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RECORDATION REQUESTED BY:

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

Vol M01 Page 28945

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

MTL 1396 - 2857

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated May 29, 2001, is made and executed between Harvey W Houston, whose address is 1004 Newcastle, Klamath Falls, OR 97601 and Charleen K Houston, whose address is 1004 Newcastle, Klamath Falls, OR 97601; 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 September 8, 1994 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on September 08, 1998. In Volume M94 on Page 28356.

Modified on November 12, 1998, Recorded on December 07, 1998. In Volume M98 on Page 44641.

Modified on October 26, 1999, Recorded on November 10, 1999. In Volume M99 on Page 44904.

Modified on January 31, 2000, Recorded on February 07, 2000. In Volume M00 on Page 3869.

Modified on May 31, 2000, Recorded on June 02, 2000. In Volume M00 on Page 20000..

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

Lots 30, 31, 32, 33, 34 and 35, Block 17, INDUSTRIAL ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

The Real Property or its address is commonly known as Holly Street, Klamath Falls, OR 97603.

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

A Sixty (60) day extension. Maturity date is July 25, 2001.

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 MAY 29, 2001.

GRANTOR:

x Harvey W. Houston
Harvey W Houston, Individually

x Charleen K. Houston
Charleen K Houston, Individually

LENDER:

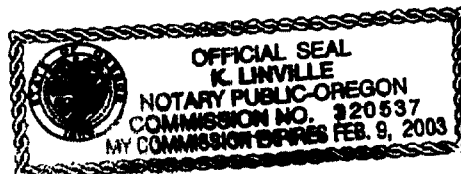
x Jeffrey S. Brainerd
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath

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) SS
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On this day before me, the undersigned Notary Public, personally appeared Harvey W Houston and Charleen K Houston, as Tenants by the Entirety, 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 31 day of May, 2001.

By K. Linville

Residing at Klamath Falls

Notary Public in and for the State of Oregon

My commission expires 2-9-03

LENDER ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____ and known to me to be the _____, 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 _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

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State of Oregon, County of Klamath
Recorded 06/18/01, at 11:18 a.m.
In Vol. M01 Page 28945
Linda Smith,
County Clerk Fee\$ 26⁰⁰-

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