

RECORDATION REQUESTED BY:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

Vol M02 Page 68126

WHEN RECORDED MAIL TO:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

State of Oregon, County of Klamath
Recorded 11/25/2002 11:07a m.
Vol M02, Pg 68126-28
Linda Smith, County Clerk
Fee \$ 31.00 # of Pgs 3

SEND TAX NOTICES TO:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

MTL 1396-4478

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF MORTGAGE

THIS MODIFICATION OF MORTGAGE dated November 15, 2002, is made and executed between Terry D. Sherrill and Janet R. Sherrill, as Tenants by the Entirety (referred to below as "Grantor") and South Valley Bank & Trust, whose address is P O Box 5210, Klamath Falls, OR 97601 (referred to below as "Lender").

MORTGAGE. Lender and Grantor have entered into a Mortgage dated September 30, 1999 (the "Mortgage") which has been recorded in Klamath County, State of Oregon, as follows:

Recorded on October 4, 1999 in the office of the Klamath County Clerk, in Volume M99 Page 39577.

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

See Exhibit A, which is attached to this Modification and made a part of this Modification as if fully set forth herein.

The Real Property or its address is commonly known as 2727 and 2759 South 6th. Street, Klamath Falls, OR 97603.

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

To extend the maturity to October 5, 2005.

CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Mortgage shall remain unchanged and in full force and effect and are legally valid, binding, and enforceable in accordance with their respective terms. 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 retain as liable 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.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF MORTGAGE AND GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF MORTGAGE IS DATED NOVEMBER 15, 2002.

GRANTOR:

X Terry D. Sherrill
Terry D. Sherrill, Individually

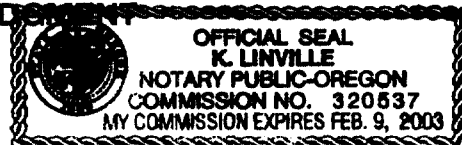
X Janet R. Sherrill
Janet R. Sherrill, Individually

LENDER:

X Jeffrey S. Bradford
Authorized Signer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Klamath



On this day before me, the undersigned Notary Public, personally appeared Terry D. Sherrill and Janet R. Sherrill, 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 15 day of November, 2002
By K. Linville Residing at Klamath Falls, OR
Notary Public in and for the State of Oregon My commission expires 2-9-03

LENDER ACKNOWLEDGMENT

STATE OF _____

)
) SS

COUNTY OF _____

)

On this _____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____ and known to me to be the _____ authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By _____

Residing at _____

Notary Public in and for the State of _____

My commission expires _____

EXHIBIT "A"
LEGAL DESCRIPTION**PARCEL 1:**

The following described parcel as situate in the NW1/4 of the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Commencing at the Northwest corner of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and running; thence South 0 degrees 00 1/2' East, 826.8 feet, more or less along the West line of said Section 3, to its intersection with a line parallel to and 75.0 feet distance from (when measured at right angles to) the center line of Klamath Falls-Lakeview Highway (also known as South Sixth Street); thence South 55 degrees 52 1/2' East, parallel to said center line of South Sixth Street, 601.2 feet, more or less, to the true point of beginning; thence North 34 degrees 07 1/2' East, 100 feet; thence South 55 degrees 52 1/2' East, 100.0 feet; thence South 34 degrees 07 1/2' West, 100.00 feet; thence North 55 degrees 52 1/2' West, 100 feet to the point of beginning. All situate in the Northwest 1/4 Northwest 1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2:

The following described parcel as situate in the NW1/4 of the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Commencing at the Northwest corner of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and running thence South 0 degrees 00 1/2' East 826.8 feet, more or less, along the West line of said Section 3 to its intersection with a line parallel to and 75.0 feet distant from (when measured at right angles to) the center line of the Klamath Falls-Lakeview Highway (also known as South Sixth Street); thence South 55 degrees 52 1/2' East parallel to said center line of South Sixth Street, 601.2 feet; thence North 34 degrees 07 1/2' East, 100 feet to the point of beginning; thence continuing North 34 degrees 07 1/2' East, 75 feet; thence South 55 degrees 52 1/2' East 100 feet; thence South 34 degrees 07 1/2' West 75 feet; thence North 55 degrees 52 1/2' West 100 feet to the point of beginning.

PARCEL 3:

Commencing at the Northwest corner of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and running thence South 0 degrees 00 1/2' East 826.8 feet, more or less, along the West line of said Section 3 to its intersection with a line parallel to and 75.0 feet distant from (when measured at right angles to) the center line of Klamath Falls-Lakeview Highway (also known as South Sixth Street); thence South 55 degrees 52 1/2' East, parallel to said center line of South Sixth Street, 601.2 feet, more or less, to the true point of beginning of the description; thence North 34 degrees 07 1/2' East a distance of 175 feet; thence North 55 degrees 52 1/2' West 126 feet; thence South 34 degrees 07 1/2' West 175 feet; thence South 55 degrees 52 1/2' East 126 feet to the point of beginning.