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1396-2856  
MODIFICATION OF MORTGAGE OR TRUST DEED

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THIS AGREEMENT, made and entered into this June 15, 2001 by and between Lonney D. Bridges and Linda G. Bridges hereinafter called the "Borrower(s)" and South Valley Bank & Trust, an Oregon Banking Corporation, hereinafter called the "Lender".

WITNESSETH: On or about October 11, 2000, 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 \$60,000.00, payable in monthly installments with interest at the rate of 10.00% 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 October 11, 2000, conveying the following described real property, situated in the County of Klamath, State of Oregon to-wit:

Lot 7 in Block 1 of TRACT 1114, according, 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. Vol. M00, Page 37139.

There is now due and owing upon the promissory note aforesaid, the principal sum of Fifty One Thousand dollars and 00/100ths, 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 Three Hundred Forty-seven dollars and 91/100ths on the unpaid balance at the rate of 7.250% per annum. (subject to variable rate feature) The first installment shall be and is payable on August 1, 2001 and a like installment shall be and is payable on the 1<sup>st</sup> 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 July 1, 2031. 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.

Lonney D. Bridges  
Lonney D. Bridges

Linda G. Bridges  
Linda G. Bridges

South Valley Bank & Trust

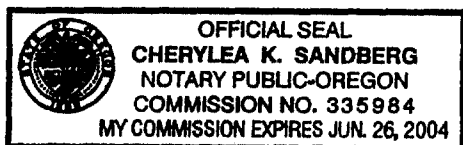
By: Vergie Wright - Stepahn  
Vergie Wright-Stepahn / Vice President

State of Oregon )

County of Klamath )

Personally appearing the above named Lonney D. & Linda G. Bridges

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



Cherylea K. Sandberg  
Notary Public for SOUTH VALLEY BANK & TRUST  
My commission expires 6-26-04

State of Oregon, County of Klamath  
Recorded 06/18/01, at 11:19 a.m.  
In Vol. M01 Page 28948  
Linda Smith,  
County Clerk Fee \$ 21<sup>00</sup>