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RECORDATION REQUESTED BY:

South Valley Bank and Trust
P O Box 5216
Klamath Falls, OR 97601

99 MAR -3 3:12

Vol 1999 Page 7615

WHEN RECORDED MAIL TO:

South Valley Bank and Trust
P O Box 5210
Klamath Falls, OR 97601

SEND TAX NOTICES TO:

Jim L. McClung and Judi D McClung
5206 Barry Ave
Klamath Falls, OR 97603

AMERITITLE, has recorded this instrument by request as an accomodation 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 affected thereby.

MTC 1396-9751

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF MORTGAGE

THIS MODIFICATION OF MORTGAGE IS DATED FEBRUARY 25, 1999, BETWEEN Jim L McClung and Judi D McClung (referred to below as "Grantor"), whose address is 5206 Barry Ave, Klamath Falls, OR 97603; and South Valley Bank and Trust (referred to below as "Lender"), whose address is P O Box 5210, Klamath Falls, OR 97601.

MORTGAGE. Grantor and Lender have entered into a mortgage dated March 29, 1995 (the "Mortgage") recorded in Klamath County, State of Oregon as follows:

Volumes M95, Page 8488, Reception 97754, recorded on April 6, 1995 in the office of the County Clerk, Klamath County, Oregon; Modified on April 4, 1996, Volume M96 at page 9570, reception # 15986

REAL PROPERTY DESCRIPTION. The Mortgage covers the following described real property (the "Real Property") located in Klamath County, State of Oregon:

Lot 25 of LAMRON HOMES, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

The Real Property or its address is commonly known as 5206 Barry Ave, Klamath Falls, OR 97603.

MODIFICATION. Grantor and Lender hereby modify the Mortgage as follows:

Revise the payment structure to provide for 3 months of interest only, and increase the monthly Principal and Interest payments after the initial interest only period.
Change Maturity date to December 31, 2000.

CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Mortgage 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 Mortgage 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 Mortgage (the "Note"). It is the intention of Lender to remain as liable as all parties to the Mortgage 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 Mortgage 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.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF MORTGAGE, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

x Jim L. McClung
Jim L. McClung

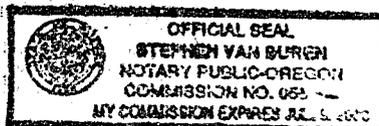
x Judi D. McClung
Judi D. McClung

LENDER:

South Valley Bank and Trust
By: Steph VanBuren
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath) 88



On this day before me, the undersigned Notary Public, personally appeared Jim L. McClung and Judi D. McClung, to me known to be the individuals described in and who executed the Modification of Mortgage, 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 26th day of February, 1999
By: Steph VanBuren Residing at Klamath Falls, Or.
Notary Public in and for the State of Oregon My commission expires July 9, 2000

FORM NO. 1000M
03-52-1800

MODIFICATION OF MORTGAGE

NOTE

