

After Recording Return To:
South Valley Bank & Trust
803 Main Street
Klamath Falls, Oregon 97601
Attn: Jenni Engelbrecht

2007-006870
Klamath County, Oregon



00020184200700068700030033

04/13/2007 11:19:09 AM

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 April, 2007, between Pauline Delano and David Archer ("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, 2006 and recorded in Book or Liber M06 page(s) 08486, 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

39441 Modoc Point Rd., Chiloquin, OR 97624

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 April 11, 2007, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$123,500.00, 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 5.875%, from May 1, 2007. Borrower promises to make monthly payments of principal and interest of U.S. \$730.55, beginning on the 1st day of June 1, 2007, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The yearly rate of 5.875%, 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, 2037, (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: Bridgitte Griffin-Smith
Bridgitte Griffin-Smith/Vice President

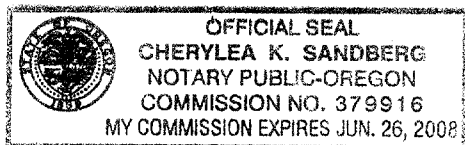
Pauline Delano (Seal)
Pauline Delano -Borrower
David Archer (Seal)
David Archer -Borrower

[Space below This Line for Acknowledgments]

State of Oregon
County of Klamath

This instrument was acknowledged before me on April 11, 2007 (date) by Pauline Delano and David Archer

(person[s] acknowledging).



Cherylea K. Sandberg
Notary Public for Oregon

EXHIBIT "A"
LEGAL DESCRIPTION

That portion of the SE1/4 NW1/4 of Section 31, Township 34 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point from which the center ¼ corner of Section 31 bears South 89° 39' 59" East 57.66 feet, being the Southeast corner of Minor Land Partition No. 44-89; thence running North 89° 39' 59" West 660.00 feet to a point on the Easterly right-of-way line of Modoc Point Road; thence along said right-of-way North 00° 16' 18" East 75.63 feet to a point (road centerline station 1469 + 75.60); thence along the arc of a curve to the left (radius = 2894.79 feet central angle = 5° 57' 10") a distance of 300.76 feet to the Southwest corner of Parcel 2 of Minor Land Partition No. 44-89 and the TRUE POINT OF BEGINNING of the parcel herein described; thence continuing along the Easterly right-of-way of Modoc Point Road and along the arc of a curve left (radius = 2894.79 feet, central angle = 0° 07' 19") 6.15 feet; thence continuing along the Easterly right-of-way of Modoc Point Road 309.85 feet to a point which is the Northwest corner of said Parcel 2 of Minor Land Partition No. 44-89; thence North 88° 23' 50" East 336.05 feet to a point; thence North 6° 51' 56" West 61.65 feet; thence South 88° 44' 31" East 314.28 feet to a point which is the Northeast corner of said Parcel 2 of Minor Land Partition No. 44-89; thence South 04° 45' 10" East 360.47 feet to a point which is the Southeast corner of said Parcel 2 of Minor Land Partition No. 44-89; thence South 88° 18' 51" West 640.92 feet to the true point of beginning.

Said parcel is also known as Parcel 2 of Minor Land Partition No. 44-89.