

MT077498-MS

AFTER RECORDING RETURN TO:
Attn: Document Control
Golf Savings Bank
PO Box 5010
Lynnwood, WA 98046-5010

2007-016281
Klamath County, Oregon



09/17/2007 11:28:54 AM

Fee: \$46.00

ONE TIME CLOSE MODIFICATION AGREEMENT

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06-10-25-000015

THIS ONE TIME CLOSE MODIFICATION AGREEMENT (the "Agreement") is made as of the 14th day of September 2007 by the undersigned ("Borrower"), with address at 6754 Willet Way, Klamath Falls, OR 97601 and Golf Savings Bank ("Lender"), with an address at 6505 218th St SW, Suite 9, Mountlake Terrace, WA 98043.

This instrument modifies the terms of the following instruments: (i) that certain **Fixed Rate Note** (the "Note"), as modified by that certain One Time Close Construction Rider to Note (the "Note Rider") each executed on _____, by Borrower favor of Lender, and (ii) that certain Deed of Trust (the "Security Instrument") as modified by that certain One Time Close Construction Loan Rider to Deed of Trust and Security Agreement (the "Security Instrument Rider") each executed on the same date as the Note, by Borrower in favor of Lender and recorded in the official real property records of **Klamath County, OR** under recording number **2006-024026**. In connection with the Note Rider and Security Instrument Rider, Borrower also executed that certain One Time Close Construction Loan Agreement between Borrower and Lender of even date herewith (the "Loan Agreement"). The purpose of this Agreement is to modify the Loan from the construction loan phase to the permanent loan phase. All terms defined in the Security Instrument and Note shall have the same definitions when used in this Agreement unless expressly set forth otherwise herein. The Security Instrument, the Note, the Loan Agreement and all riders and other documents executed in connection with this One Time Close Loan are hereinafter collectively referred to as the Loan Documents.

In accordance with the terms of the Loan Documents, and in consideration of the mutual promises of the parties and other good and valuable consideration, Borrower and Lender hereby agree to amend, modify and change the Note and Security Instrument as follows:

1. PRINCIPAL NOTE AMOUNT

_____ IF CHECKED, the outstanding principal balance of the Note as of the date of this Agreement remains unchanged and is as set forth in the Note (without regard to the Note Rider).

X IF CHECKED, the outstanding principal balance on the Note as of the date of this Agreement is hereby changed and reduced to \$ 497,000.00 based on a principal reduction made by Borrower.

2. MONTHLY PAYMENT AND MATURITY DATE

Fixed Rate Note:

_____ IF CHECKED, the maturity date of the Note remains unchanged and is as set forth in the Note (without regard to the Note Rider). Following the date of this Agreement, the first monthly payment of principal and interest will be due on **November 1, 2007**. On and after the date of this Agreement, the monthly payments of principal and interest payable by Borrower to Lender are \$ 3,223.53.

Variable Rate Note:

_____ IF CHECKED, Following the date of this Agreement, the Note is changed to provide that Borrower's first monthly payment of principal and interest will be due on **November 1, 2007** and the first Change Date will be _____. The maturity date of the Note is hereby changed to _____, at which time the entire unpaid principal balance and all unpaid accrued interest shall be due and payable.

3. INTEREST RATE AND TERM

No Change in Interest Rate

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X IF CHECKED, the interest rate payable under the Note remains unchanged and shall be as stated in the Note (without regard to the Note Rider).

Change In Fixed Rate of Interest

 IF CHECKED, and effective as of the date of this Agreement, the terms and provisions of the Note are hereby changed to provide for a new fixed rate of interest at the interest rate provided in the “New Loan Terms” set forth in this Section 3 below.

Change From Fixed Rate of Interest To Variable Rate of Interest

 IF CHECKED, and effective as of the date of this Agreement, the terms and provisions of the Note are hereby changed from a fixed rate of interest to a variable rate of interest on the terms provided in the “New Loan Terms” set forth in this Section 3 below. Borrower agrees that Borrower’s rate of interest, and Borrower’s monthly principal and interest payment amount, will change over the term of the loan as further provided below, and any references in the Note to a fixed rate of interest (and fixed monthly payment) are now null and void and of no further force and effect. Lender (also referred to herein and in the Note as the “Note Holder”) will determine Borrower’s new interest rate and the changed amount of Borrower’s monthly payment in accordance with Section 4 of this Agreement.

Change From Variable Rate of Interest To Fixed Rate of Interest

 IF CHECKED, effective as of the date of this Agreement, the terms and provisions of the Note are changed from a variable rate of interest to a fixed rate of interest on the terms provided in the “New Loan Terms” set forth in this Section 3 below. Borrower agrees that the interest rate will remain fixed for the term of the loan and any references in the Note to changes in the interest rate (and changes in monthly payment) are now null and void and of no further force and effect.

NEW LOAN TERMS. If Borrower has elected to change the interest rate provisions of the Note by checking the appropriate box as indicated above, the interest rate and related terms are changed are hereby changed as follows:

FIXED RATE

Interest Rate : %
Term: months with a maturity date of 10/1/2037

Monthly Payment: \$ 3,223.53

VARIABLE RATE

Initial Interest Rate: _____ %
Term: _____ months with a maturity date of _____

Initial Monthly Payment \$ _____
Margin: _____
Interest Rate at First Change date will NOT be GREATER than _____ % Or LESS than _____ %
Interest Rate during life of loan will NEVER be GREATER than _____ % Or LESS than the margin

4. VARIABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES. If Borrower has selected a variable rate of interest by checking the appropriate box as indicated above, the Note is hereby amended and modified to incorporate the following variable interest rate terms:

(A) Change Dates

The initial fixed interest rate Borrower will pay will change to an adjustable interest rate on the first day of , and on that day every 12th month thereafter. Each date on which Borrower’s adjustable interest rate could change is called “Change Date.”

(B) The Index

Beginning with the first Change Date, Borrower’s adjustable interest rate will be based on the Index identified below.

 IF CHECKED, the “Index” is the average of interbank offered rate for one-year U.S. dollar denominated deposits in the London market (“LIBOR”). The most recent LIBOR Index figure available as of the date 45 days before each Change Date is called the “Current Index.”

 IF CHECKED, the “Index” is the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one (1) year, as made available by the Federal Reserve Board (“Treasury”). The most recent Treasury Index figure available as of the date 45 days before each Change Date is called the “Current Index.”

If the applicable LIBOR or Treasury Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give Borrower notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate Borrower's new interest rate by adding **Zero** percentage points (**0.00** %) ("the Margin") to the Current Index. Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be Borrower's new interest rate until the next Change Date. Lender will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that Borrower is expected to owe at Change Date in full on the maturity date at Borrower's new interest rate in substantially equal payments. The result of this calculation will be the new amount of Borrower's monthly payment.

(D) Limits on Interest Rate Changes (If Any)

Limits on Maximum and Minimum Interest Rate Charges:

___ IF CHECKED, the interest rate Borrower's is required to pay at the first Change Date will not be greater than _____% or less than _____% even if the applicable Index plus Margin produces a higher or lower interest rate. Thereafter, Borrower's variable interest rate will never be increased or decreased on any single Change Date by more than **Zero** percentage points (**0.000** %) from the rate of interest Borrower has been paying for the immediately preceding period. In no event will Borrower's interest rate during any interest period be greater than _____%, which is called the "Maximum Rate", or less than the Margin.

No Limit on Maximum or Minimum Interest Rate Changes:

___ IF CHECKED, there is no limit on the amount the interest rate can increase or decrease over the term of this loan, except that the interest rate shall at all times equal or exceed the Margin.

NOTICE TO BORROWER: THE NOTE AS MODIFIED BY THIS AGREEMENT CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. UNLESS EXPRESSLY PROVIDED OTHERWISE ABOVE, THERE IS NO LIMIT ON EITHER THE AMOUNT MY VARIABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME OR THE MAXIMUM RATE OF INTEREST I MUST PAY.

(E) Effective Date of Changes

Borrower's new interest rate will become effective on each Change Date. Borrower will pay the amount of Borrower's new monthly payment beginning on the first monthly payment date after the Change Date until the amount of Borrower's monthly payment changes again.

(F) Notice of Changes

Lender will deliver or mail to Borrower a notice of any changes in Borrower's adjustable interest rate and the amount of Borrower's monthly payment before the effective date of any change. The Notice will include information required by law to be given to Borrower and also the title and telephone number of a person who will answer any question Borrower may have regarding the notice.

(G) Prepayment

If Borrower makes a partial prepayment, the partial prepayment may reduce the amount of Borrower's monthly payments after the first Change Date following the partial prepayment. However, any reduction due to the partial prepayment may be offset by an interest rate increase.

5. CONSTRUCTION PHASE AND RIDERS TERMINATED. Except as otherwise specifically provided therein, effective as of the date of this Agreement, the loan is hereby modified from the construction phase to the permanent loan phase, and accordingly, the Note Rider and Security Interest Rider are hereby terminated and shall be no further force or effect; pr ovided, nothing herein shall relieve or release Borrower or Borrower's Contractor from any breach of any term or condition of any of the Loan Documents (including without limitation the Loan Agreement) or from any other obligation arising under the Loan Documents, or relating to facts occurring, on or prior to the date of this Agreement, and Borrower acknowledges and agrees that all such liabilities or obligations shall survive the execution of this Agreement.. Subject to the foregoing, the loan shall hereafter be evidenced by the Note as modified by this Agreement and secured by the Security Instrument and any other rider or addendum to the Note or Security Instrument not specifically terminated by this Agreement.

6. MISCELLANEOUS. Nothing in the 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. In the event of a conflict between the terms of this Agreement and the terms of the Note or the Security Instrument, the terms of this Agreement shall control. This Agreement contains the entire agreement of the parties with respect to the subject matter herein and supersedes and replaces any prior oral or written Agreement. This Agreement may only be modified by a written instrument executed by both Lender and Borrower. In the event Lender hires an attorney to enforce any terms or condition of this Agreement, Borrower shall reimburse Lender for all costs and reasonable attorney fees incurred by Lender.

ADDITIONAL NOTICES TO BORROWER:

DO NOT SIGN THIS MODIFICATION AGREEMENT BEFORE YOU READ AND UNDERSTAND IT.

THIS MODIFICATION AGREEMENT CHANGES THE TERMS OF YOUR NOTE, THE SECURITY INSTRUMENT AND RELATED LOAN DOCUMENTS.

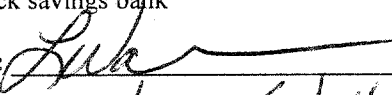
BY SIGNING BELOW EACH BORROWER ACKNOWLEDGES THAT EACH HAS READ THIS MODIFICATION AGREEMENT, UNDERSTANDS ALL OF THE PROVISIONS OF THIS AGEEMENT, AND AGREES TO ALL OF THE TERMS OF THIS AGREEMENT. EACH BORROWER ACKNOWLEDGES RECIPT OF A COMPLETED COPY OF THIS AGREEMENT.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER APPLICABLE LAW.

IN WITNESS WHEREOF, this Agreement has been duly executed by this parties hereto effective the day and year first above written.

LENDER:

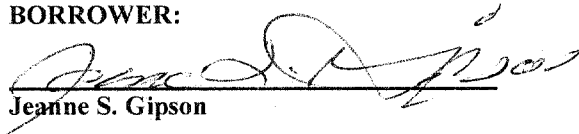
GOLF SAVINGS BANK, a Washington State
stock savings bank

By: 

Print Name: Lori Sweller

Its: OTC Dept Mgr

BORROWER:


Jeanne S. Gipson

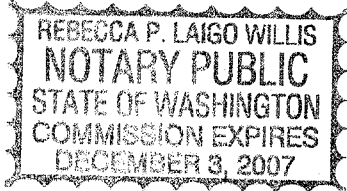
LENDER ACKNOWLEDGEMENT

STATE OF Washington)
COUNTY OF Snohomish)

ss.

On this day personally appeared before me Lori J. Walker, to me known to be the OTC Dept Manager of GOLF SAVINGS BANK, a Washington State stock savings bank that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute the same instrument.

GIVEN under my hand and official seal this 12th day of September, 2007



Rebecca P. Laigo Willis
Rebecca P. Laigo Willis
(print notary's name)
Notary Public in and for the State of Washington,
residing at Edmonds
My commission expires: 12/3/07

BORROWER ACKNOWLEDGEMENT

STATE OF Oregon)
COUNTY OF Clatsop)

SS.



On this day personally appeared before me Jeanne Bishop, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he/she signed the same as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 13 day of September, 2007.

Cherie Thomson
Cherie Thomson
(print notary's name)
Notary Public in and for the State of Oregon,
residing at Clatsop Falls.
My commission expires: 03/20/2011.

STATE OF _____)
COUNTY OF _____)

SS.

On this day personally appeared before me _____, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he/she signed the same as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 200 .

(print notary's name)
Notary Public in and for the State of _____,
residing at _____.
My commission expires: _____.

STATE OF _____)
COUNTY OF _____)

SS.

On this day personally appeared before me _____, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he/she signed the same as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2006.

(print notary's name)
Notary Public in and for the State of _____,
residing at _____.
My commission expires: _____.