

**AFTER RECORDING RETURN TO:**

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

**2009-009149**

Klamath County, Oregon



07/02/2009 03:43:33 PM

Fee: \$41.00

**AGREEMENT TO AMEND THE PAYMENT TERMS OF THE TRUST DEED  
RECORDED AT VOL. M04, PAGE 86176 AND TO AMEND  
THE PROMISSORY NOTE REFERENCED THEREIN**

THIS AGREEMENT is entered into this 29<sup>th</sup> day of June, 2009 by and between the City of Klamath Falls, an Oregon Municipal corporation, ("City") and Integrated Building Systems, LLC, an Oregon limited liability company ("IBS").

**RECITALS**

In December of 2004, IBS purchased a parcel of real property from City (legally described as Parcel 3 of Land Partition 32-95) for the purpose of constructing a manufacturing facility on the property, thereby creating new employment positions in the community. The Sale Agreement between City and IBS required IBS to reconvey the easterly 5.03 acres of said Parcel 3 to City. That reconveyance was recorded in the Deed Records of Klamath County at Vol. M05, Page 05428 on January 25, 2005, leaving IBS with a parcel of land containing approximately 4.97 acres and legally described on Exhibit A, attached hereto and by this reference incorporated herein, (the "Property"). The Property was later included in a replat of Parcel 1 of Land Partition 25-99 and Parcel 3 of Land Partition 32-95 and the Property is now described as Lot 1 of Klamath Falls Industrial Park, Tract 1463, according to the official plat thereof on file in the records of Klamath County, Oregon.

In order to secure repayment of the purchase price, IBS executed a Promissory Note and Trust Deed naming City as Beneficiary. The Trust Deed is recorded at Vol. M04, Page 86146 ("Trust Deed"), and it references the installment Promissory Note that was executed by IBS and three personal "guarantors" on December 16, 2004 ("Original Note"). The Original Note requires semi-annual interest-only payments commencing in June of 2005, with a balloon payment of all principal and interest due on December 16, 2011 (seven years after executing the Trust Deed and Original Note). The balloon payment requirement is specifically referenced in the Trust Deed. After giving IBS credit for the creation of nine full-time employment positions in January of 2008, the principal balance on the Original Note (and secured by the Trust Deed) is currently \$95,500.

On May 18, 2009, the Klamath Falls City Council considered the request of IBS to convert the existing loan (i.e., the Original Note and Trust Deed) into a standard 20-year mortgage with a 1½% per annum fixed interest rate. The loan conversion was requested by IBS for the purpose of attracting new investors in order to expand the IBS facility to accommodate the construction of modular homes, thereby adding jobs to the community.

Although unwilling to accept a 1½% fixed interest rate for a 20-year term, the City Council decided to convert the IBS loan to a 20-year, standard mortgage on the following terms:

- (a) Interest starting at 1½% per annum and increasing to 5% per annum on January 1, 2012;
- (b) Payments are interest only through December 31, 2011;
- (c) On January 1, 2012, the payments convert to principal and interest in amounts sufficient to fully repay the loan by the end of the 20-year amortization period;
- (d) City retains its second position lien against the Property; and
- (e) City will grant IBS a reduction in the principal in the amount of \$500 for each full-time employee ("FTE") added by IBS at the Klamath Falls facility as of December 1, 2011, provided the positions are above the minimum threshold of nine FTE's and the positions have been in place for at least two months preceding that date.

By amending the loan terms as generally described in these recitals, City and IBS intend by this Agreement to assist the efforts of IBS to expand its Klamath Falls facility, to create jobs in the community and to protect the City's 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 by both parties, IBS and City agree as follows:

1. The "conveyance in trust" provisions, legal description provisions and the payment provisions on Page 1 of the Trust Deed, recorded at M04, Page 86176 are hereby amended to read as follows:

"Grantor irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the real property in Klamath County, Oregon, described in attached Exhibit A (incorporated herein as though fully set forth herein and hereinafter the "Subject Property"), together with all tenements, hereditaments and appurtenances and all other rights thereunto belonging, or in any way now or hereafter attached to or and in connection with the Subject Property. Such grant and conveyance is FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of Ninety-Five Thousand, Five Hundred and 00/100 Dollars, with interest thereon according to the terms of an installment note initially executed on December 16, 2004 and modified on June 29<sup>th</sup>, 2009, payable to Beneficiary and made by Grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable on June 30, 2029."

2. The terms of the Original Note shall be modified in their entirety as set forth in attached Exhibit B (incorporated herein as though fully set forth).
3. Except as set forth in this Agreement, the Trust Deed recorded at Vol. M04, Page 86176 shall remain unchanged and in full force and effect and City's current lien priority shall remain unchanged as a result of this Agreement.

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

Integrated Building Solutions, LLC

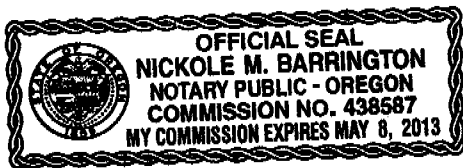
City of Klamath Falls

By: John M. Member/General Manager  
John Mick, Member/General Manager

By: Jeff Ball  
Jeff Ball, City Manager

STATE OF OREGON           )  
  ) ss.  
County of Klamath         )

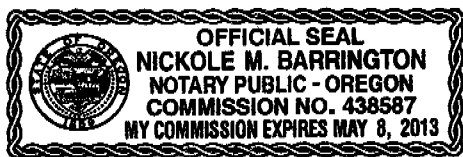
On the 29 day of June, 2009, personally appeared John Mick, as Member/General Manager of Integrated Building Solutions, LLC, an Oregon Limited Liability Company, and being first duly sworn, he acknowledged this instrument to be the voluntary act and deed of said organization.



Nickole M. Barrington  
SIGNATURE OF NOTARY PUBLIC  
Notary Public for Oregon  
My Commission Expires: 5-8-2013

STATE OF OREGON           )  
  ) ss.  
County of Klamath         )

On the 30th day of June, 2009, personally appeared Jeff Ball, as City Manager, who, being first duly sworn, did acknowledge that the foregoing instrument was signed on behalf of City of Klamath Falls, an Oregon Municipal Corporation and that this instrument is the voluntary act and deed of said municipal corporation.



Nickole M. Barrington  
SIGNATURE OF NOTARY PUBLIC  
Notary Public for Oregon  
My Commission Expires: 5-8-2013

**EXHIBIT A**  
**[LEGAL DESCRIPTION FOR INTEGRATED BUILDING SOLUTIONS, LLC PARCEL]**

A Parcel of land situated in the NW1/4 of Section 22, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County Oregon, being a portion of Parcel 3 of Land Partition 32-95 as recorded at the Klamath County Clerk's office, being more particularly described as follows:

**Beginning** at the northwest corner of said Parcel 3, said point being marked by an 2-1/2" aluminum cap stamped "City of Klamath Falls"; thence along the northerly line of said Parcel 3, N89°27'28"W 353.81 feet; thence parallel to the easterly line of said Parcel 3, S00°32'32"W 549.05 feet to the right-of-way line of Joe Wright Road; thence along said right-of-way line, N89°27'28"W 398.81 feet to the right-of-way line of Swan Court; thence along said right-of-way line, N00°32'32"E 453.00 feet to a point of curvature; thence continuing along said right-of-way line, along the arc of a 50.00 foot radius curve to the right through a central angle of 50°12'29" (the long chord of which bears N25°38'47"E 42.43 feet) a distance of 43.82 feet to a point of reverse curvature; thence continuing along said right-of-way line, along the arc of a 75.00 foot radius curve to the left through a central angle of 50°12'29" (the long chord of which bears N25°38'47"E 63.64 feet) a distance of 65.72 feet to the point of beginning.

Containing 4.97 acres.

**This Parcel was included in a replat of Parcel 1 of Land Partition 25-99 and Parcel 3 of Land Partition 32-95, and the Parcel is now described as Lot 1 of Klamath Falls Industrial Park Tract 1463, according to the official plat thereof on file in the records of Klamath County.**

## INSTALLMENT PROMISSORY NOTE

\$95,500.00

We, Integrated Building Solutions, LLC, an Oregon limited liability company ("Maker"), Robert T. Mick, Carol B. Mick and John C. Mick (collectively the "Promissors"), jointly and severally promise to pay to the order of the City of Klamath Falls, Oregon, an Oregon Municipal Corporation, at 500 Klamath Avenue, Klamath Falls, Oregon 97601, the sum of Ninety-Five Thousand Five Hundred and no/100 Dollars (\$95,500.00) with interest thereon initially at the rate of 1.5% percent per annum from July 1, 2009. The interest rate shall increase to 5 percent per annum on January 1, 2012. Promissors shall make semi-annual, interest-only installments of not less than \$716.25 in any one payment with the first payment payable on or before December 31, 2009 and like payments shall be made on the same day every six months thereafter until December 31, 2011. Commencing on January 1, 2012 Promissors will be required to make regular, monthly principal and interest installments of not less than \$671.40, and the whole sum, including all principal and accumulated interest, shall be due and payable no later than June 30, 2029. If any installment is not so paid, all principal and interest shall become immediately due and payable at the option of the holder of this Note. **Robert T. Mick, Carol B. Mick and John C. Mick personally execute this Note as guarantors of Maker's indebtedness to the City of Klamath Falls on this Note. Maker's liability is primary and the liability of the guarantors is secondary.** The Promissors shall have the right to repay at any time all or any portion of the principal amount of this Note in a single payment without payment of any penalty, discount or premium. If the holder of this Note elects to set up a collection/payment escrow, Promissors agree to pay the required processing fee in addition to the required payment.

Maker has executed this Note in an effort to restructure the loan extended to purchase certain property from the City of Klamath Falls in 2004. Following that purchase, Maker constructed a manufacturing facility on the property and has been engaged in manufacturing activities since occupying these facilities. In recognition of Maker's current efforts to expand its facilities and add jobs to the community, Buyer shall receive a credit against the principal of this Note in the amount of \$500 for each full-time employment ("FTE") position added by Maker at its Klamath Falls facility as of December 1, 2011, provided: a) the positions have been in place for at least two months preceding that date; and b) the positions are in excess of the nine FTE's for which Maker has previously received credit against the initial loan principal.

If this note is placed in the hands of an attorney or other third party for collection, we promise and agree to pay the holder's reasonable attorney fees, investigation costs, and all collection costs, even though no suit or action is filed. If a suit or action is filed, the amount of such reasonable attorney fees and costs shall be fixed by the court in which the suit or action, including any appeal, is tried, heard or decided. This Agreement shall be enforceable in Klamath County, Oregon, and if legal action is necessary by either party with respect to the enforcement of any or all of the terms or conditions herein, exclusive venue for the enforcement of same shall lie in Klamath County, Oregon.

Executed in Klamath Falls, Oregon, this \_\_\_\_\_ day of June, 2009.

Integrated Building Solutions, LLC

By: \_\_\_\_\_

John C. Mick, Member/General Manager

\_\_\_\_\_  
Robert T. Mick, Personally

\_\_\_\_\_  
Carol B. Mick, Personally

\_\_\_\_\_  
John C. Mick, Personally