

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

Vol M03 Page 03577

WHEN RECORDED MAIL TO:
Washington Mutual Bank
Commercial Loan Servicing - Beaverton
12655 SW Center Street, Suite 380
Beaverton, OR 97005

State of Oregon, County of Klamath
Recorded 01/21/2003 11:12 a m.
Vol M03 Pg 03577-78
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

SEND TAX NOTICES TO:

Thomas E. Shipley
Brenda J. Shipley
2918 Flint Ridge Avenue
Medford, OR 97504

MT 57405

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated December 23, 2002, is made and executed between Thomas E. Shipley and Brenda J. Shipley, as tenants by the entirety, whose address is 2918 Flint Ridge Avenue, Medford, OR 97504 ("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 June 12, 2002 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on June 20, 2002, Recording #Vol M02 Pg. 35937, in Klamath County, State of Oregon, 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:

Lot 547 of RUNNING Y RESORT, Phase 5, 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 10219 Kestrel Road, Klamath Falls, OR 97601. The Real Property tax identification number is R883914

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

The word "Note" is amended to include the Promissory Note dated December 23, 2002, in the original principal amount of \$320,000.00, from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancing of, consolidations of, and substitutions for the Promissory Note or Agreement.

The address of the Real Property is amended to the street address of 10219 Kestrel Road, Klamath Falls, OR 97601.

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 DECEMBER 23, 2002.

GRANTOR:

x Thomas E. Shipley
Thomas E. Shipley, Individually

x Brenda J. Shipley
Brenda J. Shipley, Individually

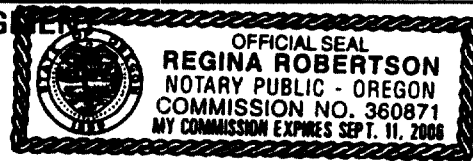
LENDER:

x [Signature]
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Jackson

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On this day before me, the undersigned Notary Public, personally appeared Thomas E. Shipley, 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 7th day of January, 20 03.

By Regina Robertson Residing at Medford OR

Notary Public in and for the State of Oregon My commission expires 9-11-06

INDIVIDUAL ACKNOWLEDGMENT

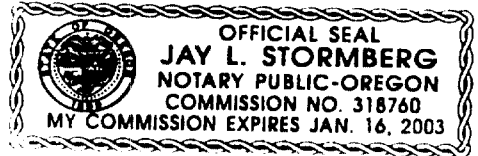
STATE OF

Oregon

COUNTY OF

Jackson

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On this day before me, the undersigned Notary Public, personally appeared Brenda J. Shipley, 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 7 day of January, 20 03.

By

Jay L Stormberg

Residing at

Notary Public in and for the State of

My commission expires

LENDER ACKNOWLEDGMENT

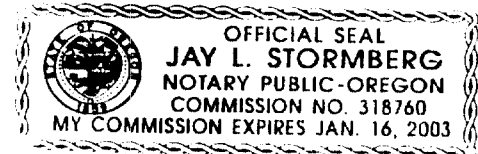
STATE OF

Oregon

COUNTY OF

Jackson

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On this 7 day of January, 20 03, before me, the undersigned Notary Public, personally appeared John Boyer and known to me to be the Business Banking 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

Jay L Stormberg

Residing at

Notary Public in and for the State of

My commission expires