

MTT-1396-7309

M06-00672

Klamath County, Oregon

01/12/2006 02:44:21 PM

Pages 3 Fee: \$31.00

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LOAN MODIFICATION AGREEMENT
(Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 11 day of January, 2006, between Roger Hulet and Zola Hulet ("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 April 28, 2005 and recorded in Book or Liber M05 page(s) 30964, Document No. of the County Records of Klamath, 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

429 Sunset Beach Rd., Klamath Falls, OR 97601

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 11, 2006, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$359,600.00, 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 6.25%, from February 1, 2006. Borrower promises to make monthly payments of principal and interest of U.S. \$2,214.12, beginning on the 1st day of March, 2006, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 6.25%, 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, 2036, (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.

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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 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

Roger Hulet (Seal)
Roger Hulet -Borrower

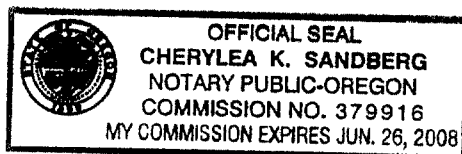
Zola Hulet (Seal)
Zola Hulet -Borrower

_____[Space below This Line for Acknowledgments]_____

State of Oregon
County of Klamath

This instrument was acknowledged before me on January 11, 2006 (date) by **Roger Hulet and Zola Hulet**

(person[s] acknowledging).



Cherylea K. Sandberg
Notary Public for Oregon

Exhibit A

That parcel of land situated in vacated TERMINAL CITY, a duly recorded subdivision in Klamath County, Oregon, which is more particularly described as follows:

Beginning at the Southeast corner of Lot 1, Block 8, vacated Terminal City; thence West along the South boundary of Lots 1, 2, 3 and 4, Block 8, a distance of 200 feet to the Southwest corner of Lot 4, Block 8; thence North along the East boundary of Summit Avenue, 390 feet to the North boundary of vacated Terminal City; thence East along the North boundary of vacated Terminal City, 200 feet; thence South along the East boundary of Blocks 5 and 8 a distance of 390 feet to the point of beginning. Said tract of land being all of vacated Block 5, including all lots and the alley in said Block, and vacated Lots 1, 2, 3 and 4 in Block 8 of said vacated Terminal City, and all of the portion of vacated North Street adjoining said Block 5, and all of the portion of vacated Cherry Street adjoining said Blocks 5 and 8, All in vacated Terminal City, Klamath County, Oregon. Order to vacate recorded April 27, 1977 in Book M-77 at Page 1634.

TOGETHER WITH that portion of vacated Summit and Midway Avenues adjoining that inured thereto by Order 99-080, recorded December 30, 1998 in Book M-98 at Page 47768.

TOGETHER WITH the following described tract of land, to wit:

Beginning at the point of intersection of the North line of vacated Terminal City, a duly recorded subdivision in Klamath County, Oregon, with the centerline of the Northerly terminus of Midway Avenue as said street is shown on the recorded plat of said vacated Terminal City; thence North 45° 12' 48" East 432.75 feet, more or less, along the boundary line of the property conveyed to Robert D. Payne, et ux by Deed recorded in Volume M-78 at Page 16017 of Klamath County, Oregon Deed Records to a 1/2" x 24" iron pin on the Southwesterly boundary line of the Southern Pacific Railroad right of way; thence Northwesterly along said Southwesterly right of way line a distance of 1,150 feet, more or less, to its point of intersection with the West section line of Section 18, Township 38 South, Range 9 East of the Willamette Meridian; thence South along said West section line a distance of 1,100 feet, more or less, to its point of intersection with the North line of said vacated Terminal City; thence East along the North line of said vacated Terminal City, 520 feet, more or less, to the point of beginning. Said tract of land being situated in the NW 1/4 of Section 18, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

CODE 190 MAP 3809-018BC TL 00400 KEY#431358

CODE 190 MAP 3809-018BB TL 00200 KEY#431321