

NTC1396-8704

RECORDATION REQUESTED BY:

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

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

2007-010570

Klamath County, Oregon



00024532200700105700030034

06/12/2007 11:14:37 AM

Fee: \$31.00

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST



THIS MODIFICATION OF DEED OF TRUST dated May 24, 2007, is made and executed between between Leo F McKoen, whose address is P O Box 195, Merrill, OR 97633-0195 ("Grantor") and South Valley Bank & Trust, whose address is 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 27, 2003 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Line of Credit Instrument dated June 27, 2003 with Modifications, recorded June 30, 2003 in Volume M03, Page 44598-44604 in records of Klamath County, Oregon.

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

See the exhibit or other description document which is attached to this Modification and made a part of this Modification as if fully set forth herein.

The Real Property or its address is commonly known as Merrill, OR 97633. The Real Property tax identification number is 4111-01600-01501-00.

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

Extend maturity date to March 31, 2008, increase Line of Credit amount to \$450,000.00 and change interest rate to Prime plus 1.75% from Prime plus 2%.

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 endorser 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.

DUE ON SALE-CONSENT BY LENDER. Due On Sale-Consent By Lender. Lender may, at lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all and any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method on conveyance of an interest in the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Oregon law.

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 MAY 24, 2007.

GRANTOR:

X Leo F McKoen
Leo F McKoen

LENDER:

SOUTH VALLEY BANK & TRUST

X Corey Price
Authorized Officer

AMERITITLE has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.



MODIFICATION OF DEED OF TRUST
(Continued)

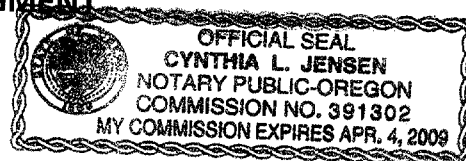
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INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath

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On this day before me, the undersigned Notary Public, personally appeared Leo F McKoen, to me known to be the individual described in and who executed the Modification of Deed of Trust, and acknowledged that he or she signed the Modification as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 24th day of May, 2007.

By Cynthia L Jensen

Residing at Klamath Falls

Notary Public in and for the State of Oregon

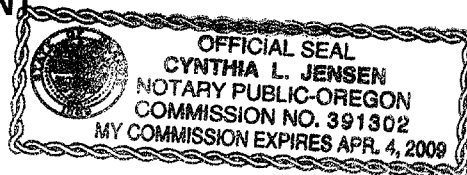
My commission expires 4/4/09

LENDER ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath

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On this 24th day of May, 2007, before me, the undersigned Notary Public, personally appeared Cori Price and known to me to be the VP / 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 4/4/09

Exhibit "C"

A parcel of land situated in Government Lot 11, Section 16, Township 41 S., Range 11 E.W.M., Klamath County, Oregon, being more particularly described as follows:

Beginning at the intersection of the East line of said Section 16 with the Northeasterly right of way line of Oregon Highway No. 39; thence N. 39 deg. 38' 52" W. along said right of way line a distance of 712.19 feet to a 5/8" iron pin, on the North line of said Lot 11; thence leaving said right of way line N. 89 deg. 59' 44" E. a distance of 454.39 feet to the East line of said Section 16; thence S. 0 deg. 00' 16" E. along said Section line a distance of 548.41 feet to the point of beginning, LESS and EXCEPTING the East 30 feet thereof contained in the right of way U.S.R.S. No. 42 Drain heretofore conveyed by Dora Pope, et vir, to the United States by deed recorded in Volume 69, page 151, records of Klamath County, Oregon.

The above described tract contains 2.50 acres, more or less.