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MTC 79817-LW

RECORDATION REQUESTED BY:

PremierWest Bank
Klamath Falls Branch
421 South 7th Street
P. O. Box 5016
Klamath Falls, OR 97601

2008-000452

Klamath County, Oregon



00038338200800004520030032

01/10/2008 03:43:29 PM

Fee: \$31.00

WHEN RECORDED MAIL TO:

PremierWest Bank
Klamath Falls Branch
421 South 7th Street
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

Frank J. Gallagher
101 Morris Street, Suite 205
Sebastopol, CA 95472

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated January 9, 2008, is made and executed between Frank J. Gallagher ("Grantor") and PremierWest Bank, whose address is Klamath Falls Branch, 421 South 7th Street, P. O. Box 5016, Klamath Falls, OR 97601 ("Lender").

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated August 27, 2007 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Deed of Trust recorded on August 31, 2007 in the Klamath County Recorders Office as document number 2007-015434 in the amount of \$1,152,475.00.

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

See Exhibit A, 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 Lot 92, 93, 94 and 95 Running Y Resort, phase 1 and a Portion of Tract 1319, Running Y Resort, Phase 1, Klamath Falls, OR 97601. The Real Property tax identification number is 3808-009C0-00400-000.

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

It is hereby agreed to extend the maturity date from December 31, 2007 to April 1, 2008.

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 JANUARY 9, 2008.

GRANTOR:

X 
Frank J. Gallagher

LENDER:

PREMIERWEST BANK

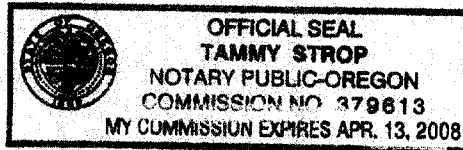
X 
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath

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) SS
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On this day before me, the undersigned Notary Public, personally appeared Frank J. Gallagher, 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 9th day of January, 20 08.

By  Residing at 421 S. 7th St. KFO

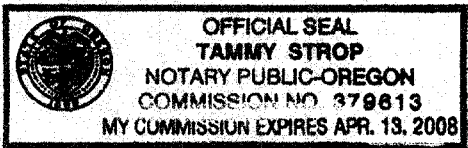
Notary Public in and for the State of Oregon My commission expires April 13, 2008

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MODIFICATION OF DEED OF TRUST
(Continued)

LENDER ACKNOWLEDGMENT

STATE OF Oregon)
) SS
COUNTY OF Klamath)



On this 10th day of January, 20 08, before me, the undersigned Notary Public, personally appeared Gary Parker and known to me to be the Lending Officers, authorized agent for PremierWest Bank that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of PremierWest Bank, duly authorized by PremierWest Bank 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 PremierWest Bank.

By Tammy Strop Residing at 421 S. 7th KFO.
Notary Public in and for the State of Oregon My commission expires April 13, 2008

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EXHIBIT 'A'
LEGAL DESCRIPTION

PARCEL 1:

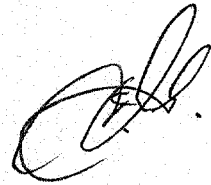
Lot 92, RUNNING Y RESORT, PHASE 1, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2:

Lots 94 and 95 RUNNING Y RESORT, PHASE 1, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

PARCEL 3:

Parcel 2 of Land Partition 53-06 a replat of Lots 85 and 93 of TRACT 1319 RUNNING Y RESORT, PHASE 1, according to the official plat thereof on file of the County Clerk, Klamath County, Oregon.

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a smaller 'P' and a period.