

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

2008-008793

Klamath County, Oregon



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06/17/2008 03:18:58 PM

Fee: \$56.00

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated May 19, 2008, is made and executed between Gerald Orville Herman and Nelda Ann Herman, as tenants by the Entirety ("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 April 13, 2001 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded April 24, 2001 in the Office of the Klamath County Clerk, in Volume M01, Page 18298. Modified on May 15, 2001, recorded on May 18, 2001 in the Office of the Klamath County Clerk in Volume M01 Page 23030. Modified on July 26, 2001, recorded on August 27, 2001 in the Office of the Klamath County Clerk in Volume M01, Page 43510. Modified on December 17, 2001, Recorded on December 31, 2001 in Volume M01, Page 66917. Modified on June 11, 2002, Recorded on June 12, 2002 in Volume M02, Page 34302. Modified on June 30, 2004, Recorded on July 2, 2004 in the Office of the Klamath County Clerk in Volume M04, Page 43586. ✓

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 14606 Anderson Rd, Klamath Falls, OR 97603.

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

Revise the payment schedule and extending the maturity to November 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.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated and whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become otherwise barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

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 19, 2008.

GRANTOR:

x Gerald Orville Herman  
Gerald Orville Herman

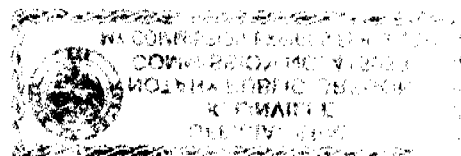
x Nelda Ann Herman  
Nelda Ann Herman

LENDER:

SOUTH VALLEY BANK & TRUST

x Authorized Officer  
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.



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MODIFICATION OF DEED OF TRUST  
(Continued)

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INDIVIDUAL ACKNOWLEDGMENT

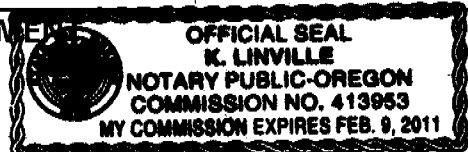


STATE OF Oregon )  
 ) SS  
COUNTY OF Lincoln )

On this day before me, the undersigned Notary Public, personally appeared Gerald Orville Herman and Nelda Ann Herman, to me known to be the individuals described in and who executed the Modification of Deed of Trust, and acknowledged that they signed the Modification as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this May day of 19, 2008  
By K. Linville Residing at Lincoln Falls  
Notary Public in and for the State of Oregon My commission expires 2-9-2011

LENDER ACKNOWLEDGMENT



STATE OF Oregon )  
 ) SS  
COUNTY OF Lincoln )

On this 19 day of May, 2008, before me, the undersigned Notary Public, personally appeared Bridgette Gussman and known to me to be the VP, 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 K. Linville Residing at Lincoln Falls  
Notary Public in and for the State of Oregon My commission expires 2-9-2011

**EXHIBIT "A"**

**THE REAL PROPERTY OR ITS ADDRESS IS COMMONLY KNOWN AS:**

**14606 ANDERSON RD., KLAMATH FALLS, OR 97603.**

**THE REAL PROPERTY TAX IDENTIFICATION NUMBER IS 4110-00200-00200-000.**

A parcel of land situate in the N1/2 of Section 2, Township 41 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the Northwest corner of Section 2, Township 41 South, Range 10 East of the Willamette Meridian; thence East along the North boundary line of said Section 2, 897.40 feet; thence South 1,938.42 feet; thence West 2,830.74 feet to the East meander line of Lost River; thence Northerly following said meander line 695.64 feet to an intersection of said line with the West boundary line of said section; thence North 1,302.84 feet to the place of beginning.

EXCEPTING rights of way for the Great Northern Railway; also excepting that part of said tract lying Westerly of the right of way of the Dalles-California Highway as conveyed to Thomas P. Barry and Winnifred Barry by Deed dated April 25, 1945 and recorded in Volume 180 at page 211 of Deed Records of Klamath County, Oregon. ALSO EXCEPTING that property deeded in Deed Volume 350 at page 265 to Ralph T. Plimpton, et ux.

  
GERALD ORVILLE HERMAN

  
NELDA ANN HERMAN