

**AFTER RECORDING RETURN TO:**

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

**CLERK'S ST.**

**2008-014212**

**Klamath County, Oregon**



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10/16/2008 02:38:39 PM

Fee: \$36.00

**AGREEMENT TO AMEND THE PAYMENT TERMS OF THE TRUST DEEDS  
RECORDED AT VOL. M86, PAGE 3128, AND VOL. M86, PAGE 4749 AND TO  
AMEND THE PROMISSORY NOTES REFERENCED THEREIN**

THIS AGREEMENT is entered into this 6<sup>th</sup> day of October, 2008 by and between the City of Klamath Falls, an Oregon Municipal corporation, ("City") and Alice C. Anderson, a single woman ("Homeowner").

**RECITALS**

In February and March of 1986, Homeowner entered into two loan agreements with the City in exchange for receiving loan proceeds in the principal amount of \$8,747.00 (\$8,597.00 in one agreement and \$150.00 in the second agreement). These funds were used by Homeowner to make repairs and improvements on her residence at 426 Michigan Avenue in Klamath Falls, Oregon. The residence is legally described as:

Lot 5, Block 54 of Hot Springs Second Addition to the City of Klamath Falls according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon (the "Property").

The two "Home Improvement Loan Agreements" are recorded at M86, Page 312 (\$8,597.00 principal, executed on February 10, 1986) and at M86, Page 4746 (\$150.00 principal, executed on March 6, 1986) (collectively, the "Loan Agreements"). These loans each reference a promissory note (two separate promissory notes) that provide for assessing 3% per annum simple interest. These two promissory notes both require a single balloon payment of all principal and interest on February 10, 2006 [twenty (20) years after executing of the first Loan Agreement]. These interest and payment terms are also reflected in the Trust Deeds described below.

In order to secure repayment of these loans, Homeowner executed Trust Deeds against the Property. These Trust Deeds are recorded at M86, Page 3128 (executed by Homeowner on February 10, 1986) and at M86, Page 4749 (executed by Homeowner on March 6, 1986). Each of these Trust Deeds names Alice C. Anderson (Homeowner) as the Grantor, Jeffrey D. Ball, City Attorney, as Trustee and City of Klamath Falls (City) as the beneficiary.

Homeowner filed for bankruptcy in 2003 and City was listed as a creditor and served notice of the bankruptcy filing. Homeowner's obligations were discharged in bankruptcy on May 9, 2003. This discharge has the effect of discharging Homeowner's personal obligation to pay the loans, but does not affect City's security interest in the Property.

City wants to protect its security interest in the Property, but does not want to file foreclosure actions on the Trust Deeds that would result in removing Homeowner from the Property, which has been her home for many years. City is concerned that failing to foreclose soon may eventually result in statutes of limitation precluding the City from foreclosing, which would result in the City never being able to be repaid for the loan obligations.

By amending the due dates of the Loan Agreements and the Trust Deeds, the Homeowner and City intend by this Agreement to protect the interest of Homeowner to remain in the residence and to protect the interest of City to preserve its security interest in the Property.

#### AGREEMENT

Now, therefore, in consideration of the foregoing recitals, the terms of this agreement and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Homeowner and City agree as follows:

1. The payment provisions on Page 1 of the Trust Deed, recorded at M86, Page 3128, and also set forth in the promissory note referenced in said Trust Deed, are amended to read as follows:

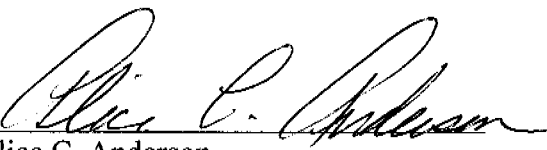
“FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Eight Thousand Five Hundred Ninety-seven and 00/100ths Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, it not sooner paid, to be due and payable upon any sale or transfer of the property or upon Grantor’s death.

2. The payment provision on Page 1 of the Trust Deed, recorded at M86, Page 4749, and also set forth in the promissory note referenced in said Trust Deed, are amended to read as follows:

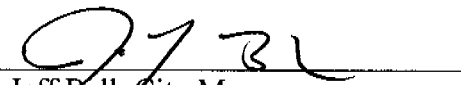
“FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of One Hundred Fifty and 00/100ths Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, it not sooner paid, to be due and payable upon any sale or transfer of the property or upon Grantor’s death.

3. City and Homeowner agree that Homeowner’s execution of this Agreement: shall not result in Homeowner being personally responsible for payment of the underlying debt; and shall not in any way modify the order of discharge entered by the Bankruptcy Court in Homeowner’s 2003 bankruptcy proceeding.

Executed and agreed to by the parties on the dates indicated below.

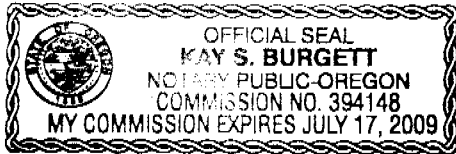
  
Alice C. Anderson

City of Klamath Falls

By:   
Jeff Ball, City Manager

STATE OF OREGON            )  
  ) ss.  
County of Klamath            )

On the 1<sup>st</sup> day of July, 2008, personally appeared Alice C. Anderson, and being first duly sworn, acknowledged said instrument to be her voluntary act and deed.



Kay S. Burgett  
SIGNATURE OF NOTARY PUBLIC  
Notary Public for Oregon  
My Commission Expires: 7/17/2009

STATE OF OREGON            )  
  ) ss.  
County of Klamath            )

I hereby certify that I know or have satisfactory evidence that Jeff Ball, being the City Manager of The City of Klamath Falls, OR, appeared before me on the 6th day of October, 2008, and acknowledged that the foregoing instrument was signed on behalf of said municipal corporation, and that this instrument is the voluntary act and deed of said municipal corporation.

Shirley F. Kappas  
SIGNATURE OF NOTARY PUBLIC  
Notary Public for Oregon  
My Commission Expires: 9-10-09