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THIS AGREEMENT, made and entered into this May 30, 2001 and between Ronald C. Short and Kathleen G. Short hereinafter called the "Borrower(s)" and South Valley Bank & Trust, an Oregon Banking Corporation, hereinafter called the "Lender".

WITNESSETH: On or about the June 20, 1997, the Borrower(s) (or the original maker(s) if the Borrower is an assignee of record) did make, execute and deliver to the Lender that certain promissory note in the sum of \$49,150.00, payable in monthly installments with interest at the rate of 9.5% per annum. For the purpose of securing the payment of said promissory note, the Borrower(s) (or the original maker(s) if the Borrower(s) is an assignee of record) did make, execute and deliver to the Lender their certain Mortgage or Trust Deed, hereinafter called a "Security Instrument" bearing date of June 20, 1997 conveying the following described real property, situated in the County of Klamath, State of Oregon to-wit:

Lot 3, RUNNING Y RESORT, PHASE I, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.
Recorded M97, Page 19112, Modification recorded M99, Page 22705.

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

There is now due and owing upon the promissory note aforesaid, the principal sum of Forty-Two Thousand, Two Hundred Ninety-Three Dollars and Seventy-Four Cents, together with the accrued interest thereon, and the Borrower(s) desire a modification of the terms of payment thereof, to which the Lender 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 Five Hundred fifteen and 41/100ths on the unpaid balance at the rate of 9.5% per annum. The first installment shall be and is payable on July 1, 2001 and a like installment shall be and is payable on the 1st 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 June 1, 2005. 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 Lender 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 Lender has caused these presents to be executed on its behalf by its duly authorized representative this day and year first hereinabove written.

Ronald C. Short
 Ronald C. Short

Kathleen G. Short
 Kathleen G. Short

South Valley Bank & Trust

By: Vergie Wright-Stepahin
 Vergie Wright-Stepahin / Vice President

State of Oregon

County of Klamath

Personally appearing the above named Kathleen G. Short AND Vergie Wright-Stepahin

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



Tammy L. Strop
 Notary Public for Oregon
 My commission expires April 14, 2002

Unofficial Copy

STATE OF OREGON,

County of Klamath

ss.

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

BE IT REMEMBERED, That on this 30th day of May, 2000, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Ronald C. Short

known to me to be the identical individual X described in and who executed the within instrument and acknowledged to me that He 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.



Tammy L. Strop

Notary Public for Oregon.

My Commission expires April 14, 2001

State of Oregon, County of Klamath
Recorded 05/31/01, at 3:18 p.m.
In Vol. M01 Page 25674
Linda Smith,
County Clerk Fee \$ 26⁰⁰