

MTC 13916-9177

2008-015327

Klamath County, Oregon

After Recording return to:
South Valley Bank & Trust
Attn: RE Dept
P.O. 5210 / 803 Main Street
Klamath Falls OR 97601



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11/12/2008 03:39:48 PM

Fee: \$26.00

[Space Above This Line For Recording Date]

LOAN MODIFICATION AGREEMENT

(Providing for Adjustable Interest Rate)

This Loan Modification Agreement ("Agreement"), made this 10th day of November, 2008 between Kerry M Smith and Cynthia E Smith ("Borrower") and South Valley Bank and Trust ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Security Debt (as modified by an Adjustable Rate Rider of the same date) (the "Security Instrument"), dated January 16, 1998 and recorded in Book or Volume M98, at page (s) 2046, Doc in the Klamath County Records of 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, which covers the real and personal property described in the Security Instrument and defined therein as the "Property," located at:

120 South Rogers Street

The real property described being set forth as follows:

Lots 3 and 4 in Block 16, RIVERSIDE ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath Country, Oregon.

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. As of November 10, 2008, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$102,624.39, consisting of the amount(s) loaned to Borrower by Lender and any interest capitalized to date.
2. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate 6.375% (the "initial rate of interest"), from October 1, 2008. The Borrower promises to make monthly payment of principal and interest of U.S. \$ 768.93 beginning on the 1st day of December, 2008, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. The amount of the monthly payment of principal and interest may change if the interest rate that Borrower must pay changes. The Lender will determine the Borrower's new interest rate and the change amount of the required monthly payment in accordance with the terms of the Note. If on April 1, 2028 (the Maturity Date"), the Borrower still owes amounts under the Note and the Security Instrument, as amended by this Agreement, the Borrower will pay these amounts in full on the Maturity Date.

The Borrower understands and agrees that the next rate of interest may change on the first day of February 2009, and on that day every 12th month thereafter on the "change date" as such term is defined in the Note and Security Instrument.

The Borrower will make such payment at South Valley Bank & Trust, PO Box 5210, Klamath Falls OR 97601 or at such other place as the Lender may require.

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The Borrower understands that (I) the interest rate they are required to pay at the next Change Date will not be greater than 8.375% or less than 4.375%, and (ii) their interest rate will never be greater than 14.750% as specified in the Note.

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) without Lenders' 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 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 the Security Instrument without further notice or demand on Borrower.

4. The Borrower also will comply with all other covenants, agreements, and requirements of the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payment of taxes, insurance premiums, assessments, escrow items, impounds and all other payment that the Borrower is obligated to make under the Security Instrument, including:
- (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, and
 - (b) all terms and provisions of any adjustable rate rider 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 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 the 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

Bridgitte Griffin/VP Regional Credit

Administrator Klamath Lake Regions

Kerry M Smith (Seal)

Kerry M Smith

- Borrower

Cynthia E Smith (Seal)

Cynthia E Smith

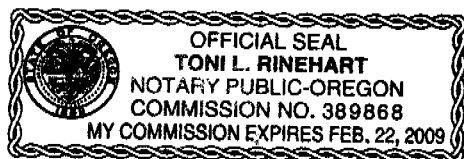
- Borrower

[Space Below this Line for Acknowledgements]

State of Oregon
County of Klamath

This instrument was acknowledged before me on **November 10, 2008** (date) by **Kerry M Smith and Cynthia E Smith**

(person[s] acknowledging).



Toni L Rinehart
Notary Public for Oregon