

RECORDATION REQUESTED BY:

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

Vol M02 Page 32036

WHEN RECORDED MAIL TO:

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

State of Oregon, County of Klamath

Recorded 05/31/2002 11:02 a.m.Vol M02, Pg 32036-38

Linda Smith, County Clerk

Fee \$ 31.00 # of Pgs 3

SEND TAX NOTICES TO:

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

mtc
1396-3951

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated May 16, 2002, is made and executed between James Borrer and Donna Borrer, 5030 South 6th Street, 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 May 26, 1998 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded June 2, 1998 in the Office of the County Clerk of Klamath in Volume M 98 page 18532 and rerecorded February 2, 2001 in the Office of the County Clerk of Klamath in Volume M 01 page 4280. Modified May 18, 1999, recorded May 20, 1999 in the Office of the County Clerk of Klamath in Volume M99 Page 20109. Modified June 7, 2000 and recorded June 28, 2000 in the Office of the County Clerk of Klamath in Volume M00 page 23490.

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 5030 S. 6th. St., Klamath Falls, OR 97603.

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

Extend the maturity to May 15, 2004 and reduce the rated by quarter percent.

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, accommodation 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 MAY 16, 2002.

GRANTOR:

X *James Borrer*
James Borrer, Individually

X *Donna Borrer*
Donna Borrer, Individually

LENDER:

X *Stephen Van Buren*
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OregonCOUNTY OF Klamath

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) SS
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On this day before me, the undersigned Notary Public, personally appeared James Borrer and Donna Borrer, 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 30th day of May, 2002.

By *Stephen Van Buren* 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

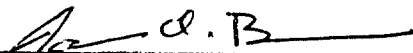
PARCEL 1

The following described real property situate in Klamath County, Oregon.
Beginning at the intersection of the South line of Oregon State Highway #66 (80 feet wide) and the west line of Lot 1 in the plat of Kleismeler Acre Tracts, as recorded on Sheet 176 in Drawer 8 in the office of the Recorder of Klamath County, Oregon, said plat being in Section 2, Township 39 South, Range 9 East of the Willamette Meridian; thence N. 89 degrees 43' 30" E. along the southerly right of way line of said highway, 162.5 feet to the east line of the aforementioned Lot #1, this point being S. 0 degrees 03' 30" W. 10.10 feet from the northeast corner of the said Lot #1; thence S. 0 degrees 03' 30" W. along the east line of said lot 124.90 feet; thence N. 89 degrees 53' 30" W., parallel to the north line of said Lot, 162.5 feet to the west line thereof; thence N. 0 degrees 03' 30" E., along said west line, 123.82 feet to the point of beginning.

PARCEL 2

All that portion of the NW1/4SE1/4 of Section 2, Township 39 South, Range 9 E.W.M., described as follows:

Beginning 30 feet South and 182 1/2 feet East of the center of said Section 2, being the Northeast corner of that certain tract of land deeded by P.F. Kleismeler et ux to F. Jordan by Deed dated August 27, 1924 and recorded August 29, 1924 in Book 66 of Deed records of Klamath County, Oregon, at page 180 thereof; thence South at right angles to the highway and along the Easterly line of said Jordan Tract 260 feet; thence East and parallel to the highway 84 feet; thence North at right angles to the highway 260 feet to the Southerly line of the highway; thence West along the said Southerly line of highway 84 feet to the place of beginning in Klamath County, Oregon, EXCEPT THEREFROM any portion lying within the right of way of South Sixth Street as disclosed by Deed Volume 354, page 63, records of Klamath County, Oregon.


James A. Borrer


Donna Borrer