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After recording, return to:  
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Vol M04 Page 42097  
State of Oregon, County of Klamath  
Recorded 06/29/2004 12:23 P m  
Vol M04 Pg 42097-99  
Linda Smith, County Clerk  
Fee \$ 31<sup>00</sup> # of Pgs 3

604-101  
**SECOND MODIFICATION OF TRUST DEED**

**THIS SECOND MODIFICATION OF TRUST DEED** is dated effective June 7, 2004, between SIERRA DEVELOPMENT, LLC, an Oregon Limited Liability Company, as Grantor, and LBLM INVESTMENTS, LLC, an Oregon Limited Liability Company, as Beneficiary.

1. **Trust Deed.** Grantor has executed a Trust Deed dated August 20, 2003, which was recorded on August 21, 2003, in Volume M03, Page 61296, Official Records of Klamath County, Oregon, which was modified by a Modification of Trust Deed dated effective January 26, 2004, recorded on January 26, 2004, in Volume M04, Page 04853, Official Records of Klamath County, Oregon (the "Trust Deed").

2. **Real Property Description.** The Trust Deed covers real property located in Klamath County, Oregon, and more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein.

3. **Second Modification.** Grantor and Beneficiary hereby agree to modify the Trust Deed as follows:

3.1 Modifying the principal amount of the Promissory Note referenced on page 1 of the Trust Deed from \$880,000.00 to \$938,273.93; and

3.2 Modifying paragraph (19) of the Trust Deed by increasing the amount of the principal reduction payment for each lot from \$30,000.00 to \$35,000.00.

4. **Continuing Validity.** Except as expressly modified above, the terms of the original Trust Deed shall remain unchanged and in full force and effect. Consent by Beneficiary to this Second Modification of Trust Deed does not waive Beneficiary's right to require strict performance of the Trust Deed as changed above nor obligate Beneficiary to make any future modifications. It is the intention of the Beneficiary to retain as liable the Grantor of the Trust Deed and the Maker of the Promissory Note. The Maker of the Promissory Note shall not be

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released by virtue of this Second Modification of Trust Deed. This waiver applies not only to any initial extension or modification, but also to such subsequent actions.

**GRANTOR:**

SIERRA DEVELOPMENT, LLC

By: 

MICHAEL L. WILCHER, Member

**BENEFICIARY:**

LBLM INVESTMENTS, LLC

By: 

LES M. MOMBERT, Member

STATE OF OREGON, County of Klamath ) ss.

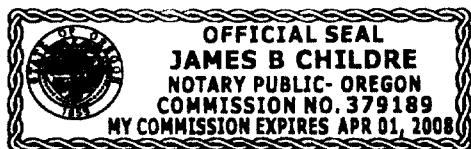
This instrument was acknowledged before me on the 17 day of June, 2004, by MICHAEL L. WILCHER as a Member of SIERRA DEVELOPMENT, LLC, an Oregon Limited Liability Company.

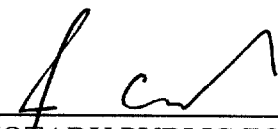


  
 NOTARY PUBLIC FOR OREGON  
 My Commission Expires: 8/2/07

STATE OF OREGON, County of Deschutes ) ss.

This instrument was acknowledged before me on the 15 day of June 2004, by LES M. MOMBERT as a Member of LBLM INVESTMENTS, LLC, an Oregon Limited Liability Company.



  
 NOTARY PUBLIC FOR OREGON  
 My Commission Expires: 4/1/08

## Exhibit "A"

Real property in the County of Klamath, State of Oregon, described as follows:

All that portion of Lot 7 of Section 6 in Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, starting at the Southwest corner of said Lot; running East 794 feet and thence North to a point on the North boundary of the right of way of the Enterprise Irrigation Canal which is the true point of beginning; thence running Northwesterly along the said North line of said Canal right of way to a point which is 400 feet East of the West boundary of said Lot 7; thence North to the North boundary of said Lot 7; thence East along the said North boundary of said Lot 7 (304 feet more or less) to a point North of the true point of beginning; thence South to said point of beginning.

Also that parcel of land, the boundaries of which are described as follows: Beginning at a point 30 feet North and 600 feet North 89°58' East from the Southwest corner of Section 6 in Township 39 South, Range 10 East of the Willamette Meridian; thence North 89°58' East 194 feet; thence North 370 feet, more or less, to the South or lower line of the right of way of Enterprise Irrigation District Canal; thence Northwesterly along said canal line to a point due North of the point of beginning; thence South 430 feet more or less to the point of beginning.

## EXCEPTING THEREFROM THE FOLLOWING:

A parcel of land situated in Lot 7, Section 6, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a 5/8" iron pin lying South 89°59' East 660.0 feet and North 0°19'20" West 30.0 feet from the Section corner common to Sections 1, 6, 7 and 12, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, said pin being on the North right of way line of Hilyard St.; thence continuing North 0°19'20" West 150.0 feet to a point; thence South 89°59' East 134.0 feet to a point; thence South 0°19'20" East 150.0 feet to a point on the North right of way line of Hilyard St.; thence North 89°59' West 134.0 feet to the point of beginning; with bearings based on Survey No. 3070, filed in the Klamath County Engineer's Office.

ALSO EXCEPTING THEREFROM the North 38 feet thereof.

A portion of Lot 7 of Section 6, Township 39 South, Range 10 East of the Willamette meridian, more particularly described as follows:

Beginning at a point where the North line of the canal of the Enterprise Irrigation District crosses the West line of Section 6, Township 39 S., R. 10 E.W.M., said point being 600 feet, more or less, North of the Southwest corner of said Section; thence North along said West line of Section 6 to the Northwest corner of Lot 7 thereof; thence Easterly along the North line of said Lot 7 a distance of 400 feet; thence South parallel to the West line of said lot and 400 feet distant therefrom to the said North line of said canal; thence Westerly along said North line of said canal to the point of beginning.

ALSO SAVING AND EXCEPTING the following described property:

Beginning at a point from which the South 1/16 corner common to said Sections 1 and 6, said corner and being the Southwest corner of "Skyline View" bears N. 00°20'24" W. 475.00 feet and N. 89°55'22" E. 129.72 feet; thence N. 00°20' 24" W. along the East line of those lands described in Deed Volume M00 page 7633 of Klamath County Deed Records 293.17 feet; thence N. 89°39'36" E. 175.28 feet; thence S. 76°32'25" E. 56.10 feet; thence S. 00°20'24" E. 281.76 feet; thence N. 89°50'57" W. 229.77 feet, to the point of beginning, containing 1.54 acres more or less.

ALSO EXCEPTING THEREFROM the North 38 feet thereof.