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BALLOON LOAN MODIFICATION

(Pursuant to the Terms of the Balloon
Note and Addendum and Balloon Rider)

125852

5/23/96
BOOK 158 PAGE 657

THIS MODIFICATION IS TO BE EXECUTED IN DUPLICATE ORIGINALS:
ONE ORIGINAL IS TO BE FILED WITH THE BALLOON NOTE AND
ONE ORIGINAL IS TO BE RECORDED IN THE LAND RECORDS WHERE
THE SECURITY INSTRUMENT IS RECORDED

This Balloon Loan Modification ("Modification"), made this 8th day of May, 1996, between Robert E. Anderson and Twilite R. Anderson ("Borrower") and Mellon Mortgage Company, Attorney-In-fact for The Federal Home Loan Mortgage Corporation ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated May 24, 1991, securing the original principal sum of U.S. \$ 69,000.00, and recorded June 3, 1991, Book 123, Page 488 Auditors File 111315 of the records of Skamania County Mortgage Records and (2) the Balloon Note bearing the same date as, and secured by, the Security Instrument (the "Note") which covers real and personal property described in the Security Instrument and defined in the Security Instrument as the "Property", located at 32 Sooter Road, Underwood, WA 98651, the real property being set forth as follows:
See Attached - Exhibit A

FILED FOR RECORD
SKAMANIA CO. WASH
BY SKAMANIA CO. TITLE

JUL 29 1 10 PM '96

GARY M. OLSON
AUDITOR

To evidence the election by the Borrower of the Conditional Right to Refinance as provided in the Balloon Note Addendum and Balloon Rider and to modify the terms of the Note and Security Instrument in accordance with such election, Borrower and Lender agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. The Borrower is the owner and occupant of the property.
2. As of June 1, 1996, the amount payable under the Note and Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 66,215.90.
3. 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 a yearly rate of 8.375%, beginning June 1, 1996. The Borrower promises to make monthly payments of principal and interest of U.S. \$ 527.62, beginning on the 1st day of July, 1996, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on June 1, 2021 (the "Modified Maturity Date"), the Borrower still owes amounts under the Note and Security Instrument, as amended by this Modification, the Borrower will pay these amounts in full on the Modified Maturity Date. The Borrower will make such payments at P.O. Box 660311, Dallas, TX 75266-0311 or such other place as the Lender may require.

Reviewed _____
Indexed, Dir _____
Indexed _____
Filed _____
Noted _____

EXHIBIT A

A tract of land located in the South half of the Northeast quarter of section 22, Township 3 North, Range 10 East of the Willamette Meridian in the County of Skamania and State of Washington, described as follows:

Beginning at a point South $89^{\circ} 33'$ West 974.81 feet from the quarter corner on the East line of said Section 22; thence South $89^{\circ} 33'$ West 56.32 feet; thence North $00^{\circ} 29'$ East 271 feet; thence South $89^{\circ} 33'$ West 130 feet to the initial point of the tract hereby described; thence South $89^{\circ} 33'$ West 480.54 feet to the West line of the East half of the East half of the Southwest quarter of the Northeast quarter of the said Section 22; thence South $00^{\circ} 29'$ West 71 feet; thence South $56^{\circ} 43'$ East 324.58 feet; thence North $89^{\circ} 33'$ East 208.99 feet to a point South $00^{\circ} 29'$ West from the initial point; thence North $00^{\circ} 29'$ East 252 feet to the initial point.

4. The Borrower will comply with all other covenants, agreement, and requirements of the Note and the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payment that the Borrower is obligated to make under the Security Instrument; however, all the terms and provisions of the Balloon Note Addendum and Balloon Rider are forever cancelled, null and void, as of the maturity date of the Note.

5. Nothing in this Modification 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 Modification, the Note and Security Instrument will remain unchanged and in full effect, and the Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Modification.

[To be signed by all borrowers, endorsers, guarantors, sureties, and other parties signing the Balloon Note.]

Mellon Mortgage Company

By: Kathleen R. McLeod
Kathleen R. McLeod

Its: _____
Officer

Robert E. Anderson (Seal)
Robert E. Anderson -Borrower

Twilite R. Anderson (Seal)
Twilite R. Anderson -Borrower

Robert E. Anderson (Seal)
-Borrower

_____[Space Below This Line for Acknowledgement in Accordance with Laws of Jurisdiction]_____

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF Washington
COUNTY OF Puget Sound

BEFORE ME, the undersigned authority, on this day personally appeared Robert E. Anderson and Twilite R. Anderson, known to me to be the person (s) whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purpose and consideration therein expressed given under my hand and seal of office this 22nd day of May, A.D. 1996.

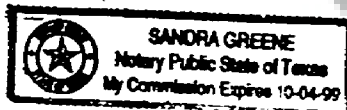


Evelyn E. Hasty
NOTARY PUBLIC in and for State of Washington
County, Puget Sound

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF HARRIS

THIS FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 6th DAY OF JUNE
BY Kathleen R. McLeod



Sandra Greene
NOTARY PUBLIC in and for Harris County