

RECORDATION REQUESTED BY:

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

Vol M01 Page 49795

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  
1396-3180

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF MORTGAGE

THIS MODIFICATION OF MORTGAGE dated September 26, 2001, is made and executed between James L. Thompson Family Limited Partnership, an Oregon Limited Partnership, whose address is 2810 Washburn Way, Klamath Falls, OR 97603 (referred to below as "Grantor") and South Valley Bank & Trust, whose address is P O Box 5210, Klamath Falls, OR 97601 (referred to below as "Lender").

MORTGAGE. Lender and Grantor have entered into a Mortgage dated January 28, 1994 (the "Mortgage") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded January 28, 1994, in the Clerk's Office of Klamath County, in Volume M94, page 3272, Modifications recorded in Volume M98, page 45091 and Volume M99, page 1170.

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

PARCEL 1:

A Tract of land situate in Lot 4, Block 6, Tract 1080, Washburn Park, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, described as follows:

Beginning at a point on the East line of said lot 4 which bears North 0 Degrees 04' 50" East a distance of 51.29 feet from the iron pin marking the Southeast corner of said Lot 4; thence West a distance of 249.36 feet to a point; thence North 0 degrees 09' 45" East a distance of 379.06 feet, more or less, to the north line of said lot 4; thence South 89 degrees 55' 10" East a distance of 248.82 feet to the iron pin marking the northeast corner of said Lot 4; thence South 0 degrees 04' 50" West along said East line of Lot 4 a distance of 378.71 feet, more or less, to the point of beginning.

PARCEL 2:

A Tract of Land situated in lots 4 and 5, Block 6, Tract 1080, Washburn Park, 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 East corner common to said lots 4 and 5; thence South 00 degrees 04' 50" West, along the Westerly line of Washburn Way, 123.71 feet; thence West 249.61 feet; thence North 00 degrees 09' 45" East 175.00 feet; thence East 249.36 feet to said Westerly line of Washburn Way; thence South 00 degrees 04' 50" West 51.29 feet to the point of beginning, containing 1.00 acre (43,600 square feet) with bearings based on the subdivision plat of said Tract 1080, Washburn Park.

PARCEL 3:

Lot 3, Block 5, Tract 1080, Washburn Park, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 4:

The Southerly 220 feet of Lot 3 in Block 6 of Tract 1080, Washburn Park, 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 2810 Washburn Way, Klamath Falls, OR 97603. The Real Property tax identification number is 3909-003CC-00200, 3909-004DD-00300, 3909-004DD-00400, 3909-004DD-01000.

MODIFICATION. Lender and Grantor hereby modify the Mortgage as follows:

Increase loan 301953 principal by \$755,000.00, including payment revision and extend maturity date of loan.

CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Mortgage shall remain unchanged and in full force and effect and are legally valid, binding, and enforceable in accordance with their respective terms. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Mortgage 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 Mortgage (the "Note"). It is the intention of Lender to retain as liable all parties to the Mortgage 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 Mortgage 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 MORTGAGE AND GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF MORTGAGE IS DATED SEPTEMBER 26, 2001.

GRANTOR:

x James L. Thompson  
James L. Thompson, Individually

LENDER:

x Stephen VanBuren  
Authorized Signer

MODIFICATION OF MORTGAGE  
(Continued)

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INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON )  
 )  
COUNTY OF KLAMATH ) SS  
 )



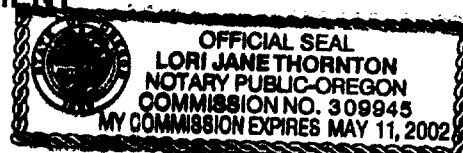
On this day before me, the undersigned Notary Public, personally appeared **James L. Thompson**, to me known to be the individual described in and who executed the Modification of Mortgage, and acknowledged that he or she signed the Modification as his or her free and voluntary act and deed, for the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

Given under my hand and official seal this 27th day of September, 2001.

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

LENDER ACKNOWLEDGMENT

STATE OF OREGON )  
 )  
COUNTY OF KLAMATH ) SS  
 )



On this 27th day of September, 2001, before me, the undersigned Notary Public, personally appeared Stephen VanBuren 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  
Notary Public in and for the State of OREGON My commission expires 5/11/2002

LASER PRO Lending, Ver. 5.17.20.08 Copr. Harland Financial Solutions, Inc. 1997, 2001. All Rights Reserved. - OR F:\LPWINCFILPLUG\201.FC TR-2626 PR-STDLN12

State of Oregon, County of Klamath  
Recorded 09/28/01 at 3:16 p. m.  
In Vol. M01 Page 49795  
Linda Smith,  
County Clerk Fee \$ 26.00