

NTC13910.9213

RECORDATION REQUESTED BY:

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

2007-020452

Klamath County, Oregon



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12/05/2007 03:25:51 PM

Fee: \$31.00

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 October 31, 2007, is made and executed between Ernst Brothers LLC, whose address is P O Box 637, Gilchrist, OR 97737 ("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 May 28, 1997 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Deed of Trust dated May 28, 1997, recorded June 4, 1997 in Book MP, Page 17107 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 See Attached Exhibit F, Gilchrist, OR 97737.

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

Extend maturity date.

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 endorers 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 OCTOBER 31, 2007.

GRANTOR:

ERNST BROTHERS LLC

By:

Wayne Ernst, Managing Member of Ernst Brothers LLC

By:

John Ernst, Member of Ernst Brothers LLC

By:

Jan Houck, Member of Ernst Brothers LLC

LENDER:

SOUTH VALLEY BANK & TRUST

x

Mark Paulsen
Authorized Officer

31 AMT

MODIFICATION OF DEED OF TRUST

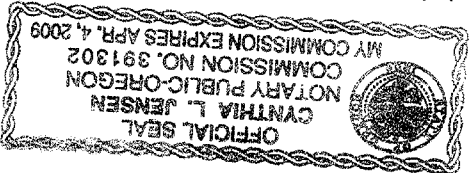
(Continued)

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

On this 31st day of October, 2007, before me, the undersigned Notary Public, personally appeared Wayne G Ernst, Managing Member of Ernst Brothers LLC; Jan Houck, Member of Ernst Brothers LLC; and John Ernst, Member of Ernst Brothers LLC, and known to me to be members or designated agents of the limited liability company that executed the Modification of Deed of Trust and acknowledged the Modification to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By Cynthia D. Jensen Notary Public in and for the State of Oregon
Residing at Klamath Falls My commission expires 4/4/09

STATE OF Oregon
COUNTY OF Klamath
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() SS
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LENDER ACKNOWLEDGMENT

On this 31st day of October, 2007, before me, the undersigned Notary Public, personally appeared Mark Paulsen and known to me to be the Loan Officer, authorized agent for South Valley Bank & Trust that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of South Valley Bank & Trust, duly authorized by South Valley Bank & Trust 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 in fact executed this said instrument on behalf of South Valley Bank & Trust.

By Cynthia D. Jensen Notary Public in and for the State of Oregon
Residing at Klamath Falls My commission expires 4/4/09

STATE OF Oregon
COUNTY OF Klamath
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() SS
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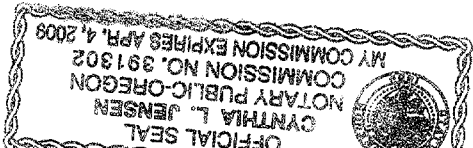


EXHIBIT F

Lots 1, 2, 4, 8, 10, 11, 12, 13, 15, 17, 18, 21, 22, 32, 34, 38, 41, 42, 43, 53, 55, 56, 59, 61, 70, 71, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84, 85, 91, 97, 101, 104, 108, 109, 110, 111, 112, 114, 115, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 130, 131, 132, 133, 134, 136, 141, in Tract 1318, Gilchrist Townsite, Klamath County, Oregon.

ERNST BROTHERS LLC

By:

Wayne S Ernst
Wayne S Ernst, Managing Member of Ernst Brothers LLC

By:

John Ernst
John Ernst, Member of Ernst Brothers LLC

By:

Jan Houck
Jan Houck, Member of Ernst Brothers LLC