

RECORDATION REQUESTED BY:

Washington Mutual Bank
Southern Oregon Business Banking Center
601 Crater Lake Avenue
P.O. Box 1047
Medford, OR 97501

Vol M02 Page 50781

State of Oregon, County of Klamath
Recorded 09/06/2002 3:20 p. m.
Vol M02, Pg 50781-82
Linda Smith, County Clerk
Fcc \$ 26⁰⁰ # of Pgs 2

WHEN RECORDED MAIL TO:

Washington Mutual Bank
Southern Oregon Business Banking Center
601 Crater Lake Avenue
P.O. Box 1047
Medford, OR 97501

SEND TAX NOTICES TO:

Joe McAuliffe Co.
626 South 7th Street
Klamath Falls, OR 97601

C02-212

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated August 29, 2002, is made and executed between Joe McAuliffe Co., An Oregon Corporation, whose address is 626 South 7th Street, Klamath Falls, OR 97601 ("Grantor") and Washington Mutual Bank, Southern Oregon Business Banking Center, 601 Crater Lake Avenue, P.O. Box 1047, Medford, OR 97501 ("Lender").

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated July 31, 2001 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded August 6, 2001, in the official records of Klamath County, State of Oregon, Volume Number M01, Page Number 39326-39332, as modified from time to time.

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

See Exhibit "A" attached hereto and by this reference incorporated herein

The Real Property or its address is commonly known as 52120 Hessig Street, Fort Klamath, OR 97626. The Real Property tax identification number is Key No. 75117, 76232

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

Pursuant to the execution of that certain Promissory Note of even date herewith, Grantor hereby agrees that the maturity date of the Deed is extended to December 1, 2002.

Also, Grantor and Beneficiary agree that (1) as of August 29, 2002 ("Effective Date") the Deed of Trust no longer constitutes a "Line of Credit Instrument" securing a line of credit between Beneficiary, as Lender, and Grantor, as Borrower, in the form of that certain Promissory Note dated July 31, 2001 ("Original Note"), pursuant to which Grantor may borrow, pay down, and re-borrow funds from Beneficiary; (2) as of the Effective Date, the Deed of Trust has been granted to secure that certain Promissory Note dated August 29, 2002 in the original principal amount of Three hundred thousand and No/100 Dollars (\$300,000.00) under which Joe McAuliffe Co., is "Maker" thereof and Beneficiary is "Payee" thereof ("New Note"), which New Note, when executed and delivered to Beneficiary, is a term promissory note representing a renewal, modification, and extension of the Original Note, and its outstanding principal and interest balances, among other amounts, as of the date of its execution and delivery.

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 endorers 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 AUGUST 29, 2002.

GRANTOR:

JOE MCAULIFFE CO.

By: Ambrose McAuliffe
Ambrose McAuliffe, President of Joe McAuliffe Co.

LENDER:

x Lawrence Wells
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon

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COUNTY OF Klamath

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On this 29th day of August, 20 02, before me, the undersigned Notary Public, personally appeared Ambrose McAuliffe, President of Joe McAuliffe Co., 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 Nicole ClaybaughResiding at 421 So 7th, Klamath Falls OR 97601Notary Public In and for the State of OregonMy commission expires June 20, 03

LENDER ACKNOWLEDGMENT

STATE OF _____

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) SS

COUNTY OF _____

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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:

SE1/4 of NW1/4, SW1/4 of NE1/4, and SE1/4 of Section 21; W1/2 of SW1/4 and Government Lot 4 of Section 22, all in Township 33 South, Range 7 1/2 East, Willamette Meridian, Klamath County, Oregon.

Also, Government Lots 1, 2, 3, 4, 5, 6 and 7, and SW1/4 of SW1/4 of Section 27, and N1/2 of Section 28, all in Township 33 South, Range 7 1/2 East, Willamette Meridian, Klamath County, Oregon.

PARCEL 2:

Beginning at a point 1,320 feet East of the quarter corner common to Sections 21 and 22, Township 33 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon, and running thence South 0 degrees 05' East 1,325 feet; thence East 229 feet more or less, to the West bank of the Wood River; thence in a Northerly direction following the West bank of the Wood River to a point due East of the point of beginning; thence West 397.8 feet, more or less to the point of beginning, and being a portion of Government lot 3 of said Section 22; and also

Beginning at the point of beginning described above; thence North 330 feet, more or less, to the Wood River, thence in a Southerly direction along the bank of the Wood River to a point directly East of the place of beginning; thence West 397.8 feet, more or less, to the point of beginning, and being a portion of Government Lot 2 in said Section 22.