

2007-014411  
Klamath County, Oregon



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08/15/2007 03:36:17 PM

Fee: \$26.00

RECORDATION REQUESTED BY:

PremierWest Bank  
Southern Oregon Loan Production Office  
P O Box 40  
503 Airport Road  
Medford, OR 97501

WHEN RECORDED MAIL TO:

PremierWest Bank  
ATTN: Loan Assistant  
P O Box 40  
Medford, OR 97501

SEND TAX NOTICES TO:

The Pennbrook Company  
250 NW Franklin Ave., Suite 204  
Bend, OR 97701

#583071057

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

**MODIFICATION OF DEED OF TRUST**

THIS MODIFICATION OF DEED OF TRUST dated August 2, 2007, is made and executed between The Pennbrook Company, an Oregon Corporation ("Grantor") and PremierWest Bank, whose address is Southern Oregon Loan Production Office, P O Box 40, 503 Airport Road, Medford, OR 97501 ("Lender").

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated August 17, 2005 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Deed of Trust recorded on August 19, 2005 in the official records of Klamath County Recorder as document number M05-62312 in the amount of \$663,668.00; modified by a Modification of Deed of Trust dated August 24, 2006 in the amount of \$663,668.00; modified by a Modification of Deed of Trust dated November 20, 2006 in the amount of \$452,445.00; revised by a Modification of Deed of Trust dated February 17, 2007 in the amount of \$452,445.00.

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

Lots 1295 and 1296, Tract 1443, a replat of Lots 595-602, 604-605, Falcon Drive and Red Tail Drive of Tract 1340, Running Y Resort Phase 7, 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 Units 1295 and 1296 Martingale Drive, Klamath Falls, OR 97601.

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

It is hereby agreed to extend the maturity date to October 17, 2007.


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.

PARTIAL RELEASE PROVISION. Lender shall execute a partial release of the lien on the Deed of Trust securing this loan upon the following conditions: Partial release for each lot shall be granted by Lender upon receipt of a principal reduction in the amount of \$226,222.00. Borrower agrees that accrued interest due under the terms of the Promissory Note will be paid current at the time such release is requested by Borrower, and, provided that the Borrower has not breached or otherwise defaulted under the terms of the loan.

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 AUGUST 2, 2007.

GRANTOR:

THE PENNBROOK COMPANY

By:   
Donald N. Bauhofer, President of The Pennbrook Company

LENDER:

PREMIERWEST BANK

X   
Authorized Officer

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MODIFICATION OF DEED OF TRUST  
(Continued)

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CORPORATE ACKNOWLEDGMENT

STATE OF Oregon  
COUNTY OF Deschutes

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) SS  
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On this 8th day of August, 20 07, before me, the undersigned Notary Public, personally appeared Donald N. Bauhofer, President of The Pennbrook Company, and known to me to be an authorized agent 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 he or she is authorized to execute this Modification and in fact executed the Modification on behalf of the corporation.

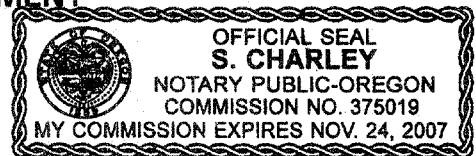
By Laura L. Lynn  
Notary Public in and for the State of Oregon

Residing at Bend  
My commission expires Sept 23, 2010

LENDER ACKNOWLEDGMENT

STATE OF Oregon  
COUNTY OF Jackson

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) SS  
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On this 6th day of August, 20 07, before me, the undersigned Notary Public, personally appeared Libby Enckinger and known to me to be the VP Premierwest Bank, 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 S. Charley  
Notary Public in and for the State of Oregon

Residing at Medford  
My commission expires 11/24/07