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RECORDATION REQUESTED BY:

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

Vol M03 Page 04674

WHEN RECORDED MAIL TO:

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

State of Oregon, County of Klamath

Recorded 01/24/2003 3:05 p m.

Vol M03 Pg 04674-76

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 1396-4634

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated January 15, 2003, is made and executed between Baley-Trotman Farms, Lon E. Baley and Nancy L. Baley as to an undivied 1/2 interest and Mark R. Trotman and Dawn M. Trotman as to an undivied 1/2 interest., whose address is 1459 Depot Rd., Malin, OR 97632 ("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 June 20, 2002 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Deed of Trust dated June 20, 2002 and recorded August 26, 2002 in the official records of Klamath County in Book M02, Page 47987-93.

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

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

The Real Property or its address is commonly known as 1459 Depot Rd., Malin, OR 97632.

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

Increase loan amount to \$1,503,592.00.

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 JANUARY 15, 2003.

GRANTOR:

x *Lon E Baley*
Lon E Baley, Individually

x *Nancy L Baley*
Nancy L Baley, Individually

x *Mark Trotman*
Mark Trotman, Individually

x *Dawn M. Trotman*
Dawn M. Trotman, Individually

LENDER:

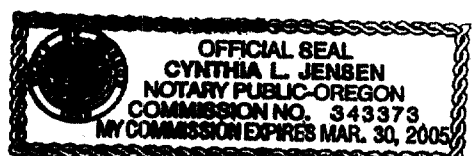
x *[Signature]*
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF *Oregon*)
COUNTY OF *Klamath*) SS)

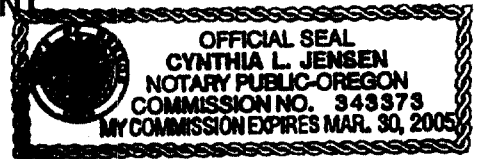
On this day before me, the undersigned Notary Public, personally appeared Lon E Baley; Mark Trotman; Nancy L Baley; and Dawn M. Trotman, to me known to be the individuals described in and who executed the Modification of Deed of Trust, and acknowledged that they signed the Modification as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this *15th* day of *January*, 20 *03*.
By *Cynthia L Jensen* Residing at *Klamath Falls*
Notary Public in and for the State of *Oregon* My commission expires *3/30/05*



31.00

LENDER ACKNOWLEDGMENT



STATE OF Oregon)
COUNTY OF Klamath) SS
)

On this 15th day of January, 2003, before me, the undersigned Notary Public, personally appeared Randy ALVES and known to me to be the Loan 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 Cynthia L Jensen Residing at Klamath Falls
Notary Public in and for the State of Oregon My commission expires 3/30/05

04676

EXHIBIT "A"
LEGAL DESCRIPTION

That portion of the S1/2 SW1/4 of Section 16, Township 41 South, Range 12, East of the Willamette Meridian, Klamath County, Oregon, as described as follows:

Beginning at the intersection of the Northeasterly line of the Great Northern Railroad right of way, 300 feet wide, as described in deed recorded in Volume 96, page 109, of Deed Records of Klamath County, Oregon, with the Northwesterly line of the Depot Road, 80 feet wide, as described in Deed recorded in Volume 96, page 173, of Deed Records of said County; thence North 71 degrees 45' East along said Depot Road a distance of 263.29 feet to the true point of beginning of this description; thence North 165.23 feet; thence West 549.60 feet to the Northeasterly line of said Railroad right of way; thence following the boundary line of said Railroad right of way to its intersection with the North line of the South half of the Southwest Quarter of Section 16; thence East along the North line to the Northeast corner of the Southeast quarter of the Southwest Quarter; thence South along the East line of said Southeast Quarter of the Southwest Quarter 277.90 feet, more or less, to its intersection with the Northwesterly line of the Depot Road; thence Southwesterly along the Northwesterly line of the Depot Road to the point of beginning. EXCEPTING therefrom an additional portion conveyed to the Great Northern Railway by deed recorded in Volume 105 of Deeds, page 209, Records of Klamath County, Oregon.

Mark L. Litch

LES

Dawn M. Litchman

Mark L. Litch