expires: 11-9-02