

RECORDATION REQUESTED BY:

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

Vol M01 Page 13068

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

mtc 1396 - 2611

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated March 21, 2001, is made and executed between The Pennbrook Company, an Oregon Corporation, whose address is 869 Wall Street Suite 204, Bend, OR 97701 ("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 December 22, 1999 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on January 20, 2000 in Volume M00 on Page 2068, Modification recorded December 19, 2000 in Volume M00 on Page 45618.

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

Parcel 1: Lots 297, 298 and 299, RUNNING Y RESORT, PHASE 4, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

The Real Property or its address is commonly known as Running Y Resort Phase four (4), Klamath Falls, OR 97601. The Real Property tax identification number is 3808 009D0 9001/3808 009D0 90012/3808 009D0 90013.

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

A sixty (60) day extension.

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 MARCH 21, 2001.

GRANTOR:

THE PENNBROOK COMPANY

By: [Signature]
Donald N Bauhofer, President of The Pennbrook Company

LENDER:

x [Signature]
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Deschutes

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On this 27th day of March, 2001, before me, the undersigned Notary Public, personally appeared Donald N Bauhofer, President

and known to me to be an authorized agent of the corporation that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

By [Signature]
Notary Public in and for the State of Oregon

Residing at Bend
My commission expires May 2, 2001

LENDER ACKNOWLEDGMENT

STATE OF OREGON

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) SS

COUNTY OF KLAMATH

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On this 28TH day of MARCH, 20 00, before me, the undersigned Notary Public, personally appeared STEPEHN VAN BUREN 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 97601Notary Public in and for the State of OREGONMy commission expires 5/11/2002

State of Oregon, County of Klamath
Recorded 03/30/01, at 11:21 a.m.
In Vol. M01 Page 13068
Linda Smith,
County Clerk Fee \$ 26.00