

04 NOV 10 PM 3:11

MTT - 63329

RECORDATION REQUESTED BY:

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

Vol M04 Page 77620

State of Oregon, County of Klamath
Recorded 11/10/04 3:11 p m
Vol M04 Pg 77620-21
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

WHEN RECORDED MAIL TO:

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

SEND TAX NOTICES TO:

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

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST



THIS MODIFICATION OF DEED OF TRUST dated November 8, 2004, is made and executed between K B Brewing, Inc., An Oregon Corporation ("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 September 17, 2004 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on September 24, 2004, in the office of the Klamath County Clerk, in Volume M04 page 64323-28.

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

Lots 7, 8, 9, 10 and a strip of land one foot wide off the Easterly side of Lot 11, Block 10, RAILROAD ADDITION TO THE CITY OF KLAMATH FALLS, 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 1320 Main St., Klamath Falls, OR 97601.

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

Increase the line from \$200,000.00 to \$539,000.00, extend maturity to February 15, 2005.

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 NOVEMBER 8, 2004.

GRANTOR:

K B BREWING, INC.

By: Del A. Azevedo
Del A. Azevedo, President of K B Brewing, Inc.

By: Lonnie D. Clement
Lonnie D. Clement, Secretary of K B Brewing, Inc.

LENDER:

SOUTH VALLEY BANK & TRUST

X Jeffrey S. Busby
Authorized Officer

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Klamath) SS



On this 8 day of November, 2004, before me, the undersigned Notary Public, personally appeared Del A. Azevedo, President; Lonnie D. Clement, Secretary of K B Brewing, Inc., and known to me to be authorized agents 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 they are authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

By: K. Linville
Notary Public in and for the State of Oregon

Residing at Klamath Falls
My commission expires 2-9-07

2600 am

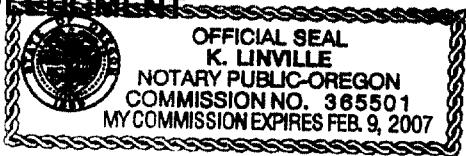


MODIFICATION OF DEED OF TRUST
(Continued)

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LENDER ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Lincoln) SS
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On this 8 day of November, 20 04, before me, the undersigned Notary Public, personally appeared Jeffrey S. Blaylock and known to me to be the Vice President, 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 St. Lawrence Residing at Lincoln Falls
Notary Public in and for the State of Oregon My commission expires 2-9-07