



Agreement and Security Instrument. To the extent of any inconsistency between the provisions of this Modification and the provisions of the Agreement or Security Instrument, the provisions of this Modification shall prevail over and supersede the inconsistent provisions of the Agreement or Security Instrument. Except as modified, amended or supplemented by this Modification, the Agreement and Security Instrument shall remain in full force and effect. This Modification will be legally binding and effective upon the parties only when it is signed by each Borrower, Grantor/Mortgagor, and the Bank.

**2. Modified Terms and Conditions.** The terms and conditions of the Agreement and Security Instrument that are modified, amended, and supplemented by this Modification are set forth on the attached Exhibit "B" attached to and incorporated herein as a part of this Modification. The terms used in Exhibit "B" shall have the same meanings as the same or substantially equivalent terms used in the Agreement and the Security Instrument, whether or not the terms used in Exhibit "B," or the Agreement or Security Instrument, are capitalized.

Property Address:

3147 BOARDMAN AVE Klamath Falls, OR 97603-5765

Washington Mutual Bank, FA  
By: *Teri McDonald*  
(Bank Officer Signature)

Teri McDonald  
(Printed Name)

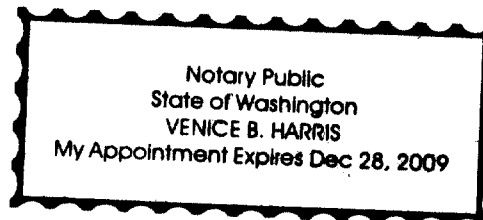
Its: *Officer*  
(Officer Title)

Washington )  
STATE OF ~~OREGON~~ )  
COUNTY OF Shoshone ) SS

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of Feb, 06, by  
Teri McDonald as Officer  
of Washington Mutual Bank, FA.

WITNESS my hand and official seal

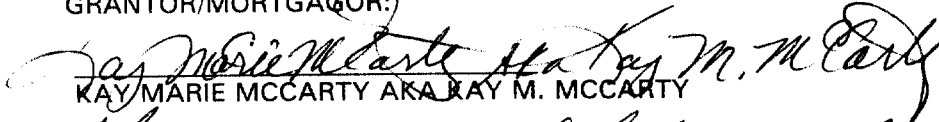
My commission expires: 12/28/09  
*Denise B. Harris*  
Notary Public



0024643488

By signing below, each Grantor/Mortgagor accepts and agrees to the terms of the Security Instrument as amended and supplemented by this Modification.

GRANTOR/MORTGAGOR:

  
KAY MARIE MCCARTY AKA KAY M. MCCARTY

  
CHARLES J. MCCARTY AKA CHARLES MCCARTY

0024643488

By signing below, each Borrower accepts and agrees to the terms of this Modification.

BORROWER(S):

  
KAY MARIE MCCARTY

  
CHARLES J. MCCARTY

STATE OF OREGON

)

) SS

COUNTY OF

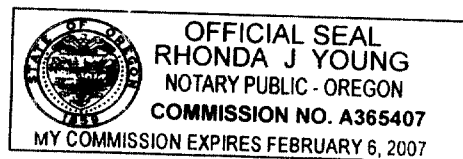
Klamath

)

On this day personally appeared before me \_\_\_\_\_  
 KAY MARIE MCCARTY AKA KAY M. MCCARTY \_\_\_\_\_ and  
 CHARLES J MCCARTY AKA CHARLES MCCARTY \_\_\_\_\_ and  
 \_\_\_\_\_ and  
 \_\_\_\_\_ and  
 \_\_\_\_\_ and  
 \_\_\_\_\_ and

to me known to be the individuals described in and who executed the within and foregoing instrument, and  
 acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes  
 therein mentioned. Witness my hand and official seal this 8 day of Feb 2006.

[Signature]  
 Notary Public in and for the State of Oregon  
 Residing at: Oregon  
 My Appointment expires: 2-6-07



**EXHIBIT "A"**  
**ATTACHMENT TO MODIFICATION AGREEMENT**

LYING AND BEING LOCATED IN THE UNINCORPORATED AREA, COUNTY OF  
KLAMATH, STATE OF OREGON; ALL THAT CERTAIN PARCEL OR TRACT OF  
LAND KNOWN AS:

THE EASTERLY 70 FEET OF LOT 18, BLOCK 2, FIRST ADDITION TO  
ALTAMONT ACRES, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE  
IN THE OFFICE OF THE CLERK OF KLAMATH COUNTY, OREGON.

**EXHIBIT "B"**  
**ATTACHMENT TO MODIFICATION AGREEMENT**

**Annual Fee:** There is no annual fee on your Account.

**Credit Limit:** The credit limit stated in the Agreement and the principal amount secured by the Security Instrument is hereby increased by \$20,000.00, from the current amount of \$18,757.00 to the increased amount of \$38,757.00. All other terms and conditions relating to the credit limit including, without limitation, our ability to reduce the credit limit during any period when certain events have occurred on your obligation not to attempt, request or obtain a credit advance that will cause your Account balance to exceed your credit limit, remain in full force and effect.

**Minimum Daily Periodic Rate and ANNUAL PERCENTAGE RATE:** The daily periodic rate and ANNUAL PERCENTAGE RATE that will apply to variable rate advances under the Agreement will be determined as set forth in the Agreement. However, any provisions of the Agreement that provide for a minimum daily periodic rate and minimum ANNUAL PERCENTAGE RATE are hereby deleted.

**Minimum Daily Periodic Rate and ANNUAL PERCENTAGE RATE:** The minimum daily periodic rate that will apply to variable rate advances under the Agreement is hereby changed to 0.000% (corresponding to a minimum ANNUAL PERCENTAGE RATE of 0.000000 %).

**Daily Periodic Rate and ANNUAL PERCENTAGE RATE Change Dates:** The daily periodic rate and ANNUAL PERCENTAGE RATE for variable rate advances under the Agreement will change on each day that the index changes, and the index will be determined daily. Any provisions of the Agreement indicating that the daily periodic rate and ANNUAL PERCENTAGE RATE for variable rate advances under the Agreement may only change monthly, or indicating that the index is determined only as of a specified date of the calendar month, are hereby deleted.

**Margin:** The margin used in the calculation of the ANNUAL PERCENTAGE RATE for variable rate advances under the Agreement is 0.000%.

**Auto Pay Service for Variable Rate Advances:** The amount of the Margin for your Variable Rate Advances will be affected by how you decide to make payments on the Variable Rate Advances. You may decide whether to make payments on your Variable Rate Advances by making direct payments to us or by authorizing automatic loan payments from an account that you designate (which is our "Auto Pay" service). Your decision whether or not to authorize our Auto Pay service will not affect the availability of the Variable Rate Advances. If you authorize our Auto Pay service for the Variable Rate Advances, the Margin will be discounted (that is, it will be

**EXHIBIT "B" CONTINUED  
ATTACHMENT TO MODIFICATION AGREEMENT**

reduced) by either 0.250%, if the account you designate to make the Auto Pay payments is maintained with Washington Mutual Bank, FA, or 0.000%, if that account is maintained with an institution other than Washington Mutual Bank, FA. If you authorize our Auto Pay service, the discount will be put into effect as of a date that we select.

If you have authorized our Auto Pay service for the Variable Rate Advances and thereafter the Auto Pay service for the Variable Rate Advances is terminated by you or us for any reason, the discount that you have received on the Margin for the Variable Rate Advances will be eliminated. Specifically, the Margin will increase on the day that the Auto Pay service is terminated by 0.250%, if the account designated to make the Auto Pay payments is maintained with Washington Mutual Bank, FA, or 0.000%, if that account is maintained with any other institution. If the account designated to make Auto Pay payments is changed from an account maintained at Washington Mutual Bank, FA to an account maintained at any other institution, the discount that you have received on the Margin for the Variable Rate Advances will be reduced. Specifically, the Margin will increase by 0.250% on the day the account designated to make Auto Pay payments is changed to an account maintained at another institution. In any such event, the increase in the Margin will result in a simultaneous increase in the ANNUAL PERCENTAGE RATE (subject to any further increases or decreases that result from a change in the Index) for the Variable Rate Advances by the same amount (i.e., by 0.250% or 0.000%, as applicable), and the Daily Periodic Rate for the Variable Rate Advances will also be simultaneously changed to an amount that is equal to the new ANNUAL PERCENTAGE RATE divided by 365 (366 in a leap year). Following any termination of our Auto Pay service, the increased Daily Periodic Rate and ANNUAL PERCENTAGE RATE will not be greater than the maximum Daily Periodic Rate and ANNUAL PERCENTAGE RATE. Increases in the Daily Periodic Rate and ANNUAL PERCENTAGE RATE will increase your Minimum Payment and periodic FINANCE CHARGES and, if these rates are increased in the last billing period prior to the Maturity Date, then your Balloon Payment due on the Maturity Date will also increase.

If the Index, or any substitute Index, is no longer available, we will choose a new Index. The new Index will have a historical movement substantially similar to that of the prior Index, and the Margin will be changed so that the new Index plus the Margin will result in an ANNUAL PERCENTAGE RATE that is substantially similar to the ANNUAL PERCENTAGE RATE in effect at the time the prior Index becomes unavailable (plus any increase in the Margin that results from any termination of the Auto Pay service or any change in the account designated to make Auto Pay payments,

EXHIBIT "B" CONTINUED  
ATTACHMENT TO MODIFICATION AGREEMENT

as described above).