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TEL:1-800-432-7598

Feb 15.95 10:14 No.002 P.02

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FROM: KENNETH GORDON KENNETH

TO:

15006602100 P.02

02-22-95A11:15 RCVD

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RELEASE AND SETTLEMENT AGREEMENT

DATED: December 31, 1994

PARTIES: TIMM BURR, INC., an Oregon corporation, herein called "TIMM BURR",

AND: CARL B. THORNTON, herein called "THORNTON".

RECITALS:

A. TIMM BURR and THORNTON have been parties to a Consulting Agreement wherein THORNTON provided various services to TIMM BURR for a percentage of profit generated.

B. Disputes have arisen between the parties as to payments claimed to be owed by THORNTON from TIMM BURR and properties which are titled in the name of THORNTON which allegedly were acquired with the assets of TIMM BURR. The parties have resolved their differences and are entering into this agreement as a full and final settlement and mutual release of all claims, demands and damages arising out of their business and contractual arrangements.

AGREEMENTS:

1. **Incorporation of Recitals:** The foregoing Recitals are incorporated herein as though fully set forth.

2. **Consideration:** As payment for all amounts claimed to be owed by TIMM BURR to THORNTON, TIMM BURR agrees to pay a total of \$464,125.67, payable in the form of a transfer of property and cash as follows:

A. TIMM BURR will deed to THORNTON various properties that the parties agree have a value of \$407,220.00. Those properties are identified as:

Return: Klamath County Title Co

02-15-1995 09:40M FROM JEFFREY GORDON LEBSTEIN

TO

15018829107 F.00

PROPERTY #	PROPERTY NAME	OWED TAXES	LIABILITY	ACRES	CONSIDERATION
R291678	OSBORNE	\$205.84	\$0.00	110	\$28,000.00
R296174	WILSON	\$100.82	\$0.00	9.77	\$5,300.00
R85623	COUNSELL	\$0.00	\$0.00	10	\$6,000.00
R85703	BROWNELL	\$0.00	\$0.00	5	\$3,500.00
R196013	CORNELIUS	\$0.00	\$0.00	5	\$4,500.00
R7887	DARBY 1	\$0.00	\$0.00	6	\$12,500.00
R14026	DARBY 2	\$0.00	\$0.00	1.34	\$2,500.00
R557702	4212 1/2 HOMEDALE	\$453.55	\$0.00	2	\$23,500.00
R837526	4212 HOMEDALE	\$716.19	\$73,324.03	0.26	\$72,500.00
R251934	BIENENFIELD 1	\$345.31	\$13,455.00	40	\$29,000.00
R254003	BIENENFIELD 2	\$366.68	\$0.00	30.69	\$22,000.00
R198841	DUKE1	\$0.00	\$15,104.98	0.75	\$18,000.00
R199181	DUKE2	\$0.00	\$0.00	0.25	\$7,300.00
R296254	FLECK	\$301.85	\$0.00	80	\$30,000.00
R296423	MARQUETTE	\$158.44	\$0.00	25	\$8,000.00
R296245	RITA ISBELL	\$337.17	\$0.00	160	\$39,000.00
R325286	FOSTER	\$143.34	\$0.00	10	\$8,000.00
R76553	VEIGA-CROOKED	\$0.00	\$0.00	10.00	\$4,500.00
R76553	VEIGA S. MT 1	\$404.37	\$0.00	73.73	\$42,500.00
R250232	VEIGA S. MT 2	\$270.57	\$0.00	40	\$32,500.00
R112764	CONNER 1	\$130.83	\$0.00	20	\$7,000.00
R323929	CONNER 2	\$114.75	\$0.00	10	\$7,000.00
R295497	DETHLESEN	\$0.00	\$0.00	39.57	\$8,500.00
R113996	BELINGER	\$0.00	\$0.00	80.75	\$12,400.00
R318435	MORGAN	\$0.00	\$0.00	1	\$3,000.00
R319220	COLLINS	\$0.00	\$0.00	1	\$3,500.00

R198004	HAKANSON	\$0.00	\$0.00	5	\$5,500.00
R246816	PAUL1	\$0.00	\$0.00	1	\$6,000.00
R246807	PAUL2	\$0.00	\$0.00	1	\$6,000.00
R336201	GAMEGAN1	\$191.28	\$7,033.29	20.53	\$2,500.00
R296307	GAMEGAN2	\$93.95	\$0.00	5.37	\$3,000.00
R296307	GAMEGAN3	\$101.76	\$3,516.64	9.88	\$10,000.00
R296290	GAMEGAN4	\$102.73	\$3,516.64	10	\$1,000.00
R238200	MOORE	\$0.00	\$0.00	1	\$1,100.00
R7656J	KUNZE	\$0.00	\$0.00	10	\$5,000.00
R76580	KIMBER	\$0.00	\$0.00	10	\$5,000.00
R76562	GALLERY	\$0.00	\$0.00	10	\$7,000.00

TIMM BURR and THORNTON agree to divide the real property taxes owed against the properties being transferred to THORNTON. The taxes shall be prorated as of February 10, 1995, except for COUNSELL and BROWNELL which shall be pro-rated as of December 31, 1994. TIMM BURR agrees to pay its one-half share of such taxes by October 10, 1995. Failure to pay its share of the taxes shall be considered a default of this Agreement.

B. TIMM BURR will assign to THORNTON various contract receivables, the parties agree have a value of \$92,879.21. Those contracts are identified as:

NAME	BALANCE (as of 12/31/94)
Kym & Barbara Reed	\$12,848.47
Mike Kaln/Clay Wooldridge	\$12,162.24
Dale & Tammy Reader	\$4,373.28
Roberta Wollaston	\$7,025.98
Lanny Wollaston	\$7,029.70
Jerry & Sandra Howell	\$2,232.20
Henry & Linda Wheeler	\$4,331.26
Kris & Kristle Flegal	\$22,845.91

Beverly A. Pate	\$45,380.75
Clifford Letherman	\$11,208.63
Brad Foote & Eric Foote	\$4,782.46
Brad Foote & Fred Gjuardo	\$15,568.82
Chipper Lay/Barbara Hackett	\$14,584.08
John Maury & Brenda Hammers	\$5,283.85
Bobby Holbrook	\$4,828.81
Anthony Holbrook	\$4,891.03
Holbrook/Shipman	\$6,403.00

C. TIMM BURR will deliver to THORNTON various personal property described as follows:

OFFICE EQUIPMENT:

All Carl Thornton's files, leads, etc. and file holders	
2 purple office chairs (1 broken)	300.00
2 calculators	200.00
2 two line telephones	100.00
2 leather Bomber chairs	500.00
All Klamath and Lake County books of maps to be copied and bound	200.00
Miscellaneous: 1 pencil sharpener, 1 tape dispenser, 1 stapler, 1 small garbage bucket, 1 Burr picture	100.00
1 Microcassette Dictator	50.00
1 extra fax machine	300.00
2 car phone Walki-Talki's	100.00
Air Borg Camera	200.00
Scout Winch	200.00
Opague projector	300.00
Consideration	\$2,550.00

VEHICLES AND EQUIPMENT:

S#0659	1993 King Quad 4-Wheeler	4,246.01
381713	1970 International Scout	300.00
F3748S6149E	1958 Chevrolet with Bicyrus Well Rig	7,500.00
JT3VN39E1LO	1990 Toyota 4-Runner	11,804.83
1GNGK26N3R	1994 Chevrolet Suburban	33,874.14
#16654	1968 Smokey Travel Trailer	750.00

Sawmill 1,500.00
 Consideration: \$59,974.98

ART:

Artist:

Description:

Hummell	A.K. 2 Dall Rams
Hummell	Specs on Lower Klamath
Hummell	2 Montana Bighorns
Gallagher	Indian Maiden w/Flower Feather
Gallagher	2 Dall Rams Wrangel
Gallagher	Bear print w/Totem
Gallagher	Young Bull Caribou

Consideration: \$ 4,000.00

EQUIPMENT AND PERSONAL PROPERTY \$66,524.98

D. TIMM BURR agrees to pay THORNTON a total of \$25,000.00 on or before January 25, 1995 as his share of the timber receipts from the following properties:

UNIT COUNTY REFERENCE NUMBER	NAME
R182518	CLIFT
R176892	ALEXSON
R179531	KUYKENDAL
R179096	HAMELTON
R182956	CALCAGNO
	ROBLERO
	BURNS
R844189	WELCH
R85268	BRADLEY
R183063	BAILEY
R113479	FRIDLEY

E. TIMM BURR will pay THORNTON the sum of \$42,377.05 in monthly payments of \$5,000.00 beginning on February 10,

1995 and continuing on the same day of each and every month thereafter until October 10, 1995, when a payment in the amount of \$2,377.05 shall be due, for a total of \$42,377.05.

F. The assets being transferred to THORNTON as outlined above are subject to THORNTON's assumption of various liabilities, listed as follows:

ID #	NAME	PAYMENT AMOUNT	BALANCE OWING
R251934	BEINENFIELD 1 & 2	Lump sum	13,455.00
R254003			
R198841	DUKE 1 & 2	211.00	15,204.98
R199181			
R837526	4212 HOMEDALE	825.00	73,324.03
R557702			
R336201	WILCOX GAMEGAN	<u>\$250.00</u>	<u>\$14,066.58</u>
R381688			
R296307			
R296290			
REAL ESTATE TOTALS:		<u>\$1,286.00</u>	<u>\$115,950.59</u>
VEHICLES			
	1993 King Quad	159.00	\$ 4,246.01
	1994 Suburban	776.75	33,874.14
	1990 Toyota	335.76	11,804.83
VEHICLE TOTALS:		\$1,271.51	\$ 49,924.98
LONG TERM LIABILITY:			<u>\$165,875.57</u>

THORNTON agrees to release the lien of the foregoing trust deeds upon satisfaction of the obligations being assumed by TIMM BURR.

THORNTON agrees to establish an escrow with Klamath County Title Company, (Escrow Agent) for the collection of the contract receivables listed in Paragraph 2(b) above. THORNTON further agrees to instruct the Escrow Agent to apply the payments received each month from such contracts to the obligations being assumed by him as outlined above. TIMM BURR and THORNTON shall equally divide the obligation owed on the Bienenfeld property, (\$13,455.00 each). TIMM BURR shall assume the obligation owed against the Viega Saddle Mountain parcels 1&2, (\$39,000.00).

TIMM BURR shall assume the obligation owed against the Crown Pacific property. TIMM BURR shall be entitled to remove the timber

from the Belinger property in exchange for providing two log cabin packages to THORNTON, the contents and specifications of which have been agreed upon by the parties. However, THORNTON shall also be entitled to cause the removal of this timber and arrange for its manufacture into log cabin packages.

3. **Security:** As security for payment of the obligations owed by TIMM BURR to THORNTON, TIMM BURR agrees to grant Trust Deeds on the following properties:

ID #	NAME	LEGAL DESCRIPTION
R35909	Seagren	R-3307-01700-00800
R844153	Osborne A.	R-3307-01800-00500
R84839	Crown Pacific	R-3307-0500-00500

THORNTON agrees to release the lien of the foregoing Trust Deeds upon satisfaction of the obligations being assumed by TIMM BURR.

4. **Termination of Consulting Agreement:** The parties agree that the existing Consulting Agreement between the parties shall terminate as of December 31, 1994. The parties shall have no further obligation under the Consulting Agreement.

5. **Transfers by Thornton:** THORNTON acknowledges that he holds title to or claims interest in various parcels of real property listed as follows:

ID #	PROPERTY	LEGAL DESC.
R195899	GRANT	A-3407-028A0-00600
R85268	BRADLEY	R-3307-01100-00900
R88960	TURNER-WHIPPLE	R-3008-01300-00600
R88988	TURNER-WHIPPLE	R-3008-01300-00500
R89022	TURNER-WHIPPLE	R-3008-01300-00400
R113451	PEDERSEN	R-3413-021C0-01100
R113558	CHARLES	R-3413-021C0-02300
R113567	WELSH	R-3413-021C0-02100

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R182518	CLIFT	R-3313-0300-02100
R176892	ALEXSON	R-3313-02300-00400
R179531	KYKENDAL	R-3313-02800-00100
R182956	CALGAGNO	R-3313-03300-05100
R179096	HAMILTON	R-3313-02700-04100
R113585	WAGNER	R-3413-021C0-02200
R113594	PEDERSEN	R-3412-02100-01200
R194088	MARSH	R-3407-027B0-01200
R198535	CAMOU	R-3407-028A0-00400
R336247	PRENDEZ	R-3611-01900-02300
R112808	PATE	R-3712-00400-01300
R275482	FERRIS	R-3511-01900-02600
R336210	LAWRENCE	R-3611-01900-01900
R336229	LAWRENCE	R-3611-01900-02000
R183063	BAILEY	R-3318-0300-05500
R844199	WELCH	R-3307-01700-01503
R113479	FRIDLEY	R-3413-021C0-01900
R183154	ROBLERO	R-3313-03300-05600
R183170	BURNS	R-3313-01800-01100
R19078/R 19087	DISHO	R-3313-02700-03300 & 04000
R179620	CLARK	R-4107-01000-01500
R179620	BIRD (timber deed)	R-3313-02800-01300
R177007	HANSINSKY (Timber Deed)	R-3313-02300-02900

THORNTON agrees to deed such properties to TIMM BURR and to relinquish any and all claim to such properties.

6. **Indemnity:** Each of the parties is assuming various debts and obligations for which the other has some responsibility. Each of the parties agrees to indemnify, pay and hold the other harmless from any debt or obligation being assumed by such party

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for which the other party has any responsibility. TIMM BURR agrees to pay when due and to hold THORNTON harmless from all debts or obligations owed against any of the properties it is receiving or it is retaining for which THORNTON has any financial liability. THORNTON agrees to pay when due and hold TIMM BURR harmless from all debts on any properties which he is receiving as a result of this agreement.

7. **Default:** If TIMM BURR fails to pay any of the amounts due THORNTON as part of the consideration for this agreement, THORNTON shall have the right to accelerate the balance of such obligation and declare the entire balance owed to him immediately due and payable in full. If either party fails to pay, when due, any obligation of the other, which such party is agreeing to assume as part of this agreement, the wronged party shall be entitled to accelerate the balance of such obligation and bring suit for damages in the amount of the entire unpaid obligation plus costs and attorney fees.

8. **Mutual Release:** In consideration of the funds and properties exchanged by the parties as set forth herein, each party hereby releases and fully discharges the other from any claims of any nature or kind whatsoever, whether known or unknown, including any claims for monies owed or title to properties. It is intended that this be a full and final mutual release and a full compromise settlement of all claims of either party. However, this mutual release does not apply to the continuing obligations of each to the other with regard to the liabilities each party is assuming pursuant to this agreement.

9. **Attorney Fees:** In the event any legal proceeding is required to enforce any term or condition of this agreement, the prevailing party shall be entitled to recover reasonable attorney fees incurred by trial or any appeal thereof.

10. **Binding Effect.** This Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, legal representatives and assigns.

11. **Waiver.** No modification or waiver of this Agreement or any part hereof shall be valid or effective unless in writing signed by the party or parties sought to be charged therewith; no waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other subsequent breach or condition, whether of like or different nature.

12. **Entire Agreement.** This agreement sets forth the entire understanding of the parties with respect to the purchase and sale of the property. This agreement supersedes any and all prior negotiations, discussions, agreements and understanding between the

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parties. This Agreement may not be modified or amended except by a written agreement executed by both parties.

TIMM BURR, INC.

Randy L. Shaw
Randy Shaw, President

Randy L. Shaw

Carl B. Thornton
Carl B. Thornton

Carl B. Thornton

C. B. Thornton
Thornton



Diane Seymour

My Commission Expires September 18, 1998

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co the 22nd day
of Feb A.D., 19 95 at 11:15 o'clock A M., and duly recorded in Vol. M95
of Deeds on Page 3832

FEE : \$75.00

Bernetha G. Letsch, County Clerk

By *Diane Miller*