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ORIGINAL

Record & Return to

FHM MORTGAGE SERVICES
6000 ATRIUM WAY
MT. LAUREL, NJ 08054

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LOAN 8504987

FIXED RATE LOAN MODIFICATION AGREEMENT

This Fixed Rate Loan Modification Agreement ("Agreement"), made this 24TH day of APRIL 1997 between PAMELA A. POLSON AND RANDALL W. POLSON, 4403 DENVER AVE., KLAMATH FALLS, OR 97603 (Borrower) and PHH MORTGAGE SERVICES CORP., 6000 ATRIUM WAY, MT. LAUREL NJ 08054 ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument") dated 06/12/96 and recorded 06/17/96, IN INSTRUMENT# 19934 VOLUME M96 PAGE 17901

(Name of Records)

in the Records of KLAMATH, and (2) the Note bearing the same date as, and secured by, the

(County and State, or other Jurisdiction)

Security Instrument, which covers the real and personal property described in the Security Instrument and defined therein as the "Property", located at 4403 DENVER AVE. KLAMATH FALLS, OR 97603

the real property described being set forth as follow:

(Property Address)

SEE ATTACHED LEGAL DESCRIPTION

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

The first paragraph of the "Security Instrument" (Mortgage, Deed of Trust or Deed to Secure Debt) is amended and supplemented as follows:

Borrower owes Lender the principal sum of \$ 90,000.00. This debt is evidenced by Borrower's Note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on MAY 1, 2027.

Paragraph 1 of the Note is amended and supplemented as follows:

1. BORROWER'S PROMISE TO PAY:

In return for a loan that I have received, I promise to pay U.S. \$ 90,000.00 (this amount is called "principal") plus interest, to the order of the Lender.

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Paragraph 2 of the Note is amended and supplemented as follows:

2. **INTEREST**

I will pay interest at a yearly rate of 8.000%.

Paragraph 3 of the Note is amended and supplemented as follows:

PAYMENT

I will make my monthly payments on the 01st day of each month beginning on JUNE 1, 1997.

If on, MAY 1, 2027, I still owe amounts under the Note, I will pay those amounts in full on that date, which is called my "Maturity Date".

My monthly payment will be in the amount of U.S. \$ 660.39.

Paragraph 2 of the Rider to Note for Construction Phase is amended and supplemented as follows:

2. **INTEREST**

During the first TEN month(s) of the loan, interest will be charged on unpaid principal. I will be charged interest only, at the initial rate of Prime + 1 percent per annum on the monies advanced.

Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note, Rider to Note for Construction Phase, and/or Security Instrument. Except as otherwise specifically provided in this Agreement, the note and Security Instrument will remain unchanged, and the Borrower and Lender will be bound by, and comply with, all of the terms and provision thereof, as amended by this Agreement.

PHH MORTGAGE SERVICES

Donald Casey (Seal)
Donald Casey VICE PRESIDENT

Pamela A. Polson (Seal)
PAMELA A. POLSON

Rose Robinson (Seal)
ROSE ROBINSON/ASST. SECRETARY

Randall W. Polson (Seal)
RANDALL W. POLSON

Guido J. Angel (WITNESS)

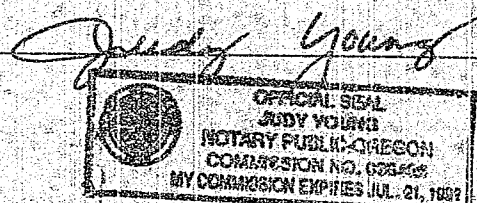
INDIVIDUAL ACKNOWLEDGMENTSTATE OF OREGONCOUNTY OF KLAMATH

SS.

BE IT REMEMBERED, That on this 25th day of April in the year of Our Lord one thousand nine hundred ninety-seven (1997) before me, the subscriber, a Notary Public of personally appeared PAMELA A. POLSON AND RANDALL W. POLSON

who I am satisfied is/are the person(s) who signed the within instrument, and I acknowledge that he/she/they signed, sealed and delivered the same as his/her/their voluntary act and deed. All of which is hereby certified.

Sworn to and Subscribed
before me on this 25th day of April, 1997

CORPORATE ACKNOWLEDGMENT

STATE OF NEW JERSEY, COUNTY OF BURLINGTON

On April 28, 1997, before me, the undersigned, a Notary Public in and for said state and county, personally appeared DONALD CASEY and ROSE ROBINSON personally known to me or proved to me on the basis of satisfactory evidence to be the Vice President and Assistant Secretary of the CORPORATION that executed the within instrument, on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or resolution of its Board of Directors. Witness my hand and official seal in the state and county last aforesaid.

Notary Public

Donna M. Cooney
DONNA M. COONEY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 22, 2010

REFINANCE ESCROW INSTRUCTIONS TO:

KLAMATH COUNTY TITLE COMPANY
422 MAIN STREET, P.O. BOX 151
KLAMATH FALLS, OR 97601

Certified to be a true and
correct copy of the original.
KLAMATH COUNTY TITLE CO.
[Signature]

Escrow No. K-49156-S

KLAMATH COUNTY TITLE COMPANY Order No. K-49156

BORROWER: RANDALL W. POLSON and PAMELA POLSON

PROPERTY ADDRESS: 4403 DENVER AVE.
KLAMATH FALLS,, OR 97603

LENDER: FIRST INTERSTATE RESIDENTIAL MORTGAGE LLC

Borrower herein will obtain from above lender in the amount of \$ 82,000.00, which you are authorized to use provided upon recordation of the securing Trust Deed you obtain a title insurance policy per lender's requirements covering real property in the county of KLAMATH, state of Oregon, described as follows:

A TRACT OF LAND SITUATE IN THE N 1/2 SW 1/4 NW 1/4 OF SECTION 11, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT MARKED BY AN IRON PIN DRIVEN IN THE GROUND IN THE CENTER OF A 60 FEET ROADWAY, FROM WHICH THE SECTION CORNER COMMON TO SECTIONS 2, 3, 10 AND 11 TOWNSHIP 39 S. R. 9 E.W.M BEARS SOUTH 89 DEGREES 44 1/2' WEST ALONG THE CENTERLINE OF SAID ROADWAY A DISTANCE OF 676.9 FEET TO A POINT IN THE WEST BOUNDARY OF SAID SECTION 11 AND NORTH 0 DEGREES 13 1/2' WEST ALONG THE SECTION LINE 1662.5 FEET, RUNNING THENCE NORTH 89 DEGREES 44 1/2' EAST ALONG THE CENTER LINE OF THE ABOVE MENTIONED ROADWAY A DISTANCE OF 67.5 FEET; THENCE NORTH 0 DEGREES 7' 331.95 FEET, MORE OR LESS, TO A POINT IN THE NORTHERLY BOUNDARY OF SAID N 1/2 SW 1/4 NW 1/4 OF SAID SECTION 11; THENCE SOUTH 89 DEGREES 47' WEST ALONG SAID BOUNDARY LINE 67.5 FEET; THENCE SOUTH 0 DEGREES 7' EAST 332 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

Subject only to: zoning ordinances; covenants, conditions and restrictions; easements of record, if any; printed conditions and exceptions contained in the form of title insurance herein provided for; and those encumbrances to remain as noted below:
EXCEPTIONS #1 THRU 4 OF SAID PRELIMINARY TITLE REPORT AND TRUST DEED IN FAVOR OF LENDER.

GENERAL INSTRUCTIONS:

You are authorized to deliver, prepare, obtain and record the necessary instruments to carry out the terms and conditions of this escrow. Borrowers signature hereto on any documents or agreements prepared by you as escrow holder, or deposited in escrow from an outside source, shall constitute the complete approval of the terms, conditions and form of said documents.

You are not required to ascertain compliance with any "consumer credit protection," truth in lending, or similar laws, and shall have no liability for loss or damage arising out of noncompliance with such laws.

Close of escrow shall mean the date that documents, as required, are filed of record.

Out of the money received, you are directed to pay all charges necessary to complete the transaction.

ADDITIONAL INSTRUCTIONS:

THE PARTIES HEREBY ACKNOWLEDGE THAT THIS IS A CONSTRUCTION LOAN FROM LENDER AND ALL FUNDS TO BE DRAWN FROM SAID LOAN FOR CONSTRUCTION SHALL COME DIRECTLY FROM LENDER. ESCROW AGENT HAS NO LIABILITY OR RESPONSIBILITY FOR SAID DRAWS.

AT THE CLOSE OF ESCROW, ESCROW AGENT IS HEREBY INSTRUCTED TO RECORD THE TRUST DEED AND HAVE SAME RETURNED TO LENDER ALONGWITH THE LENDER'S POLICY OF TITLE INSURANCE AND ALL

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of PHH Mortgage Services the 15th day
of August A.D. 19 97 at 2:12 o'clock P. M., and duly recorded in Vol. M97
of Mortgages on Page 26883.

FEE \$25.00

By Bernieha G. Letsch, County Clerk
[Signature]