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State of Oregon, County of Klamath
Recorded 12/17/03 3:31 p m
Vol M03 Pg 91756-59
Linda Smith, County Clerk
Fee \$ 36.00 # of Pgs 4

AFTER RECORDING RETURN TO:
First Horizon Home Loan Corporation

4949 SW Meadows Road, Suite 200
Lake Oswego, OR 97035
Construction Lending #7545

[Space Above This Line For Recording Data]
Loan Number: 0045322724

LOAN MODIFICATION AGREEMENT (Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 4th day of December, 2003, between James Claud Clayton and Rosemarie A. Clayton

First Horizon Home Loan Corporation

("Borrower") and

("Lender"),
amends and supplements (1) the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), and Timely
Payment Rewards Rider, if any, dated September 17, 2003 and recorded in Book or Liber 3503193 ,
at page(s) 73954 , of the OFFICIAL Records of Klamath County,
Oregon [Name of Records] [County and State, or other Jurisdiction]
and (2) the Note bearing the same date as, and secured by, the Security Instrument, which covers the real and
personal property described in the Security Instrument and defined therein as the "Property", located at
19022 Alpine Breeze Way, Crescent, OR 97425
[Property Address]

the real property described being set forth as follows:

LOT 26 OF DIAMOND PEAKS, TRACT 1355, ACCORDING TO THE OFFICIAL PLAT THEREOF
ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows
(notwithstanding anything to the contrary contained in the Note and Security Instrument):



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1. As of December 4, 2003, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 125,000.00, consisting of the amount(s) loaned to Borrower by Lender and any interest capitalized to date.
2. Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate of 6.000 %, from December 15, 2003. Borrower promises to make monthly payments of principal and interest of U.S. \$ 749.44, beginning on the 1st day of February, 2004, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 6.000 % will remain in effect until principal and interest is paid in full. By executing this Agreement, Borrower waives any Timely Payment Rewards rate reduction to which Borrower may be entitled. If on January 1, 2034 (the "Maturity Date"), Borrower still owes amounts under the Note and the Security Instrument, as amended by this Agreement, Borrower will pay these amounts in full on the Maturity Date.

Borrower will make such payments at P.O. Box 146, Memphis, TN 38101
or at such other place as Lender may require.
3. If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.
4. Borrower also will comply with all other covenants, agreements, and requirements of the Security Instrument, including without limitation, Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that 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 rate of interest payable under the Note, including, where applicable, the Timely Payment Rewards rate reduction, as described in paragraph 1 of the Timely Payment Rewards Addendum to Note and paragraph A.1. of the Timely Payment Rewards Rider. By executing this Agreement, Borrower waives any Timely Payment Rewards rate reduction to which Borrower may have otherwise been entitled; and
 - (b) all terms and provisions of any adjustable rate rider, or Timely Payment Rewards Rider, where applicable, 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.
5. Nothing in this Agreement shall be understood or construed to be a 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 Borrower and Lender

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will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement.

First Horizon Home Loan Corporation (Seal)
-Lender

James Claud Clayton (Seal)
-Borrower

By: Janice A. Miller

Rosemarie A. Clayton (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

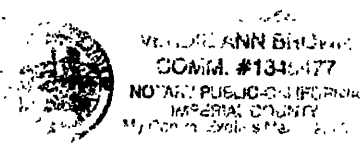
[Space Below This Line For Acknowledgment]

State of California

§
§
§

County of Imperial

This instrument was acknowledged before me on December 9, 2003
by James Claud Clayton and Rosemarie A. Clayton

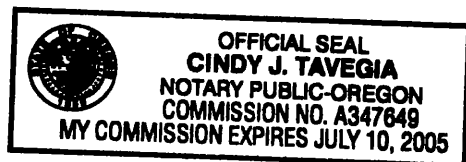


Veronica Ann Brubaker
Notary Public

CORPORATE ACKNOWLEDGEMENT

State of **Oregon**)
)
County of **Clackamas**)

The foregoing instrument was acknowledged before me on **December 16, 2003** *[date]*, by Janice A. Miller, Vice President of **First Horizon Home Loan Corporation, a Kansas Corporation**, on behalf of the Corporation.



(Seal)

A handwritten signature in cursive script, reading "Cindy J. Tavegia", is written over a horizontal line.

Notary Public, State of **OREGON**

My Commission Expires: **7-10-2005**
