

WTC 13916-9339

2009-002583

Klamath County, Oregon

RECORDATION REQUESTED BY:

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



00061164200900025830030032

02/19/2009 03:24:05 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 29, 2009, 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 March 27, 2008 (the "Deed of Trust") which has been recorded in Klamath County, State of Oregon, as follows:

Original Deed of Trust in the principal amount of \$1,500,000.00, recorded as Document No. 2008-004553, on March 28, 2008, in the Official Records of Klamath County, State of Oregon.

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, 95 and 85 Running Y Resort Phase 1 and Parcel 2 of Land Partition No. 33-07, Klamath Falls, OR 97601. The Real Property tax identification number is 3808-009CO-00400-000, Key No. 881241; 3808-009CO-00300-000, Key No. 881240; 3808-009CO-00500-000, Key No. 881242; 3808-009CO-00600-000, Key No. 881243; R-3808-009CO-00202-000, Key No. R894649.

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

It is hereby agreed to extend the maturity date from December 31, 2008 to June 30, 2009.

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.

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, determined or undetermined, absolute or contingent, liquidated or unliquidated 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 barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

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 29, 2009.

GRANTOR:

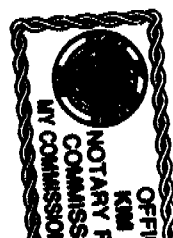
Frank J. Gallagher

LENDER:

PREMIERWEST BANK

x
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

COUNTY OF Klamath

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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 13 day of February, 2009.

By Kim E. Vinson

Residing at Klamath Falls

Notary Public in and for the State of Oregon

My commission expires Oct. 10, 2011

LENDER ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath

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On this 13 day of February, 2009, before me, the undersigned Notary Public, personally appeared Gary Parker and known to me to be the V.P., 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 Kim E. Vinson

Residing at Klamath Falls

Notary Public in and for the State of Oregon

My commission expires Oct. 10, 2011

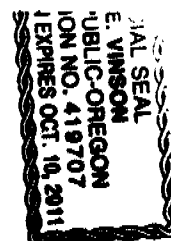


EXHIBIT "A"
LEGAL DESCRIPTION

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.

PARCEL 4:

Parcel 2 of Land Partition No. 33-07 being a replat of Parcel 1 of Land Partition 53-06, located in the S1/2 of Section 9, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

A handwritten signature in black ink, appearing to be "J. Kelly", is written over the text of Parcel 4.