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Vol M05 Page 48521

After recording please return to:

EN: Siuslaw Bank  
260 Country Club Road, Suite 230  
Eugene, OR 97401  
ATTN: LYNN CALVERT

State of Oregon, County of Klamath  
Recorded 06/28/05 8:09a m  
Vol M05 Pg 48521-22  
Linda Smith, County Clerk  
Fee \$ 26.00 # of Pgs 2

OHA # 512110  
SB#31091

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## LOAN MODIFICATION AGREEMENT (Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 9th day of June, 2005, between Robert C Bailey Sr. and Belinda K Bailey ("Borrower") and OREGON HOUSING AND COMMUNITY SERVICES ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated November 9, 2004 and recorded in Reception No. M04, Reel 77303 of the official records of Klamath County, 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 1211 Homedale Rd, Klamath Falls, OR 97603, the real property described being set forth as follows:

Parcel 1 of Land Partition 10-92, being a portion of Lot 71, Fair Acres Subdivision No. 1 according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, being in the NE 1/4 of SE 1/4 of Section 35, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon. Together with: 1992 Remond Manufactured Home HUD Data Plate Serial #11817820 Certification Labels: ORE 228240 and ORE 228241.

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

1. As of June 1, 2005, the amount payable under the Note and Security Instrument (the "Unpaid Principal Balance") is U.S. \$99044.29, 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 4.95%, from June 1, 2005. The Borrower promises to make monthly payment of principal and interest of U.S. \$532.59, beginning on the 1st day of July, 2005, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on December 1, 2034 (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 Siuslaw Bank, 260 Country Club Road, Suite 230, Eugene, Oregon 97401, 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 rate of 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.

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

.....(Seal)  
Oregon Housing & Community Development  
By: Mary Stanley Secretary -Lender

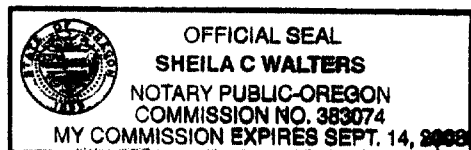
Robert Bailey.....(Seal)  
-Borrower  
Belinda Bailey.....(Seal)  
-Borrower

-----[Space Below This Line for Acknowledgments]-----

STATE OF OREGON,

County of Morrow } ss.  
before me appeared Mary Stanley On this 15 day of June, 2005,  
and both to me personally known, who being  
duly sworn, did say that ~~he~~ (she) the said Mary Stanley  
is the President of Oregon Housing & Community Development,  
the within named Corporation, and that the seal, if any, affixed to said instrument is the corporate seal of  
said Corporation, and that the said instrument was executed on behalf of said Corporation by authority of its  
Board of Directors, and and  
acknowledge said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed  
my official seal the day and year last above written.



Sheila C. Walters  
Notary Public for Oregon  
My commission expires 09-14-2008

STATE OF OREGON,

County of Klamath } ss.

BE IT REMEMBERED, That on this 21 day of June, 2005,  
before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within  
named Robert Charles Bailey and Belinda Kay Bailey

known to me to be the identical individual S described in and who executed the within instrument and  
acknowledge to me that 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.



Anna Hess  
Notary Public for Oregon  
My commission expires 9-9-08