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License, Encroachment, and Option

THIS AGREEMENT, effective date of which is September 1, 1998, by and between JAMES F. STILWELL, Trustee of the James F. Stilwell Revocable Living Trust dated 8-24-93 hereinafter referred to as "Stilwell," and NORBERT L. HANSON and DARA M. HANSON, hereinafter referred to as "Hanson."

WITNESSETH:

WHEREAS, Hanson owns certain real property described in Exhibit "A" attached hereto, herein referred to as "Hanson's property" and Stilwell owns real property described in Exhibit "B" attached hereto, herein referred to as "Stilwell's property."

WHEREAS, the parties agree that a building on Hanson's property encroaches upon Stilwell's property; said encroachment is indicated on the attached copy of survey, marked as Exhibit "C."

WHEREAS, the Parties have been operating under an Agreement to allow Hanson to use real property owned by Stilwell in addition to the building encroachment, fence realignment, removal and gate replacement.

WHEREAS, Stilwell granted license to Hanson to use portion of Stilwell's property and Stilwell has agreed to grant option to Hanson to purchase portion of Stilwell's property,

WHEREAS, the Parties desire to define the parties' rights and obligations in writing.

In consideration of \$1.00 paid by Hanson to Stilwell and in consideration of the mutual promises herein contained, the parties agree as follows:

A. LICENSE:

1.1 Stilwell hereby grants to Hanson a license to occupy and use the real property located to the southeast of the fence constructed on Stilwell's property, said portion of real property evidenced on Exhibit "C" as the cross-hatched portion, herein referred to as "licensed property."

1.2 The use by Hanson of the licensed property shall be for residential uses only, to be shared with Stilwell. Hanson shall maintain the licensed property in a manner acceptable to Stilwell and shall not locate any structures or

Return

J. F. Stilwell

5170 S. Etna St.

Klamath Falls, Oregon
Stilwell to Hanson

OR 97603

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improvements on the licensed property without first obtaining the written approval of Stilwell.

1.3 The license granted herein is personal to Hanson and may not be transferred to third parties, except such uses as are consistent with Hanson's use of Hanson's property for residential use. This license shall not run with Hanson's property and shall terminate in the event that Hanson shall deed, contract to sell, transfer or lease Hanson's property.

1.4 Hanson shall maintain liability insurance in amounts and types **customary** ~~to include said activities thereon and to include Stilwell~~ ~~to include said activities thereon and to include Stilwell~~. Hanson shall hold Stilwell harmless and shall defend Stilwell from any liability to or claims by individuals the public arising from the maintenance or use of said property, whether such use, claims or liability is by or for Hanson, Hanson's invitee's or by any other persons.

1.5 The license granted herein may be revoked at any time by Stilwell giving Hanson 60 days advance notice of such termination.

B. OPTION:

2.1 In addition, Stilwell grants to Hanson the option to purchase such licensed property for the purchase price of \$ 2,353⁰⁰ plus interest at the rate of 9% per annum from September 1, 1998, which such amount represents the approximate outlays that Stilwell has paid or will pay for fencing, survey, recording, and attorneys fees. In addition, Hanson shall pay for all costs, if any, associated with closing of such sale, including but not limited to title insurance, compliance with governmental ordinances, and recording costs. **** Stilwell agrees to waive interest IF option exercised by or before February 28, 1999.**

2.2 The option may be exercised by Hanson on or before September 1, 2003, providing the above license is in force and effect.

2.3 Said Purchase price shall be paid in full at closing. At closing, Statutory Warranty Deed, signed by Stilwell, shall be recorded.

2.4 It is agreed to prorate the taxes, and other items as of closing.

2.5 Said option shall be exercised, ~~by~~ ^{by} Hanson delivering unto Stilwell, written notice of Hanson's intention to exercise said option to purchase. Subject to conditions herein, closing shall take place not later than 45 days after such written notice is delivered.

2.6 Upon exercise of the within option to purchase, Hanson may cause a preliminary title report from a Title Company showing liens and encumbrances of record. Hanson shall have ten days to examine said preliminary title report and give written notice to Stilwell of any objection Hanson may have to liens, reservations and encumbrances. Failure of Hanson to so give notice of objections shall constitute acceptance of title as acceptable. Upon such written notice of objections, if any, Stilwell shall have thirty days to make good faith efforts to clear such items to which there are objections. In the event that Stilwell is unable to clear such objected items the parties shall be governed by the terms of the License and the sale shall not be entered into unless Hanson so waives such objections.

2.7 This sale shall be closed in escrow at Klamath County Title Company, the cost of which shall be ~~shared equally between Stilwell and Hanson~~ ~~except that Stilwell shall be responsible for providing title insurance~~ ~~Hanson's responsibility.~~
Hanson's responsibility.

C. GENERAL PROVISIONS:

3. (Provision required by statute) THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

4. If suit or action is instituted to enforce any of the provisions of this Contract, the party prevailing therein shall be entitled to recover from the other such sum as the Court may adjudge reasonable as attorney's fees therein, including any appeal thereof.

5. All notices to be given or served hereunder whether pursuant to the terms of this license or any provisions of law, shall be sent by registered or certified mail and shall be deemed to have been served on the second business day after posting, and if to Stilwell, addressed to 5170 S. Etna St. Klamath Falls, Or 97603, or if to Hanson, addressed to 5228 S. Etna St. Klamath Falls, Or 97603, and/or to such other address as the party to be notified may from time to time designate in writing by like notice to the other party.

6. The terms "Stilwell" and "Hanson", wherever used herein, shall include, and all the provisions hereof shall, with the express exception contained in

paragraph 1.3 above and subject to the other express terms and conditions hereinabove set forth, bind and inure to the benefit of, the successors and assigns of the respective parties hereto. The singular shall be deemed to include the plural.

7. It is disclosed that Richard Fairclo, attorney, represents Stilwell in this transaction; Hanson has had opportunity and been advised to obtain separate legal or other advise. This document shall not be construed for or against any party by reason of the above or that it was prepared by Stilwell's attorney.

IN WITNESS WHEREOF, Stilwell and Hanson have caused this license to be duly executed as of the day and year first hereinabove written.

STILWELL: *James F. Stilwell*
Trustee

HANSON: *Norbert L. Hanson*
NORBERT L. HANSON

Dara Hanson
DARA M. HANSON

STATE OF OREGON]
] ss.
County of Klamath]

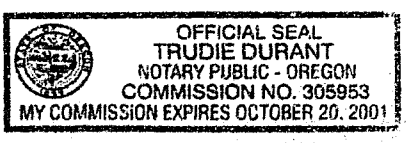
The foregoing instrument was acknowledged before me this 28 day of September, 1998, by NORBERT L. HANSON and DARA M. HANSON.



Linda L. Terry
Notary Public for Oregon
My Commission expires: 9-1-01

STATE OF OREGON]
] ss.
County of Klamath]

The foregoing instrument was acknowledged before me this 3rd day of November, 1998, by JAMES F. STILWELL.



Trudie Durant
Notary Public for Oregon
My Commission expires:

Safetrans File No.: 41853

Customer File No.: USB-0120

EXHIBIT A

The SW1/4 NW1/4 of Section 14, Township 39 South, Range 9 East of Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Southeast corner of Government Lot 16, SUMMIT HEIGHTS: thence South along the East line of said Summit Heights a distance of 30 feet to the South line of the SW1/4 of the NW1/4 of Section 14, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence East along said line 50 feet to an iron pin; thence North 12 degrees 00' East a distance of 217.88 feet to an iron pin, which is the true point of beginning of this description; thence North 12 degrees 00' East a distance of 23.45 feet to an iron pin; thence North 31 degrees 37' East a distance of 186.00 feet to an iron pin, which is also the intersection of the Southwesterly line of South Pine Street; thence South 29 degrees 42' East along said line, a distance of 100 feet to an iron pin; thence South 45 degrees 38' West a distance of 136.21 feet to a 2 inch iron fence post; thence North 89 degrees 13 1/2' West a distance of 54.52 feet to the true point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of AmeriTitle the 23rd day
of December A.D. 19 97 at 3:48 o'clock P M., and duly recorded in Vol. M97
of Deeds on Page 41824.

Bernatha G. Leisch, County Clerk

FEE \$55.00

By Kathleen K. Ross

LEGAL DESCRIPTION

for

JAMES STILWELL TRUSTEE

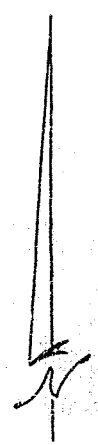
JAMES F. STILWELL REV.
LIVING TRUST 8-24-13

Commencing at the Southeast Corner of Lot 16 of SUMMERS HEIGHTS, a platted subdivision in Klamath County, Oregon, thence south on the East Line of said SUMMERS HEIGHTS a distance of 30 feet to the South Line of the SW 1/4 of the NW 1/4 of Section 14, T39S R9E, W.M.; thence easterly on said South Line 50 feet to an iron pin; thence N12°00'E a distance of 217.88 feet to an iron pin marking the Southwest Corner of a tract of land described in Vol. M69 at page 3492, DEED RECORDS of Klamath County, Or., said corner being the TRUE POINT OF BEGINNING of this description; thence N12°00'E, 23.45 feet to an iron pin; thence N31°37'E, 186.00 feet to an iron pin, which is also the intersection of the Southwesterly Line of Etna Street; thence N37°18'W on said Southwesterly Line, 2.90 feet; thence S32°46'W, 218.18 feet to a point on the North Line of a tract of land described in Vol. M96 at page 11678, DEED RECORDS of Klamath County, Or.; thence S89°27'E on said North Line, 17.47 feet to the point of beginning.

§*** subject to utility easements of record, if any.

Exh B

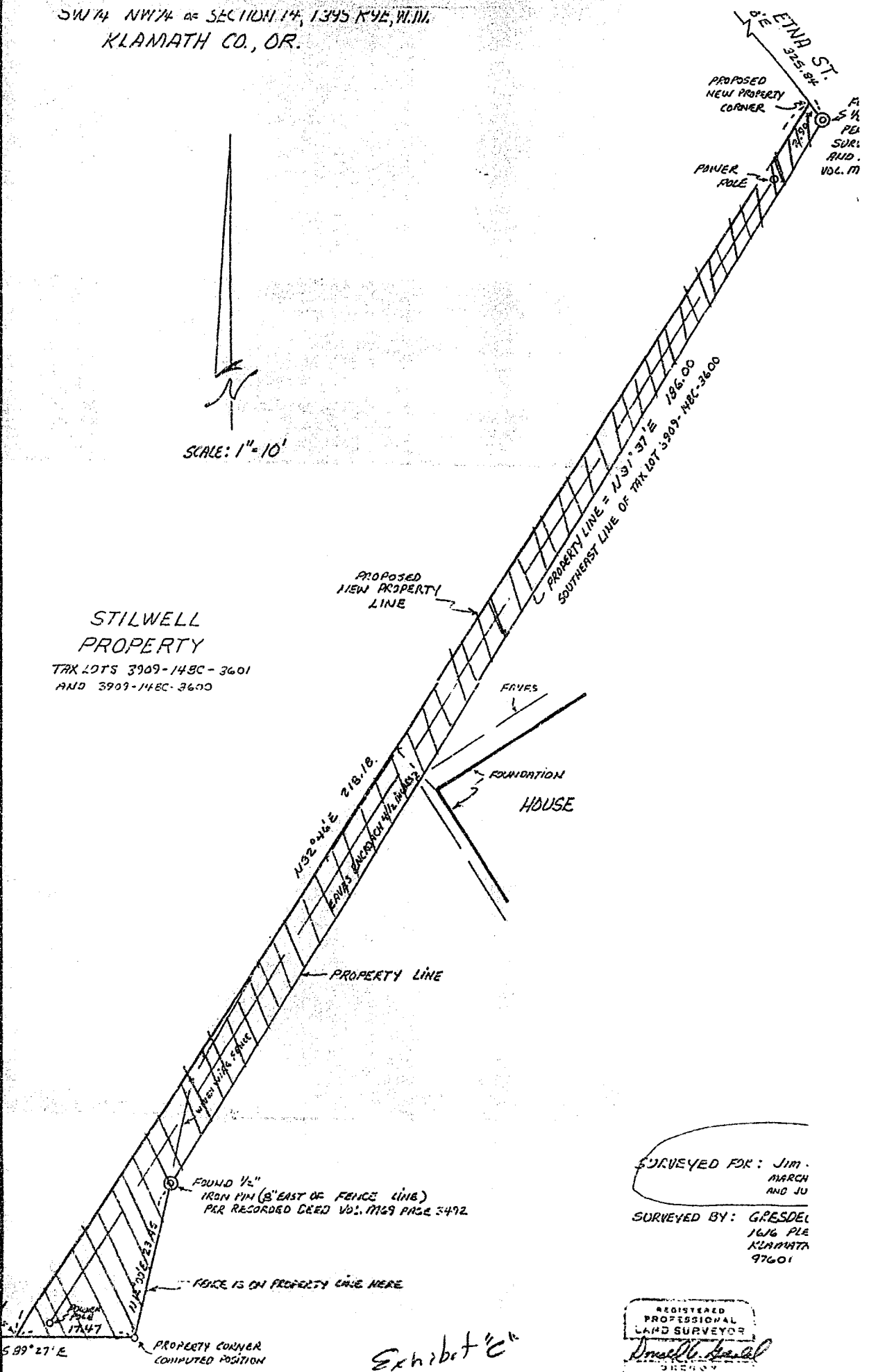
SW 1/4 NW 1/4 of SECTION 14, T39S R9E W11N.
KLAMATH CO., OR.



SCALE: 1" = 10'

STILWELL PROPERTY

TAX LOTS 3909-148C-3601
AND 3909-148C-3600



SURVEYED FOR: JIM -
MARCH
AND JU

SURVEYED BY: GRESDEL
1616 PLE
KLAMATH
97601

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Donald H. Gresdel

DIRECTOR
JULY, 1915
DEPARTMENT OF
LAND

Exhibit 'C'

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of J.F. Stilwell the 1st day
of March A.D., 1999 at 2:45 o'clock PM., and duly recorded in Vol. M99
of Deeds on Page 7081

Linda Smith, County Clerk

FEE \$45.00

Return: Stilwell
5170 S Etna Street
City 97603

by Kathleen Rosa

