

MODIFICATION OF MORTGAGE OR TRUST DEED

THIS AGREEMENT, made and entered into this 5th day of May, 1989, by and between
ARTHUR L. HARRIS AND VIRGINIA M. HARRIS

hereinafter called the "Borrower(s)" and WESTERN BANK, an Oregon banking corporation, hereinafter called the "Bank":

WITNESSETH: On or about the 3rd day of January, 1978, the Borrower(s) (or the original maker(s) if the Borrower is an assignee of record) did make, execute and deliver to the Bank that certain promissory note in the sum of \$ 450,000.00 payable in monthly installments with interest at the rate of 9.50 % per annum. For the purpose of securing the payment of said promissory note, the Borrower(s) (or the original maker(s) if the Borrower is an assignee of record) did make, execute and deliver to the Bank their certain Mortgage or Trust Deed, hereinafter called a "Security Instrument" bearing date of January 3, 1978, conveying the following described real property, situate in the County of Klamath, State of Oregon, to-wit:

Lots 23 and 24 Block 309 DARROW ADDITION, According to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon

which Security Instrument was duly recorded in the records of said county and state.

There is now due and owing upon the promissory note aforesaid, the principal sum of Two Hundred Sixteen Thousand Two Hundred Fifty Four and 25/100 ***** DOLLARS (\$216,254.25), PLH together with the accrued interest thereon, and the Borrower(s) desire a modification of the terms of payment thereof, to which the Bank is agreeable on the terms and conditions hereinafter stated and not otherwise.

NOW THEREFORE, in consideration of the premises and of the promises and agreements hereinafter contained, the parties hereto do hereby agree that the balance now due and owing on the promissory note hereinabove described shall be and is payable in monthly installments of Three Thousand and no/100 ***** DOLLARS (\$3,000.00*) each, including interest on the unpaid balance at the rate of 9.50 % per annum. The first installment shall be and is payable on the 3rd day of June, 1989, and a like installment shall be and is payable on the 3rd day of each month thereafter until the principal and interest are fully paid, except that the final payment of principal and interest if not sooner paid, shall be due and payable on the 3rd day of May, 1991. If any of said installments or either principal or interest are not so paid, the entire balance then owing shall, at the option of the Bank or its successors in interest, become immediately due and payable without notice.

Except as herein modified in the manner and on the terms and conditions herein stated, the said promissory note and Security Instrument shall be in full force and effect, with all the terms and conditions of which the Borrower(s) do agree to comply in the same manner and to the same extent as though the provisions thereof were in all respects incorporated herein and made a part of this agreement.

IN WITNESS WHEREOF, the Borrower(s) have hereunto set their hand(s) and seal(s) and the Bank has caused these presents to be executed on its behalf by its duly authorized representative this day and year first hereinabove written.

(x) Arthur L. Harris
 Signature of Borrower

Arthur L. Harris

(x) Virginia M. Harris
 Signature of Borrower

Virginia M. Harris

WESTERN BANK

KLAMATH FALLS

Branch

By C. Marshall
 C. Marshall, Loan Officer

State of Oregon

County of Klamath

SS:

Personally appeared the above named Arthur L. Harris

and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:

Caroline H. Monahan
 Notary Public for Oregon

My commission expires 2-9-90

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THIS AGREEMENT WAS MADE BY AND BETWEEN
 _____ day of _____ 1989
 between _____

STATE OF OREGON,

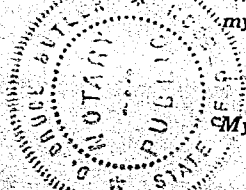
County of WASHINGTON } ss.

FORM NO. 23 — ACKNOWLEDGMENT
 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

BE IT REMEMBERED, That on this 18 day of MAY, 1989,
 before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within
 named Virginia M. Harris

known to me to be the identical individual described in and who executed the within instrument and
 acknowledged to me that she executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
 my official seal the day and year last above written.



Bruce B. Bieh
 Notary Public for Oregon
 My Commission expires 4-30-90

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Western Bank the 26th day
 of May A.D., 19 89 at 11:17 o'clock AM., and duly recorded in Vol. M89
 of Mortgages on Page 9194

FEE \$13.00

Evelyn Biehn
 By Queline Mullendore County Clerk

Return: Western Bank
 P.O. Box 669
 Klamath Falls, Ore. 97601