

MTC-0391a PS

Vol M05 Page 02464

State of Oregon, County of Klamath
 Recorded 01/12/2005 2:52 p m
 Vol M05 Pg 02464-66
 Linda Smith, County Clerk
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LOAN MODIFICATION AGREEMENT (Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 7th day of January, 2005, between L. Frank Goodson and Lillie L. Goodson ("Borrower") and South Valley Bank & Trust ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), and Timely Payments Rewards Rider, if any, dated January 27, 2004, and recorded in Book or Liber M04, at page(s) 06269, of the Klamath County Records of State of Oregon 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

50205 Highway 62, Chiloquin OR 97624

the real property described being set forth as follows:

See Attached Exhibit "A"

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):

1. As of January 7th, 2005, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$315,000.00, 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 6.125%, from January 1, 2005. Borrower promises to make monthly payments of principal and interest of U.S. \$1,913.98, beginning on the 1st day of March, 2005, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 6.125%, 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 February 1, 2035, (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 South Valley Bank & Trust, PO Box 5210, Klamath Falls OR 97601 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), with 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:

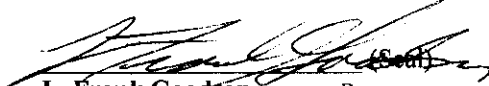
- (a) all terms and provisions of the Note and Security Instrument (if any) providing for, implementing, or relating to, any change or adjustment in the rate of interest payable under the Note, including, where applicable, the Timely Payment Rewards rate reduction, as described in paragraph 1 of the 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

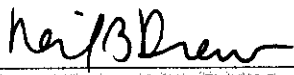
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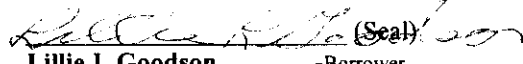
02465

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

South Valley Bank & Trust (Seal)
-Lender


L. Frank Goodson -Borrower

By: 
Neil B Drew/Vice President


Lillie L Goodson -Borrower

_____[Space below This Line for Acknowledgments]_____

State of Oregon
County of Klamath

This instrument was acknowledged before me on **January 7**, 2005 (date) by **L. Frank Goodson and Lillie L Goodson**

(person[s] acknowledging).

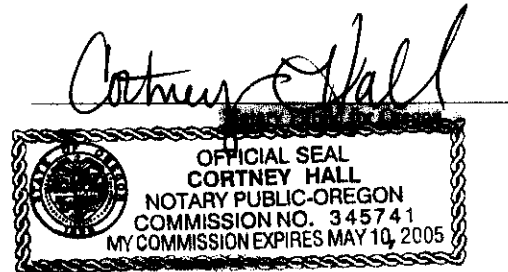


EXHIBIT "A"
LEGAL DESCRIPTION

02466

PARCEL 1:

A tract of land in the NW1/4 of the SW1/4 of Section 26, Township 33 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point on the Easterly boundary of the right of way of The Dalles-California Highway, according to the survey and establishment of said highway as made in 1932, said right of way being 100 feet in width, said point being located 50 feet Easterly and opposite to Engineer's Survey Station 1880 + 11.3, said point being further located South 53 ° 38' East a distance of 1108.5 feet from the West quarter corner of said Section 26, said point being further located a distance of 52 feet Southerly from the South water line of the Fort Creek Irrigation Canal and said point being further located at the intersection of the Easterly line of the said Dalles-California Highway right of way with the Southerly line of the proposed right of way of the rock quarry hauling road provided through said legal subdivision for the purposes of construction of surfacing for said highway; thence South 19° 43' East for 200 feet along the said Easterly boundary of The Dalles-California Highway right of way; thence North 70° 17' East for 200 feet at right angles to the last described course; thence North 19° 43' West for 247.6 feet to a point on the Southerly boundary of the right of way of the aforesaid rock quarry hauling road; thence South 56° 54' West for 205.6 feet along said rock quarry hauling road boundary to the point of beginning.

EXCEPT THEREFROM that portion lying Westerly of a line parallel with and 80 feet Easterly of the center line of the Crater Lake Highway.

PARCEL 2:

A tract of land being a portion of Parcel 2 of "Minor Land Partition 39-90", Situated in the NW1/4 SW1/4 of Section 26, Township 33 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Southwest corner of said Parcel 2, said point being on the Northeasterly right of way line of State Highway 62, from which the West 1/4 corner of said Section 26 bears North 51° 51' 28" West 1196.49 feet; thence North 19° 26' 26" West, along said line 207.0 feet to the center of Fort Creek; thence, along the center of Fort Creek, North 57° 47' East 37.0 feet, North 37° 05' East 19.0 feet and North 45° 40' East 35.0 feet; thence, leaving the center of Fort Creek, South 50° 33' East 225.1 feet, more or less, to a point on the South line of said Parcel 2; thence South 57° 10' 20" West 205.59 feet to the point of beginning, with bearings based on record of survey 5389 on file at the office of the Klamath County Surveyor, being property line adjustment 47-99.

Tax Account No.: 3307-V2600-00900-000

Key No.: 76312