

RECORDATION REQUESTED BY:

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

Vol M01 Page 56269

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 1396-3314

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated October 31, 2001, is made and executed between Richard Colson, whose address is 1111 Main St, Klamath Falls, OR 97601 ("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 30, 1996 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on October 04, 1996 in the office of the County Clerk, Klamath County, Oregon. In Volume M96, Page 31691.

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

See Exhibit "A", 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 1111 Main St, Klamath Falls, OR 97601. The Real Property tax identification number is 3809-029DD-06400-000.

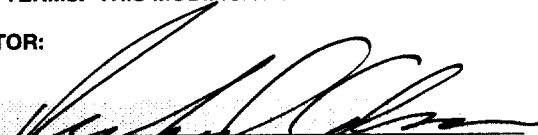
MODIFICATION. Lender and Grantor hereby modify the Deed of Trust as follows:

Increase in the principal amount, extend the maturity date to November 15, 2006.

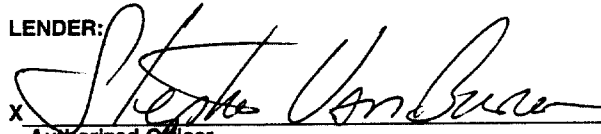
CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Deed of Trust shall remain unchanged and in full force and effect. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Deed of Trust as changed above nor obligate Lender 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 OCTOBER 31, 2001.

GRANTOR:

X: 
Richard A Colson, individually

LENDER:

X: 
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

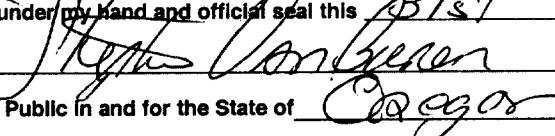
STATE OF Oregon
COUNTY OF Klamath

)
) SS
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On this day before me, the undersigned Notary Public, personally appeared Richard A Colson, 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 31st day of October, 2001.

By  Residing at Klamath Falls
Notary Public in and for the State of Oregon My commission expires July 9, 2004

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 "A"
LEGAL DESCRIPTION

PARCEL 1:

A tract of land situated in the NE1/4 NE1/4 of Section 32, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the intersection of the Southerly line of Pine Street and the Easterly line of Eleventh Street in the City of Klamath Falls, Oregon; thence Northeasterly along said Southerly line of Pine Street 170 feet to a point thereon distant 50 feet Southwesterly along said Pine Street from the most Westerly corner of Lot 5, Block 3, HOT SPRINGS ADDITION to the City of Klamath Falls, Oregon; thence Southeasterly and parallel with said Easterly line of Eleventh Street 112 feet; thence Southwesterly parallel to said Pine Street, 50 feet; thence Southeasterly parallel with Eleventh Street 8 feet; thence Northeasterly and parallel with the Northerly line of Main Street in the City of Klamath Falls, Oregon, 125 feet; thence Southeasterly and parallel with said Easterly line of Eleventh Street 120 feet to said Northerly line of Main Street at a point thereon distant 50 feet Southwesterly from the Southwest corner of Lot 6, Block 3, HOT SPRINGS ADDITION to the City of Klamath Falls, Oregon; thence Southwesterly along said Northerly line of Main Street 245 feet to the Northeast corner of Main Street and Eleventh Street; thence Northwesterly along the Easterly line of Eleventh Street to the point of beginning.

Subject to the alley existing in said Block 3, a portion of which is included in the above description.

PARCEL 2:

A tract of land situated in the NE1/4 NE1/4 of Section 32, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Commencing at the point on the Southerly line of Pine Street which is distant 50 feet Southwesterly along said Pine Street from the most Westerly corner of Lot 5, Block 3, HOT SPRINGS ADDITION to the City of Klamath Falls, Oregon and thence running Southeasterly and parallel with the Easterly line of Eleventh Street a distance of 112 feet to the true point of beginning of this description; thence Southwesterly and parallel to said Pine Street 50 feet; thence, Southeasterly and parallel with Eleventh Street 8 feet; thence, Northeasterly and parallel with the Northerly line of Main Street a distance of 50 feet, more or less; thence, Northwesterly and parallel with Eleventh Street a distance of 8 feet, more or less, to said true point of beginning.

State of Oregon, County of Klamath
Recorded 11/02/01 11:15a m.
In Vol. M01 Page 56269
Linda Smith,
County Clerk Fee\$ 31.00