

After recording return to:
South Valley Bank & Trust
803 Main Street
Klamath Falls, Oregon 97601
Attn: Teresa Tiffiee

2006-021816

Klamath County, Oregon



00007596200600218160030037

10/31/2006 11:44:01 AM

Fee: \$31.00

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LOAN MODIFICATION AGREEMENT (Providing for Fixed Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 27th day of October, 2006, between Christian S Utley and Rashell L Utley ("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 August 01, 2006 and recorded in Book or Liber 2006 page(s) 015609, 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

3321 Bisbee St., Klamath Falls, OR 97603

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 October 27th, 2006, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$85,000.00, 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 6.05%, from November 1, 2006. Borrower promises to make monthly payments of principal and interest of U.S. \$512.36, beginning on the 1st day of December 1, 2006, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 6.05%, 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 November 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: Bridgette Griffin Smith
Bridgette Griffin Smith
VP Real Estate & Consumer Credit Manager

Christian S Utley (Seal)
Christian S Utley -Borrower

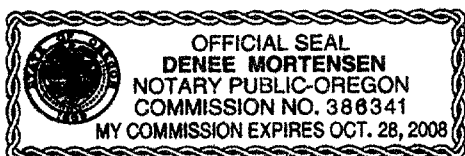
Rashell L Utley (Seal)
Rashell L Utley -Borrower

_____[Space below This Line for Acknowledgments]_____

State of Oregon
County of Klamath

This instrument was acknowledged before me on October 27, 2006 (date) by Christian S Utley and Rashell L Utley

(person[s] acknowledging).



Denée Mortensen
Notary Public for Oregon

EXHIBIT "A"
LEGAL DESCRIPTION

Beginning at a point which is 5 feet East of the Northwest corner of Lot 9, Block 6, ALTAMONT ACRES; thence Easterly along the Northerly line of Lot 9, 117 feet to a point; thence Southerly and parallel with the Westerly line of said Lot 9, 71 feet to a point; thence Westerly and parallel with the Northerly line of said Lot 9, 117 feet, more or less, to a point 5 feet East of the Westerly line of said Lot 9; thence Northerly 71 feet along a line parallel with and 5 feet East of the Westerly line of said Lot 9 to the point of beginning.

Tax Account No: 3909-010AB-01900-000

Key No: 540686

Together with all improvements now located or, hereafter placed thereon, including but not limited to (1) 2005, Karsten, Starview Model: 56093, Manufacturer ID Number #TKCSTOR 3705 27239A and #TKCSTOR 3705 27239B, HUD #ORE 477108 & #477109. Trustors covenant and agree that the improvements herein above described are now, or will be within a reasonable period of time hereafter, permanently affixed to, from, and remain a part of said real property, and that such improvements shall not be detached or removed therefrom.