

State of Oregon, County of Klamath
Recorded 12/28/04 11:28 A m
Vol M04 Pg 88584-87
Linda Smith, County Clerk
Fee \$ 36 # of Pgs 4

Loan No. L-00642

'04 DEC 28 AM 11:28

AMENDMENT OF A TRUST DEED

Between

QUAIL MOUNTAIN, INC. ("Borrower")

And

State of Oregon, Department of Energy ("Lender")

THIS AMENDMENT IS MADE WITH RESPECT TO THE FOLLOWING RECITALS. THE TRUTH, ACCURACY AND COMPLETENESS OF EACH RECITED FACT IS EXPRESSLY ACKNOWLEDGED BY THE PARTIES, AND THIS ACKNOWLEDGMENT IS INTENDED TO BE CONTRACTUALLY BINDING UPON THE PARTIES.

WHEREAS, on October 15, 2004, Lender made to Borrower a loan ("Loan") for the installation of an energy project in the principal amount of Nine Hundred Fifty Thousand and No/100 Dollars (\$950,000), which Loan was evidenced by a promissory note (as amended, extended or renewed "Note"). The Note and any other agreement, instrument or document at any time executed in connection with the Loan, together with all amendments thereto, shall hereinafter be referred to as the "Loan Documents." Unless the context indicates otherwise, all capitalized terms used in this Amendment shall have the meanings ascribed to them in the Loan Documents.

WHEREAS, the obligations of Borrower to Lender are secured by that certain deed of trust ✓ executed and delivered on October 15, 2004 which was recorded on October 15, 2004 in Volume M04, Page 70485-504 of the Microfilm Records, Klamath County, Oregon and which covers property more particularly described in "Exhibit A" attached hereto and by this reference incorporated herein (as amended from time to time "Deed of Trust").

WHEREAS, the Lender has issued Oregon General Obligation bonds to finance the Note.

WHEREAS, as a result of issuing bonds to finance the Note Lender desires to modify the Note terms to reflect an increase of the interest rate.

WHEREAS, the current unpaid principal balance of the Loan is Nine Hundred Fifty Thousand and No/100 Dollars (\$950,000), with accrued interest paid until October 19, 2004.

WHEREAS, both Borrower and Lender desire to enter into this Amendment.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the Borrower and Lender do hereby agree as follows:

Oregon Dept of Energy
625 Marion St. NE
Salem, OR 97301

36 ✓

1. Note Amendment. The Note is hereby amended as follows:

88585

(a) Note will be paid in equal consecutive monthly installments of principal and interest of Fifteen Thousand Three Hundred and No/100 Dollars (\$15,300) each, starting January 15, 2005 and continuing monthly until December 15, 2010 when the entire unpaid principal balance and any accrued and unpaid interest shall be due and payable in full.

(b) The interest rate shall be changed from 4.50% to 5.00% per annum beginning December 15, 2004.

2. Deed of Trust Amendment. The Deed of Trust is hereby amended as follows:

(a) The maturity date of the Loan evidenced by the Note shall be December 15, 2010.

3. Other Terms Remain the Same. All other terms and conditions of the Note and the Loan Documents remain unchanged. This Amendment shall not be deemed to modify, restrict or in any way change the terms and provisions of the Note and the Loan Documents except as specifically set forth herein. The execution of this Amendment shall be without prejudice to Lender's right to exercise any and all of the remedies provided in the Note and the Loan Documents or that may be otherwise available to Lender at law or in equity if Borrower fails to comply with any of the terms and conditions of this Amendment, the Loan Documents, or the Note as modified hereby.

4. General Provisions.

(a) No Novation. Nothing contained in this Amendment shall be construed as a novation of any indebtedness owing to Lender. Nothing in this Amendment shall constitute a renewal or modification of indebtedness owing, and nothing contained herein shall be deemed in any manner to effect a payment and relending of money. The liens and security interests created under the Loan Documents continue with the same priority, force and effect as of their original date.

(b) Affirmation of Representations and Warranties. Borrower hereby reaffirms the truth and accuracy of, and restates, the representations and warranties made by Borrower in the Loan Documents.

(c) Authority. Each party hereby represents and warrants to the other that it has full power and authority to enter into this Agreement and that the undersigned executing this Amendment on behalf of that party is authorized to do so and bind that party to this Amendment.

IN WITNESS WHEREOF, and intending to be legally bound, the parties do hereby approve and execute this Amendment.

STATE OF OREGON, acting by and through its
DEPARTMENT OF ENERGY

By: Jerry V. Gray

Title: ASST. DIR, FINANCE

Date: 12/10/04

88586

QUAIL MOUNTAIN, INC.

"Borrower"

By:

Title:

Date:

By:

Title:

Date:

STATE OF Oregon

County of KLAMATH

) ss.

On this 8th day of DECEMBER, 2004, before me personally appeared LEO ANTHONY BOCCI, who being duly sworn, stated that (s)he is the PRESIDENT of QUAIL Mtn INC, a(n) CORPORATION, and acknowledged the foregoing instrument to be the voluntary act and deed thereof.

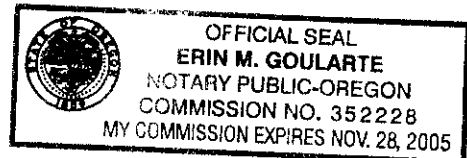
Notary Public for

My commission expires:

Erin M. Goularte

BANK OF AMERICA

11-28-2005



STATE OF OREGON

County of MARION

) ss.

On this 10th day of DECEMBER, 2004, before me personally appeared LARRY V. GRAY, who being duly sworn, stated that (s)he is the ASST DIRECTOR FOR FINANCE of DEPT. OF ENERGY, a(n) OREGON STATE AGENCY, and acknowledged the foregoing instrument to be the voluntary act and deed thereof.

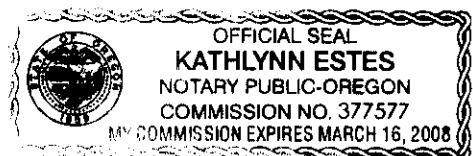
Notary Public for

My commission expires:

KATHLYNN ESTES

OREGON STATE UDOE

03-16-2008



PARCEL 1:

A tract of land situated in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the Northwest corner of said SE $\frac{1}{4}$ NE $\frac{1}{4}$; thence East, 469.94 feet to the Westerly line of the "A" Canal; thence South $37^{\circ} 49'$ East on said Westerly line 246.38 feet to the POINT OF BEGINNING of this description; thence South $37^{\circ} 49'$ East on said Westerly line, 129.92 feet; thence South $31^{\circ} 28'$ East on said Westerly line, 296.40 feet to the Southeast corner of a tract of land described in Volume 294, page 111, Deed Records of Klamath County, Oregon; thence North $89^{\circ} 58' 21''$ West on the South line of last mentioned tract, 334.30 feet; thence North $45^{\circ} 00'$ East, 141.31 feet; thence North, 255.36 feet to the point of beginning.

PARCEL 2:

A tract of land situated in the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the intersection of the Northerly Right-of-Way line of Miller Avenue and the Westerly Right-of-Way line of Derby Street as located on the Map of Survey Number 1308 filed with the Klamath County Surveyor, thence South $89^{\circ} 59' 30''$ West along said Right-of-Way line of Miller Avenue 250.00 feet to the Southwest corner of that parcel recorded in Volume M74, page 12689, Deed Records of Klamath County, Oregon, said point being the true point of beginning; thence continuing along said Right-of-Way line South $89^{\circ} 59' 30''$ West 515.95 feet to the Southeast corner of that parcel recorded in Volume 351, page 356, Deed Records of Klamath County, Oregon; thence along the Easterly and Northerly boundaries of said parcel North $00^{\circ} 23' 00''$ East 75.00 feet to a point; thence South $89^{\circ} 59' 30''$ West 150.00 feet to a point on the Easterly Right-of-Way line of Crest Street; thence along said Right-of-Way line North $00^{\circ} 23' 00''$ East 246.15 feet to a point; thence leaving said Right-of-Way line North $89^{\circ} 49' 30''$ East 663.80 feet to the Northwest corner of that parcel recorded in Volume M74, page 12689, Microfilm Records of Klamath County, Oregon; thence South along the West boundary of said parcel 323.07 feet to the true point of beginning

PARCEL 3:

Lots 44 and 45, BALSIGER TRACTS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 4:

Lots 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 of Block 300 of OREGON VALLEY LAND COMPANY'S THIRD ADDITION TO THE TOWN OF LAKEVIEW, according to the official plat thereof on file in the office of the County Clerk of Lake County, Oregon.

TOGETHER WITH that portion of alley vacated July 18, 1990, which inures to the Lots, Lake County, Oregon.