

RECORDATION REQUESTED BY:

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

Vol MQ1 Page 40558

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 1396-3046

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated July 30, 2001, is made and executed between Robert J. Bogatay, an estate in fee simple, ("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 August 19, 1993 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on August 19, 1993 in the Klamath County Clerk's Office, Volume M93 at page 20823, reception no. 66551; Modified on July 12, 1994, Volume M94 at page 21556, reception no. 84196; Modified on June 23, 1995, Volume M95 at page 16494, reception no. 1945; Modified on June 28, 1996, Volume M96 at page 19430, reception no. 20461; Modified on July 7, 1997, Volume M97 at page 20976, reception no. 40553; Modified on July 6, 1998, Volume M98 at page 23825, reception no. 61545; Modified on June 17, 1999, Volume M99 at page 24059; Modified July 10, 2000, Volume M00 at page 25046.

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

See Attached Exhibit "A"

The Real Property or its address is commonly known as 203 Main Street, Klamath Falls, OR 97601. The Real Property tax identification number is 3809-32AC-5500.

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

Decrease Interest Rate by .50%, from South Valley Bank & Trust Prime plus 2.00% to Prime plus 1.50%. Extend Maturity Date to July 30, 2002.

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 endorers 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 JULY 30, 2001.

GRANTOR:

X [Signature]
Robert J. Bogatay, Individually

LENDER:

X [Signature]
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon)
) SS
COUNTY OF Klamath)



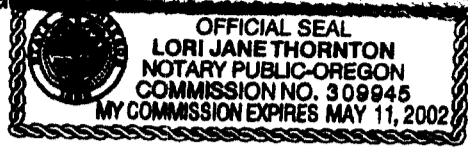
On this day before me, the undersigned Notary Public, personally appeared **Robert J Bogatay**, to me known to be the individual described in and who executed the Modification of Deed of Trust, and acknowledged that he or she signed the Modification as his or her free and voluntary act and deed, for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

Given under my hand and official seal this 9th day of August, 2001.

By [Signature] Residing at Klamath Falls, Oregon 97601
Notary Public in and for the State of Oregon My commission expires 5/11/2002

LENDER ACKNOWLEDGMENT

STATE OF Oregon)
) SS
COUNTY OF Klamath)



On this 9th day of August, 20 01, before me, the undersigned Notary Public, personally appeared David Huckins 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.

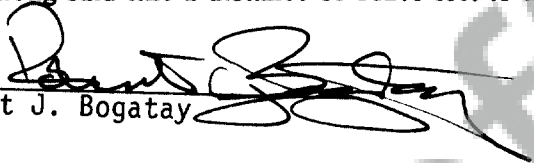
By [Signature] Residing at Klamath Falls, Oregon 97601
Notary Public in and for the State of Klamath My commission expires 5/11/2002

Unofficial Copy

Exhibit A

A portion of Lots 4, 3 and 2 in Block 19 of Original Town of Klamath Falls (formerly Linkville), according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the most Southerly corner of said Lot 4; thence N. 39 degrees 05' E. along the Southeasterly line of said Lots 4 and 3 a distance of 128.6 feet; thence at right angles N. 50 degrees 55' W., parallel with the Westerly line of said Lot 4 a distance of 77.6 feet to a corner of the Bush Furniture Building; thence N. 05'50" W., along the outside face of said building a distance of 5.8 feet to a corner of said building, said corner being S. 50 degrees 55' E. 30.1 feet from the Southeasterly line of the alley in said Block 19; thence N. 50 degree 55' W. along the outside face of said building a distance of 30.1 feet, more or less, to the Southeasterly line of said alley; thence S. 39 degrees 05' W. along said Southeasterly line a distance of 132.9 feet to the Northeasterly line of 2nd. Street; thence S. 50 degrees 55' E. along said line a distance of 112.0 feet to the point of beginning.


Robert J. Bogatay

State of Oregon, County of Klamath
Recorded 08/13/01 at 11:11 a m.
In Vol. M01 Page 40558
Linda Smith,
County Clerk Fee\$ 3.00