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State of Oregon, County of Klamath
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 Linda Smith, County Clerk
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MTC 1396-4862

MODIFICATION OF MORTGAGE OR TRUST DEED

THIS AGREEMENT, made and entered into this 4th ^W April day of March, 2003, and between Neil M. Walle and Jenny M. Lee Walle hereinafter called the "Borrower(s)" and South Valley Bank & Trust, an Oregon Banking Corporation, hereinafter called the "Lender".

WITNESSETH: On or about the 22nd day of November, 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 ^(SS) ~~that~~ their certain promissory note in the sum of \$419,200.00, 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 Borrow(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 November 22, 2000, conveying the following described real property, situated in the County of Klamath, State of Oregon to-wit:

Lot 12 of TRACT 1306-SECOND ADDITION TO NORTH RIDGE ESTATES, 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. Volume M00 Page 42348, Modification Volume M01 Page 9544

There is now due and owing upon the promissory note aforesaid, the principal sum of Four Hundred Eleven Thousand Seven Hundred Five and 02/100 Dollars, 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 Thousand Six Hundred Fourteen and 75/100 Dollars, on the unpaid balance at the rate of 6.625% per annum. The first installment shall be and is payable on May 1, 2003, 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 April 1, 2018. 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.

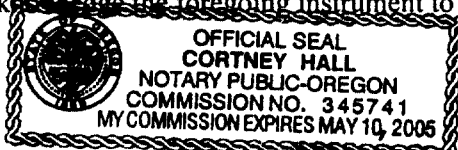
Neil M. Walle
 Neil M. Walle

Jenny M. Lee Walle
 Jenny M. Lee Walle

State of Oregon

County of Klamath

Personally appearing the above named Neil M. Walle and Jenny M. Lee Walle and acknowledge the foregoing instrument to be their voluntary act and deed. Before me



Cortney Hall
 Notary Public for

My commission expires

Oregon

May 10, 2005

South Valley Bank & Trust

By:

Vergie Wright-Stepahin
 Vergie Wright-Stepahin / Vice President