

RECORDATION REQUESTED BY:

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

Vol. M01 Page 49342

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 1396-372

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated August 29, 2001, is made and executed between Klamath Pacific Corporation, whose address is 2918 Edison St, Klamath Falls, OR 97603 ("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 April 26, 2001 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded April 27, 2001 in the office of the Klamath County Clerk in Volume M01 Page 18995.

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

See Exhibit B, which is attached to this Modification and made a part of this Modification as if fully set forth herein.

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

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

Extend the maturity dateto October 31, 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.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated and whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accomodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

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 AUGUST 29, 2001.

GRANTOR:

KLAMATH PACIFIC CORPORATION

By: Robert A Stewart
Robert A Stewart, President of Klamath Pacific Corporation

LENDER:

x Jeffrey S. Bradford
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF South

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) SS
)



On this 29 day of August, 20 01, before me, the undersigned Notary Public, personally appeared Robert A Stewart, President of Klamath Pacific Corporation, 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: K. Linville
Notary Public in and for the State of Oregon

Residing at Klamath Falls
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 _____

EXHIBIT B

49344

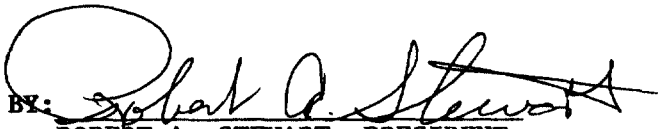
PARCEL 1

The East one-half of the Northwest one-fourth of the Northeast one-fourth of Section 32, Township 39 South, Range 10 East of the Willamette Meridian, (E $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 32, Township 39 South, Range 10 East, Willamette Meridian) Klamath County, Oregon.

PARCEL 2

Beginning at the Northwest corner of the Northeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 32, Township 39 south, Range 10 East, Willamette Meridian; thence South along the West line of said Northeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ a distance of 4 chains; thence East parallel to the North line of said Section a distance of 9 chains; thence North parallel to said West line a distance of 14 chains; thence West along the North line of said section a distance of 9 chains to the point of beginning.

KLAMATH PACIFIC CORPOATION

BY: 
ROBERT A. STEWART. PRESIDENT

State of Oregon, County of Klamath
Recorded 09/27/01 at 3:16 P. m.
In Vol. M01 Page 49342
Linda Smith,
County Clerk Fee \$ 31.00