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Return to:
Neal Buchanan
435 Oak St
K. Falls, OR

MTC 41553-KR
**AGREEMENT REGARDING FORBEARANCE
AND PARTIAL RELEASE**

This agreement made and entered into effective the 24th day of March, 1999 by and between HARVEY W. HOUSTON and CHARLEEN K. HOUSTON, Husband and Wife (hereinafter referred to as "Houston"; and DONALD H. CARTER and CHRISTINE L. CARTER, husband and wife (hereinafter referred to as "Carter");

RECITALS:

WHEREAS Carter is grantor and Houston is beneficiary pursuant to two certain Trust Deeds encumbering certain real property legally described as follows, to wit:

Block 17
Lots 28, 29, 30, 31, 32, 33, 34, and 35/INDUSTRIAL
ADDITION TO THE CITY OF KLAMATH FALLS, according
to the official plat thereof on file with the Clerk
of Klamath County, Oregon

(referred to hereinafter as the "Industrial Addition property").
The said Trust Deeds are recorded at Vol. M98, Page 14567 and Vol. M98, Page 4571, Mortgage Records of Klamath County, Oregon; and

WHEREAS, the parties understand and agree that each of the two said Trust Deeds contain a restraint on alienation, sometimes referred to as a "due on sale clause" and that the underlying obligation owing to South Valley Bank and Trust in like fashion contains such a restraint; and

WHEREAS, the parties understand and agree that, subsequent to their granting of the said Trust Deeds, Carter has become delinquent in Carter's performance of certain of Carter's

obligations pursuant to the Trust Deed and the Promissory Notes which they secure; and

WHEREAS, Carter has requested that Houston forbear in the bringing of action to foreclose upon the two referenced Trust Deeds securing Promissory Notes, and Houston has acquiesced in such request in exchange for the terms and conditions contained herein, and toward such end IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES hereto as follows:

1. SALE BY CARTER TO HAMILTON: It is agreed by and between the parties hereto that CARTER may proceed with its contemplated sale to HAMILTON, strictly in accordance with the terms and provisions set forth hereinafter and the terms and conditions of that certain OWNER'S SALE AGREEMENT AND EARNEST MONEY RECEIPT executed by Hamilton as Buyer on January 21, 1999.

2. PARTIAL RELEASE/ALLOCATION OF PROCEEDS: The parties understand and agree that the pending sale to Hamilton of Lots 28 and 29 is at a sales price of \$60,000.00 (with Houston "carrying back" a Trust Deed securing payment of Promissory Note in the sum of \$10,000.00). The parties agree that Houston will consent to the said sale (so as to allow for partial release of the property from the effect of the above referenced Trust Deeds securing payment of Promissory Notes) and shall endeavor to obtain from South Valley Bank and Trust a like agreement for such consent and partial release. Should such consent be granted by South Valley Bank and Trust so as to allow for closing of the Hamilton

transaction, all sales proceeds shall be delivered to an escrow at ~~Open Title~~ *Open Title* and Escrow Inc. of Klamath County. Escrow *AmeriTitle*

instructions shall be delivered to Aspen Title and Escrow, Inc. by all of the parties hereto, providing for distribution of all proceeds of the contemplated sale by Carter to Hamilton as follows:

A. There shall first be paid from out of such proceeds of sale closing costs to ~~Aspen Title and Escrow, Inc.~~ ^{AMERITITLE} attendant to closing of the transaction; and ^{HA 7/1/8} ^{ENC}

~~B. There shall then be paid the costs of termite and dry rot inspection and any other required inspection; and~~

C. There shall then be paid by Carter any real estate commissions owing as a result of closing of the sale. It being Carter's warranty that no such real estate commission is owing, as the sale was not pursuant to any circumstance which would result in Carter being responsible to pay such commissions; and

D. There shall then be paid such sums as are necessary to be paid to South Valley Bank and Trust as are necessary to obtain from the said South Valley Bank and Trust a partial release of the real property which is the subject of the Trust Deed and Promissory Note owing to the said South Valley Bank and Trust; and

E. There shall then be paid all remaining sales proceeds (including assignment of the \$10,000.00 note and Trust Deed being "carried back") to Houston, in partial satisfaction of the Trust Deeds securing Promissory Notes referred to hereinabove.

3. PARTIAL RELEASE REVIEW: The parties agree that with reference to all proposed agreements for purchase of the real property which is the subject of this agreement, Carter shall deliver immediately upon receipt of any such proposed agreement

for purchase a true and accurate copy thereof for review by Houston and South Valley Bank and Trust. As is the case with the Hamilton sale referenced above all potential future agreements for sale shall be approved (prior to acceptance by Carter and closing of the transaction) by both Houston and South Valley Bank and Trust. Such procedure shall apply until such time as both Aspen Title and Escrow, Inc. collection escrows 2858 and 2859 (securing payment of the Trust Deeds securing payment of Promissory Notes referred to hereinabove) have been paid in full, and Houston has been paid the additional consideration provided for in the next succeeding paragraph 4. Payment in full of such escrows shall include payment of all costs, Trustee and attorney fees and applicable late charges.

4. CONSIDERATION TO HOUSTON: In consideration of the forbearance by Houston in the bringing of action to foreclose, and in consideration of Houston's giving consideration to the possible consent to partial releases, Carter agrees that (at such time as Aspen Title and Escrow, Inc. collection escrows 2858 and 2859 have been paid in full) Carter shall be required to pay from out of the proceeds received in payment for the next property sold and closed the additional sum of \$20,000.00 (over and above the sums secured by collection escrows 2858 and 2859).

5. PAYMENTS TO BE MAINTAINED ON CURRENT BASIS: During all times that the parties are performing in accordance with the within agreement, and neither party is in breach of the same, Carter shall be required to continue to pay on a current basis all payments required to be paid into collection escrows 2858 and

2859, and to perform all terms and conditions of the Trust Deeds securing payment of Promissory Notes collected in said collection escrow. In the event that Carter shall fail to make the required payments pursuant to such Trust Deeds securing payment of Promissory Notes or to perform any other condition or requirement thereof (specifically including the requirements for maintenance of insurance and payment of taxes), strictly in accordance with the terms and conditions thereof, then, in such an event, Houston shall be entitled to forthwith proceed with the filing of action to foreclose upon the said Trust Deeds securing payment of Promissory Notes, without further notice to Carter.

6. SUCCESSOR INTERESTS: Each and every provision hereof shall inure to the benefit of and shall be binding upon the heirs, assigns, personal representatives and all other successors in interest of the parties.

7. WAIVER OF BREACH: No waiver of any breach by any party of the terms of this agreement shall be deemed waiver of any subsequent breach. No modification of this agreement shall be binding upon any of the parties unless reduced to writing and subscribed by all of the parties.

8. RETENTION OF RIGHTS BY HOUSTON: The parties acknowledge and agree that Houston has made demand upon Carter with reference to the assertion that Carter has breached the payment and other provisions of those certain Trust Deeds securing payment of Promissory Notes referred to hereinabove. The parties hereto agree that the parties' entry into the within agreement does not in any way prejudice the rights of Houston, as beneficiary of any

Trust Deed or promisee of any Promissory Note, to exercise the beneficiary's rights pursuant to the said Trust Deeds securing payment of such Promissory Notes to reinstate Houston's prior declaration that the full unpaid balance thereof is immediately due and payable, to request the appointment of a receiver pursuant to the terms and provisions of any of the said Trust Deeds, and to proceed with foreclosure of any of the said Trust Deeds.

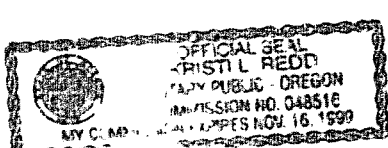
IN WITNESS WHEREOF, the parties have hereunto set their hands and seals effective the day and year set forth hereinabove.

Harvey W. Houston
HARVEY W. HOUSTON, Beneficiary

Charleen K. Houston
CHARLEEN K. HOUSTON, Beneficiary

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on the 23rd day of February, 1999 by HARVEY W. HOUSTON and CHARLEEN K. HOUSTON.



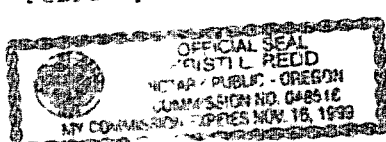
Kristin L. Redd
NOTARY PUBLIC FOR OREGON

Donald H. Carter
DONALD H. CARTER

Christine L. Carter
CHRISTINE L. CARTER

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on the 24th day of February, 1999 by DONALD H. CARTER and CHRISTINE L. CARTER



Kristin L. Redd
NOTARY PUBLIC FOR OREGON

My commission expires: 11/16/99

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STATE OF OREGON: COUNTY OF KLAMATH: ss

Filed for record at request of _____ the _____ day
of March A.D. 1999 at 3:36 o'clock P. M., and duly recorded in Vol. H99
of _____ Mortgages on Page 10952

FEE: \$35.0

Linda Smith, County Clerk
by Kristin L. Redd