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State of Oregon, County of Klamath
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Linda Smith, County Clerk
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LOAN MODIFICATION AGREEMENT
(Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 27 day of April, 2005, between Melinda J Andres and Todd C Andres ("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 September 28, 2004 and recorded in Book or Liber M04 page(s) 65225 the Klamath 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

3934 El Cerrito Way, Klamath Falls OR 97603

the real property described being set forth as follows:

Lot 15, Tact 1405, 12th ADDITION TO SUNSET VILLAGE, 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):

1. As of April 27, 2005, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$, 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 5.500%, from May 1, 2005. Borrower promises to make monthly payments of principal and interest of U.S. \$1,317.28, beginning on the 1st day of June, 2005, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 5.500%, 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 May 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

AMERITITLE has recorded this instrument by request as an accomodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

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- (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

By: Neil B Drew
Neil B Drew/ Vice President

Melinda J Andres (Seal)
Melinda J Andres -Borrower

Todd C Andres (Seal)
Todd C Andres -Borrower

_____[Space below This Line for Acknowledgments]_____

State of Oregon
County of Klamath

This instrument was acknowledged before me on April 27, 2005 (date) by Melinda J Andres and Todd C Andres

(person[s] acknowledging).



Toni L Rinehart
Notary Public for Oregon