

**MODIFICATION OF DEED OF TRUST
(Providing for Fixed Interest Rate)**

This Modification of Deed of Trust ("Agreement"), made this 1st day of SEPTEMBER 2003, between JAMES J. RUSOW, KARLA B. RUSOW, BRADLEY K. RUSOW, and PATTY A. RUSOW ("Borrower") and Umpqua Bank ("Lender"), amends and supplements (1) the Deed of Trust (the "Security Instrument"), dated 12/20/2002 and recorded 1/3/2003 in Vol. M03 Page 00457-473 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: 19038 CLEAR SPRING WAY, CRESCENT, OR 97425.

The real property described being set forth as follows: Lot 6 in Block 4 of TRACT 1074, LEISURE WOODS, 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 9/1/2003, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$134,916.25, 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 6.75% from 9/1/2003. The Borrower promises to make monthly payments of Principal and interest of U.S.\$881.26 beginning the 1st day of OCTOBER, 2003, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on 1/1/2033 (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: Umpqua Bank – Attention: Cindy Jorgensen
PO Box 1140
Coos Bay, OR 97420

RUSOW, JAMES J. and KARLA B.
RUSOW, BRADLEY K. and PATTY A.

LOAN NO. 6505055312

State of Oregon, County of Klamath
Recorded 10/01/03 3:14 p. m
Vol M03 Pg 73485-86
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

26.00
m

(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.

UMPQUA BANK, BY:

Cindy Lee Jorgensen
CINDY LEE JORGENSEN

BORROWER(S):

James J. Rusow
JAMES J. RUSOW

Bradley K. Rusow
BRADLEY K. RUSOW

Karla B. Rusow
KARLA B. RUSOW

Patty A. Rusow
PATTY A. RUSOW

Notary Acknowledgement - Lender:

STATE OF OREGON) ss.
COUNTY OF COOS)

On 8/11/2003, before me CINDY LEE JORGENSEN personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose names is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signatures on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Judy Shineflew
Notary Public for Oregon
My commission expires:
5/27/06

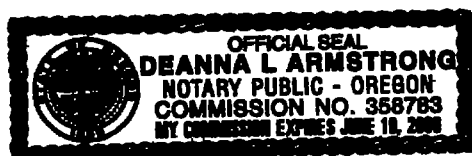


Notary Acknowledgment - Individual(s):

STATE OF OREGON,)
) ss.
COUNTY OF)

BE IT REMEMBERED, That on this _____ day of _____, before me, the undersigned, a Notary Public in and before the State of Oregon personally appeared the within named JAMES J. RUSOW, KARLA B. RUSOW, BRADLEY K. RUSOW, and PATTY A. RUSOW known to me to be the individual(s) described in and who executed the within instrument and acknowledged to me that he/she/they 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.



Deanna L. Armstrong
Notary Public for Oregon
My commission expires:
6/17/06

RUSOW, JAMES J. and KARLA B.
RUSOW, BRADLEY K. and PATTY A.

LOAN NO. 6505055312