

'01 DEC 27 PM 3:15

MTL 54456-MS  
MODIFICATION OF DEED OF TRUST  
(Providing for Fixed Interest Rate)

Vol M01 Page 66412

State of Oregon, County of Klamath  
Recorded 12/27/01, at 3:15 p.m.  
in Vol. M01 Page 66412-13  
Linda Smith, County Clerk  
Fee \$ 26.00 # of Pgs 2

This Modification of Deed of Trust ("Agreement"), made this 2<sup>nd</sup> day of OCTOBER, 2001, between JOHN P DANIELS SR and HAZELANNE DANIELS ("Borrower") and Security Bank ("Lender"), amends and supplements (1) the Deed of Trust (the "Security Instrument"), dated 10/02/01 and recorded 10/05/01 in Vol. M01 Page 51121 of the records of Klamath county, Oregon and (2) the Note bearing the same date, and secured by, the Security Instrument; which covers the real and personal property described in the Security Instrument and defined there as the "Property" located at: 23221 SQUAW FLAT ROAD, SPRAGUE RIVER, OR 97639.

The real property described being set forth as follows: Lot 2 in Block 1 of Tract 1114, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. In consideration of the mutual premises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note of Security Instrument):

(1) As of 12/01/01, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$174,800.00, consisting of the amount(s) loaned to the Borrower by the Lender and any interest capitalized to date.

(2) The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the unpaid Principal Balance at the yearly rate of 7.25% from 12/01/01. The Borrower promises to make monthly payments of Principal and interest of U.S.\$1,193.38 beginning the 1<sup>st</sup> day of January, 2002, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on 11/01/31 (the "Maturity date"), the borrower still owes amounts under the Note and the Security Instrument, as amended by this Agreement, the Borrower will pay these amounts in full on the Maturity Date.

The Borrower will make such payments at P.O. Box 1140, Coos Bay, Oregon 97420 or at such other place as the Lender may require.

(3) If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in the Borrower is sold or transferred and the Borrower is not a natural person) without the Lender's prior written consent, the Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument.

If the Lender exercises this option, the Lender shall give the Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which the Borrower must pay all sums secured by this Security Instrument. If the Borrower fails to pay these sums prior to the expiration of this period, the Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on the Borrower.

(4) The Borrower also will comply with all other covenants, agreements, and requirements of the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obligated to make under the Security Instrument; however, the following terms and provisions are forever canceled, null and void, as of the date specified in paragraph No. 1 above:

- (a) All terms and provisions of the Note and Security Instrument (if any) providing for implementing, or relating to, any change or adjustment in the interest payable under the Note; and
- (b) All terms and provisions of any adjustable rate rider or other instrument or document that is affixed to, wholly or partially incorporated into, or is part of, the Note or Security Instrument and that contains any such terms and provisions as those referred to in (a) above.

Return to: Security Bank  
PO Box 1140  
Coos Bay, OR 97420

DANIELS, JOHN P SR and HAZELANNE

LOAN NO. 6505043365

26.00

(5) Nothing in this Agreement shall be understood or construed to be satisfaction or release in whole or in part of the Note and 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 provisions thereof, as amended by this Agreement.

SECURITY BANK

By: *Sandra Lillebo*

*John P. Daniels Sr.*  
JOHN P. DANIELS SR  
*Hazelanne Daniels*  
HAZELANNE DANIELS

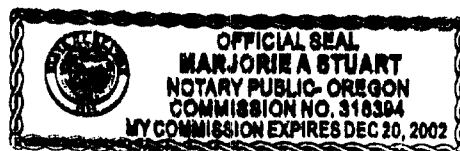
(Notary Acknowledgement)

STATE OF Oregon }  
COUNTY OF Klamath } ss.

On 10/3/01, before me JOHN P DANIELS SR and / HAZELANNE DANIELS personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Marjorie A Stuart*

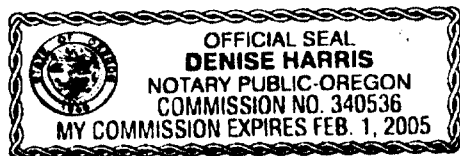


STATE OF OREGON, }  
COUNTY OF coos } ss.

BE IT REMEMERED, That on this 29th day of November, 2001, before me, the undersigned, a Notary Public in and before the State of personally appeared the within named SANDRA L. LILLEBO

known to me to be the indential 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.



*Denise Harris*  
Notary Public for Oregon  
My commission expires  
2-1-05