

03 JUN 16 PM 2:57

UTC- 56936

Vol M03 Page 41025

Recording Requested and
When Recorded Return to:
Toyota Motor Credit Corporation
Legal Department, Mail Drop FN23
P.O. Box 2958
Torrance, California 90509-2958
Attn: Karen E. Bedore, Esq.

State of Oregon, County of Klamath
Recorded 06/16/2003 2:57 p. m.
Vol M03 Pg 41025-30
Linda Smith, County Clerk
Fee \$ 51.00 # of Pgs 6

MODIFICATION AGREEMENT NO. 1 *of a Trust Deed*
(Line of Credit Deed of Trust and Subordination Agreement) -

The address of the entity holding a lien or other interest by this instrument is Toyota Motor Credit Corporation, a California corporation, as Beneficiary, whose address is 19001 South Western Avenue, P.O. Box 2958, Torrance, California 90509-2958, Attn: Operations Manager

The tax account number of the property subject to the lien or in which the interest is created is _____

TERM OF CREDIT AGREEMENT: July 8, 2008

46 *mts*

MODIFICATION AGREEMENT NO. 1
(Line of Credit Deed of Trust and Subordination Agreement)

THIS Modification Agreement No. 1 (this "Agreement") is made and entered into as of May 27, 2003 by and between LITHIA REAL ESTATE, INC., an Oregon corporation ("Borrower"), Lithia Klamath, Inc., an Oregon corporation ("Subordinator") and TOYOTA MOTOR CREDIT CORPORATION, a California corporation ("TMCC"), in reference to the following.

RECITALS

A. Borrower and TMCC are parties to that certain Revolving Loan and Security Agreement dated as of July 2, 2001, as amended and restated by that certain Amended and Restated Revolving Loan and Security Agreement dated as of May 10, 2002 (the "Loan Agreement"). Pursuant to the Loan Agreement, TMCC agreed to make loans to Borrower in an aggregate amount not to exceed Forty Million Dollars (\$40,000,000). Pursuant to the terms of the Loan Agreement, Borrower has elected to convert one or more of Advances into a single term loan in the principal sum of Four Million Four Hundred Ten Thousand Dollars (\$4,410,000) (the "Term Loan"), which Term Loan is evidenced by that certain Promissory Note (Term Loan) dated of even date herewith, made by Borrower in favor of TMCC in the face amount of the Term Loan (as amended or otherwise modified from time to time, the "Note").

B. As security for the Loan Agreement, Borrower entered into that certain Line of Credit Deed of Trust Dated May 10, 2002, in which Borrower is grantor, Chicago Title Company is trustee and TMCC is beneficiary, which Deed of Trust was recorded in the official records of Klamath County, Oregon on May 17, 2002 in Volume M02, Page 29403 (as amended or otherwise modified from time to time, the "Deed of Trust") on real property legally described on Exhibit A attached hereto ("Property").

C. In connection with the Deed of Trust, Subordinator and TMCC entered into that certain Subordination, Nondisturbance and Attornment Agreement dated May 10, 2002, which Subordination Agreement was recorded in the official records of Klamath County, Oregon on May 17, 2002 in Volume M02, Page 29437 (as amended or otherwise modified from time to time, the "Subordination").

D. Borrower and TMCC desire to amend the Deed of Trust and Subordinator and TMCC desire to amend the Subordination Agreement as provided herein so that both documents secure the obligation of Borrower under the Note.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. **Modification of Deed of Trust.** Section 1.1 of the Deed of Trust is amended in its entirety to read as follows:

"Payment of the sum of Four Million Four Hundred Ten Thousand Dollars (\$4,410,000) with interest thereon, and other amount due according to the terms of that certain Promissory Note (Term Loan), dated May 27, 2003, payable to Beneficiary or order and made by Grantor (the "Note," which term shall include all notes evidencing the indebtedness secured by this Deed of Trust and all replacements, renewals, modifications or extensions thereof);"

2. **Modification of Subordination Agreement.** As used in the Subordination, "Note" means the Promissory Note (Term Loan) dated May 27, 2003 in the original principal amount of Four Million Four Hundred Ten Thousand Dollars (\$4,410,000) made by Borrower in favor of TMCC; and "Deed of Trust" means the Deed of Trust, as amended by this Agreement.

3. **No Other Changes.** Except as modified herein, the Deed of Trust and the Subordination remain unmodified and in full force and effect.

BORROWER:

LITHIA REAL ESTATE, INC., an Oregon corporation

By: 

Name: JEFFREY B. DEBOER

Title: SECRETARY, TREASURER

SUBORDINATOR:

Lithia Kalmath, Inc., an Oregon corporation

By: 

Name: JEFFREY B. DEBOER

Title: SECRETARY, TREASURER

TMCC:

TOYOTA MOTOR CREDIT CORPORATION,
a California corporation

By: 

Name: David Belliccioni

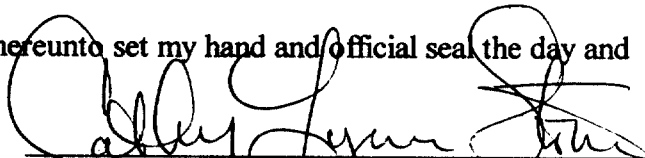
Title: Group Vice President

41028

STATE OF Oregon)
COUNTY OF Jackson) ss.

On this 27th day of May, 2003, before me, a Notary Public in and for the State of Oregon, personally appeared Jeffrey B DeBoer personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the Secretary of Lithia Real Estate, Inc. to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

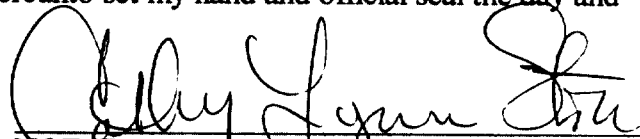

NOTARY PUBLIC in and for the State of
Oregon, residing at Medford
My appointment expires Sept 28, 2005
Print Name Cathy Lynn Stone

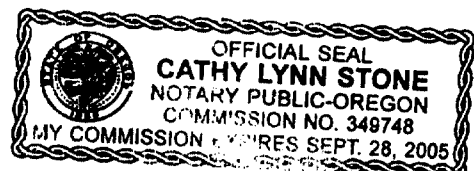
STATE OF Oregon)
COUNTY OF Jackson) ss.



On this 27th day of May, 2003, before me, a Notary Public in and for the State of Oregon, personally appeared Jeffrey B DeBoer, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed the instrument; on oath stated that he/she was authorized to execute this instrument as the Secretary of Lithia Klamath, Inc., an Oregon corporation, the corporation that executed the instrument; acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.


NOTARY PUBLIC in and for the State of
Oregon, residing at Medford
My appointment expires Sept 28, 2005
Print Name Cathy Lynn Stone



ACKNOWLEDGMENT

41029

State of California}
County of Los Angeles}

On this 5th day of June 2003 before me, Cheryl D. Taylor, a notary in and for said County and State, personally appeared David E. Pelliccioni personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: _____



(Seal)

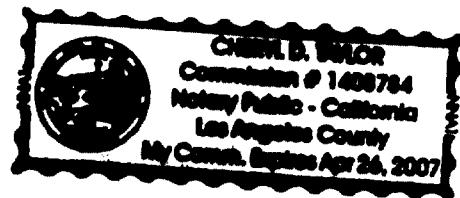


EXHIBIT "A"
LEGAL DESCRIPTION

**Lot 2 in Block 5 of TRACT 1080 - WASHBURN PARK, according to the official plat thereof
on file in the office of the County Clerk of Klamath County, Oregon.**