

RECORDATION REQUESTED BY:

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

Vol M02 Page 35100

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 06/17/2002 11:05 a m.
Vol M02, Pg 35100-06
Linda Smith, County Clerk
Fee \$ 51⁰⁰ # of Pgs 7

SEND TAX NOTICES TO:

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

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated June 6, 2002, is made and executed between Klamath Pacific Corporation, 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 29, 1998 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded May 27, 1998 in the Office of the Klamath County Clerk's in volume M98 Page 17886 .

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 Klamath Falls, OR 97601.

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

Extend the maturity to May 30, 2003, and implement a borrowing base certification at 80% of accounts and 60% of inventory.

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.

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 JUNE 6, 2002.

GRANTOR:

KLAMATH PACIFIC CORPORATION

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

AMERITITLE, has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

LENDER:

X Jeffrey S Brumfield
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath

)
) SS
)



On this 6 day of June, 2002, 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

451 M
4-60

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 _____

PARCEL ONE:

DESCRIPTION

The following described real property situate in Klamath County, Oregon:

Beginning at the iron pin which marks the center of Section 18, Township 38 S., R. 9 E.W.M. and which point is also the Southeast corner of First Addition to Terminal Tracts and running thence South along the quarter line 1320 feet to the Southeast corner of Government Lot 2; thence West along the South line of Government Lot 2 to its intersection with the East right of way line of The Dalles-California Highway #97; thence Westerly and Northerly following the Easterly right of way line of The Dalles-California Highway #97 to its intersection with the North line of Government Lot 2, which line is also the South line of First Addition to Terminal Tracts; thence East along the North line of Government Lot 2, which line is also the South line of Terminal Tracts, to the point of beginning, being in Government Lot 2, Section 18, Township 38 S., R. 9 E.W.M., EXCEPTING THEREFROM that portion conveyed to the State of Oregon by deed recorded June 25, 1979, in volume M79 page 14975, Deed records of Klamath County, Oregon.

DESCRIPTION OF PROPERTY

PARCEL TWO

The following described real property situate in Klamath County, Oregon:

NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 18 Township 38 S., R. 9 E.W.M., together with the right of ingress and egress to and from the land hereby conveyed, over and upon the road presently located upon the SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 18, Township 38 S., R. 9 E.W.M., EXCEPTING therefrom that portion reserved to W.D. Miller Construction Company by deed dated October 14, 1958, recorded October 21, 1958, in Volume 305 page 166 Deed Records of Klamath County, Oregon.

SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 18, Township 38 S., R. 9 E.W.M.

A tract of land situated in Lot 1, Section 18, Township 38 S., R. 9 E.W.M., Klamath County, Oregon, being more particularly described as follows: Beginning at the northeast corner of said Lot 1; thence North 89° 25' West along the north line of said Lot 1 to the northerly right of way line of The Dalles-California Highway; thence southeasterly along said right of way line to the east line of said Lot 1; thence North 0° 22' East along the east line of said Lot 1 to the point of beginning.

SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 18, Township 38 S., R. 9 E.W.M., LESS area occupied by Highway as described in Book 95 page 181, Deed Records of Klamath County, Oregon containing 0.145 acres, more or less; and EXCEPTING THEREFROM a parcel of land in the southwest corner of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 18, lying south of a line drawn parallel to and 347.77 feet Northeasterly at right angles from the centerline of the paved surface of Highway 97 as now constructed.

A parcel of land lying in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 18, Township 38 S., R. 9 E.W.M., Klamath County, Oregon, said parcel lying between the northeasterly right of way line of The Dalles-California Highway and a line parallel to and 347.77 feet distant northeasterly from the centerline of the The Dalles-California Highway, said parcel being more particularly described as follows: Beginning at a point on the south line of Section 18, Township 38 S., R. 9 E.W.M., Klamath County, Oregon, said point also lying on the northeasterly right of way line of The Dalles-California Highway; thence northwesterly along the northeasterly right of way line of The Dalles-California Highway to a 1 $\frac{1}{2}$ " pipe on the west line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 18, said 1 $\frac{1}{2}$ " pipe being 1068.93 feet south of the northwest corner of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 18; thence north along the west line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 18 to a point which lies 347.77 feet northeasterly, when measured at right angles, from the center line of The Dalles-California Highway; thence southeasterly parallel to and 347.77 feet distant from the center line of The Dalles-California Highway to a point on the South line of said Section 18; thence west along the south line of said Section 18 to the point of beginning.

SAVING AND EXCEPTING THE FOLLOWING PARCELS DESCRIBED IN EXHIBITS B & C.
AND FURTHER EXCEPTING ANY PORTION LYING SOUTHERLY OF WEST CAMPUS DRIVE

PARCEL 1 - Fee

A parcel of land lying in Lot 1 and in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18, Township 38 South, Range 9 East, W.M., Klamath County, Oregon; the said parcel being that portion of said subdivisions lying Northeasterly of the existing The Dalles-California Highway and included in a strip of land 100 feet in width, 50 feet on each side of the center line of West Campus Drive which center line is described as follows:

Beginning at Engineer's center line Station 1+25.36, said station being 169.20 feet North and 1402.72 feet West of the Southeast corner of Section 18, Township 38 South; Range 9 East, W.M.; thence North 51° 02' 50" East 262.45 feet; thence on a 1041.74 foot radius curve right (the long chord of which bears North 72° 35' 51.5" East 765.30 feet) 783.65 feet; thence on a spiral curve right (the long chord of which bears South 81° 21' 06" East 149.84 feet) 150.01 feet; thence on an 818.51 foot radius curve right (the long chord of which bears South 47° 14' 59.5" East 799.29 feet) 835.04 feet; thence South 18° 01' 25" East 413 feet; thence on a 1206.23 foot radius curve left (the long chord of which South 53° 36' 26.5" East 1403.79 feet) 1498.26 feet to Engineer's center line Station 40+67.77.

Bearings are based on the Plat of TRACT 1174 - COLLEGE INDUSTRIAL PARK, Klamath County, Oregon, dated September 14, 1979.

The parcel of land to which this description applies contains 3.27 acres, more or less.

Grantors also grant to Grantee, its successors and assigns, permanent easements to construct and maintain slopes, upon the following described property:

PARCEL 2 - Permanent Easement for Slopes

A parcel of land lying in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18, Township 38 South, Range 9 East, W.M., Klamath County, Oregon; the said parcel being that portion of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ lying between lines at right angles to the center line of West Campus Drive at Engineer's Stations 6+00 and 10+00 and included in a strip of land variable in width, lying on the Northwestern side of said center line which center line is described in Parcel 1.

The widths in feet of the strip of land above referred to are as follows:

Station	to	Station	Width on Northwestern Side of Center Line
6+00		7+00	50 in a straight line to 85
7+00		8+00	85 in a straight line to 80
8+00		9+00	80 in a straight line to 70
9+00		10+00	70 in a straight line to 50

EXCEPT therefrom Parcel 1.

The parcel of land to which this description applies contains 8,950 square feet, more or less.

PARCEL 3 - Permanent Easement for Slopes

A parcel of land lying in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18, Township 38 South, Range 9 East, W.M., Klamath County, Oregon; the said parcel being that portion of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ lying between lines at right angles to the center line of West Campus Drive at Engineer's Stations 10+00 and 11+71.46 and included in a strip of land variable in width, lying on the Southerly side of said center line which center line is described in Parcel 1.

The widths in feet of the strip of land above referred to are as follows:

Station	to	Station	Width on Southerly Side of Center Line
10+00		11+71.46	50 in a straight line to 50

EXCEPT therefrom Parcel 1.

The parcel of land to which this description applies contains 225 square feet, more or less.

PARCEL 4 - Permanent Easement for Slopes

A parcel of land lying in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18, Township 38 South, Range 9 East, W.M., Klamath County, Oregon; the said parcel being that portion of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ lying Southeasterly of a line at right angles to the center line of West Campus Drive at Engineer's Station 15+00 and included in a strip of land variable in width, lying on the Southwesterly side of said center line which center line is described in Parcel 1.

The widths in feet of the strip of land above referred to are as follows:

Station	to	Station	Width on Southwesterly Side of Center Line
15+00		16+00	50 in a straight line to 60
16+00		20+00	60

EXCEPT therefrom Parcel 1.

The parcel of land to which this description applies contains 1,775 square feet, more or less.

PARCEL 1 - Fee

A parcel of land lying in Lot 1 of Section 18, Township 38 South, Range 9 East, W.M., Klamath County, Oregon; the said parcel being that property lying between lines at right angles to the center line of the relocated The Dalles-California Highway at Engineer's Stations 69+00.47 and 71+57.36 and included in a strip of land variable in width, lying on the Northeasterly side of said center line, which center line is described as follows:

Beginning at Engineer's center line Station 62+23.90, said station being 13.30 feet North and 1274.98 feet West of the Southeast corner of Section 18, Township 38 South, Range 9 East, W.M.; thence on a 5729.58 foot radius curve left (the long chord of which bears North 44° 51' 15" West 1320.17 feet) 1323.11 feet; thence North 51°-28' 11" West 952.99 feet to Engineer's center line Station 85+00.

The widths in feet of the strip of land above referred to are as follows:

Station	to	Station	Width on Northeasterly Side of Center Line
69+00.47		70+50.44	119.94 in a straight line to 100.01
70+50.44		71+57.36	100.01 in a straight line to 75.04

Bearings are based upon the Oregon Co-ordinate System of 1927, South zone.

The parcel of land to which this description applies contains 2,832 square feet, more or less, outside of the existing right of way.

PARCEL 2 - Fee

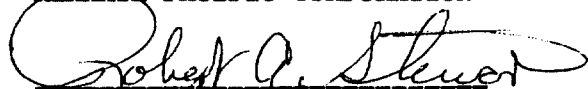
A parcel of land lying in Lot 1 of Section 18, Township 38 South, Range 9 East, W.M., Klamath County, Oregon; the said parcel being that property lying between lines at right angles to the center line of the relocated The Dalles-California Highway at Engineer's Stations 74+50.41 and 79+00 and included in a strip of land variable in width, lying on the Northeasterly side of said center line, which center line is described in Parcel 1.

The widths in feet of the strip of land above referred to are as follows:

Station	to	Station	Width on Northeasterly Side of Center Line
74+50.41		76+50	74.97 in a straight line to 75
76+50		78+00	75 in a straight line to 100
78+00		79+00	100 in a straight line to 50

The parcel of land to which this description applies contains 17,008 square feet, more or less, outside of the existing right of way.

KLAMATH PACIFIC CORPORATION



ROBERT A. STEWART, PRESIDENT OF KLAMATH PACIFIC CORPORATION