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Vol M04 Page 03875

State of Oregon, County of Klamath
Recorded 01/21/2004 3:19 P m
Vol M04 Pg 3875-77
Linda Smith, County Clerk
Fee \$ 36.00 # of Pgs 3

Prepared by: Karen LoMonte
US Bank Home Mortgage
809 South 60th Street, Suite 210
West Allis, WI 53214

When Recorded Return To:
First American Title Company
3355 Michelson Dr., Suite 250
Irvine, CA 92612 1788932
Attn: Charlene Osborne e

INV#4800036398
Loan#4800036398

BALLOON LOAN MODIFICATION
(Pursuant to the Terms of the Balloon Note Addendum and Balloon Rider)

TWO ORIGINAL BALLOON LOAN MODIFICATIONS MUST BE EXECUTED ONE ORIGINAL IS TO BE RECORDED IN THE LAND RECORDS WHERE THE SECURITY INSTRUMENT IS RECORDED

This Balloon Loan Modification ("Modification"), entered into effective as of the 4th day of December 2003, between Arthur D. Warren and Juliet Franklin (Borrowers), and US Bank, N.A. (Lender) amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated December 15, 1998, securing the original principal sum of U.S. \$48,420.00 recorded on December 28, 1998 in Instrument # 72141 Book No. # M98, Page # 4733 of the KLAMATH County Records in the State of Oregon. (2) the Balloon Note bearing the same date as, and secured by the Security Instrument (the "Note") which covers the real and personal property described in the Security Instrument and defined in the Security Instrument as the "Property", located at: Lt 204 Waxwing Ct, Running Y Klamath, Oregon 97601 the real property described being set forth as follows:

* Re-Recorded on March 5, 1999, Ins. # 75700, Book M99, Page 7884
See attached legal

To evidence the election by the Borrower of the [Conditional Right to Refinance] [Conditional Modification and Extension of Loan Terms] as provided in the Balloon Note Addendum and Balloon Rider and to modify the terms of the Note and Security Instrument in accordance with such election, Borrower and Lender agree as follows (notwithstanding anything contrary contained in the Note or Security Instrument):

1. The Borrower is the owner and occupant of the Property:
2. As of January 1, 2004 the amount payable under the Note and Security Instrument (the "Unpaid Principal Balance") is U.S. \$36,940.98.
3. The Borrower promised to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at a yearly rate of 6.00%, beginning January 1, 2004. The Borrower promises to make monthly payments of principal and interest of U. S. \$238.02, beginning on the 1st day of February 1, 2004, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on January 1, 2029 (the "Modified Maturity Date"), the borrower still owes amounts under the Note and the Security Instrument, as amended by this Modification, the Borrower will pay these amounts in full on the Modified Maturity Date.

The Borrower will make such payments at 4801 Frederica Street, Owensboro, Kentucky 42302 or at such other place as the Lender may require.

4. The Borrower will comply with all other covenants, agreements, and requirements of the Note and Security Instruments, 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, all terms and provisions of the Balloon Note Addendum and Balloon Rider are forever canceled, null and void, as of the maturity date of the Note.

5. Nothing in this Modification 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 Modification, the Note and Security Instrument will remain unchanged and in full effect, and the Borrower and Lender will be bound by, and comply with, all terms and provisions thereof, as amended by this Modification.

31.00
x5
mm

Arthur D. Warren (Seal)
Arthur D. Warren

Juliet Franklin (Seal)
Juliet Franklin

State of: OREGON
County of: CLACKAMAS

X [Signature]
Witness for Borrower

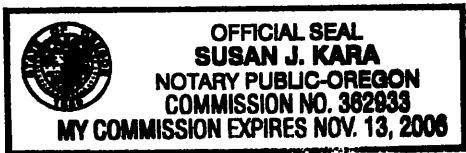
X [Signature]
Witness for Borrower

I hereby certify, that on this day, before me, an officer duly authorized in the state aforesaid and in the county aforesaid to take acknowledgments, personally appeared, *Arthur D. Warren, Juliet Franklin*, to be known to be the person (s) described in and who executed the foregoing instrument and acknowledged before me that they executed the same for the purpose therein expressed.

Witnesses my hand and official seal in the county and state aforesaid this 4 day of Dec., 2003

My Commission expires: 11-13-06

[Signature]
Signature Notary Public
Susan J. Kara
Name (typed or printed)
503-636-7161
Notary Phone Number



Lender:
US BANK N.A.
Attny in Fact US Bank, N.A.

By [Signature]
Gordana Tomasevic, Vice President

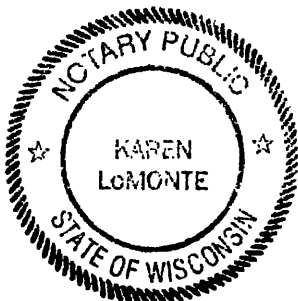
Witness

State of Wisconsin
County of Milwaukee

I, the undersigned, a Notary Public within and for the State and County aforesaid, do hereby certify that the foregoing instrument was this day produced before me and in said State and County by the above named *Gordana Tomasevic*, Vice President and was executed and acknowledged and delivered to be the act and deed of the above company.

Witness my hand and seal of office this 11th day of December, 2003

My Commission Expires: August 19, 2007



[Signature]

Karen LoMonte
Name (typed or printed)

KAREN LoMONTE
Notary Public - State of Wisconsin
My Commission Expires Aug. 19, 2007

03877

Legal Description

**Lot 204, RUNNING Y RESORT, PHASE 3, according to the official plat thereof
on file in the office of the County Clerk of Klamath County, Oregon.**