

Returned @ Counter

AFTER RECORDING RETURN TO:

City Recorder
500 Klamath Avenue
Klamath Falls, OR 97601

TRUST DEED GRANTOR:

Arnold and Marcy Johnston
2430 Applegate
Klamath Falls, OR 97601

TRUST DEED BENEFICIARY:

City of Klamath Falls
500 Klamath Avenue
Klamath Falls, OR 97601

CLERK'S STAMP

Vol M04 Page 40094

State of Oregon, County of Klamath
Recorded 06/22/2004 11:56 Am
Vol M04 Pg 40094-40095
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

'04 JUN 22 AM 11:56

EXTENSION OF TRUST DEED

THIS AGREEMENT was made and entered on May 12, 2004, by and between Arnold Johnston and Marcy Johnston, hereinafter "Johnstons," and the City of Klamath Falls, hereinafter "City."

RECITALS

On or about September 1st, 1982, Johnstons made, executed and delivered to City a promissory note in the amount of \$10,778.80 together with a Trust Deed securing payment of the note.

The Trust Deed was recorded in the Mortgage Records of Klamath County, Oregon on the 29th day of October, 1982 in Vol. M82, Pages 14398 and 14399. The real property described in the Trust Deed and securing payment of the Note is described as follows:

Lot 714, Block 129, of Mills Addition to the City of Klamath Falls, Klamath County, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

The City is currently the owner and holder of the Trust Deed and Note, which has a final maturity date of September 1st, 2002 on which date a balloon payment of the entire balance due and owing was required.

The Johnstons have requested an extension of the time for payment in order to avoid City exercising its rights under the Note and Trust Deed, and City has agreed to that extension.

AGREEMENT

For good and valuable consideration, City and Johnstons have entered into an Agreement to extend the time for payment as fully described in the letter agreement, attached hereto as Exhibit "A" and incorporated herein by this reference.

By: _____

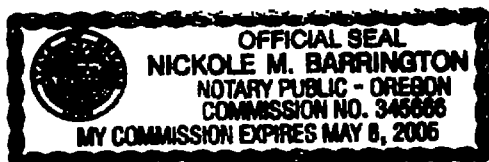
Rick Whitlock, City Attorney

STATE OF OREGON)

) ss.

County of Klamath)

On the 11th day of June, 2004, personally appeared Rick Whitlock, who, being first duly sworn, did say that he is the City Attorney for the City of Klamath Falls, an Oregon municipal corporation, and that the instrument was signed on behalf of said municipal corporation; and he acknowledged said instrument to be its voluntary act and deed.



WITNESS my hand and official seal.

Nickole M. Barrington
SIGNATURE OF NOTARY PUBLIC

Notary Public for Oregon

My Commission Expires: 5-8-2005

Extension of Trust Deed - 1

2600

RECEIVED MAY 17 2004

40095

Exhibit "A"



CITY OF KLAMATH FALLS, OREGON

500 KLAMATH AVENUE - P.O. BOX 237
KLAMATH FALLS, OREGON 97601



Sister City
ROTORUA, NEW ZEALAND

March 8, 2004

Karen Oakes
Attorney at Law
120 South 9th Street
Klamath Falls, OR 97601

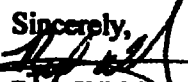
Re: Your Clients: Arnold & Marcy Johnston
City HUD Loan: \$25,855.83 (as of 3/8/04)
Repayment Terms

Dear Karen:

Thank you for your letter dated 3/4/04 wherein you indicate your clients are willing to pay \$200.00 per month on this obligation, with the first payment on March 25, 2004 and subsequent payments on the 25th of each month thereafter until fully paid. Unfortunately, the balance on the loan is now almost \$26,000, which means it would take nearly eleven years to repay the present balance, without any additional interest being added, and over six years just to pay presently accumulated interest (\$15,077).

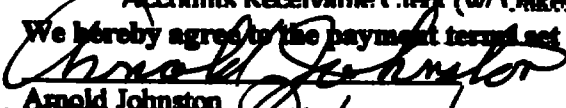

Recognizing that your clients recently completed bankruptcy, the City is willing to accept \$200.00 payments for the first year, but the City needs an escalator amount of \$50.00 extra per month commencing in March of each of the following years: 2005 (\$250/month), 2006 (\$300/month), 2007 (\$350/month) and 2008 (\$400/month). Under the City's proposal, the Johnstons would initially make 12 monthly payments of \$200 per month; commencing on March 25, 2005, the Johnstons would make 12 monthly payments of \$250.00; commencing on March 26, 2006, they would make 12 monthly payments of \$300.00; commencing on March 25, 2007, they would make 12 monthly payments of \$350.00; and commencing on March 25, 2008, they would begin making monthly payments of \$400.00, and those monthly payments would continue until the entire balance, including accruing interest, is fully paid. If your clients agree to this payment schedule and timely make all payments herein, time being of the essence, City will agree not to foreclose the trust deed on your clients' property. If the Johnston's fail to timely make the payments as set forth herein, the City may accelerate the entire balance due, with interest, and may foreclose the trust deed.

Please discuss this agreement with your clients, and if it is acceptable, please have them sign and date below indicating acceptance of the payment terms. Once signed, return the original to me. Give me a call if you have questions. Please thank your clients for getting this matter fairly resolved.

Sincerely,

Rick Whitlock
City Attorney
RW:nmb

c: Jeff Ball, City Manager (w/ Oakes letter)
Phyllis Shidler, Finance Director (w/ Oakes letter)
Mary Hutchison, Asst. Finance Director (w/ Oakes letter)
Accounts Receivable Clerk (w/ Oakes letter)

We hereby agree to the payment terms set forth herein.


Arnold Johnston

Marcy Johnston

Date: 5-12-04

Date: 5-12-04

Mayor, Council & City Manager
541.883.5316

City Attorney
541.883.5323

Finance Director
541.883.5316

TTY 541.883.5324 (Hearing Impaired); Fax 541.883.5399

to client 3-11-04