

DATED: 8/18/00

PARTIES:

Paula Martin and
 Caroline Doyle
 1345 Lookout Street
 Klamath Falls, OR 97601 (hereinafter "Martin")

Duane and Shelly ^{McGraw} McGraw 
 1405 Lookout Street
 Klamath Falls, OR 97601 (hereinafter "McGr^ew")

RECITALS:

Martin intends to purchase from Caroline Doyle (hereinafter collectively known as "Martin") the real property commonly known as 1345 Lookout Street, Klamath Falls, Oregon. McGraw's property is adjacent and has a situs address of 1405 Lookout Street, Klamath Falls, Oregon.

On February 18, 1993, Donald Street in Klamath Falls, Oregon, was vacated. The instrument vacating Donald Street was recorded in Volume 93 page 3498 microfilm records of Klamath County, Oregon. Due to the vacation of said Donald Street, one-half of its width inure to the benefit of the Martin property while the other one-half inure to the benefit of the McGraw property.

The predecessors in interest to McGraw's property constructed a fence, driveway and garage that encroach upon that portion of the vacated Donald Street that inures to the benefit of the Martin property.

WHEREAS the parties desire to enter into this Settlement Agreement and License Agreement to resolve the encroachment created when Donald Street was vacated in 1993.

NOW THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged by Martin, the parties hereto agree as follows:

^N
 AGREEMENT:

1. Removal of Fence: McGraw^e agrees to remove the currently existing fence a distance of approximately 15-feet for the entire length of the fence to allow Martin to reclaim

substantially all of that portion of Donald Street that inures to the benefit of the Martin property. Martin shall grant this license to McGraw, their heirs, successor and assigns, to occupy the remaining approximate 5-feet of Donald Street which was to inure to the benefit of the Martin property to allow McGraw to utilize said 5-feet for the purpose of a driveway and garage.

2. Grant of License: Martin hereby grants to McGraw the right to possess and use the remaining 5-feet of the vacated portion of Donald Street (hereinafter "the license to property"). This License Agreement shall run with the properties and shall be appurtenant to the Martin property and shall not be extinguished or cancelled until this Agreement terminates per the terms set forth below.

3. Description and Use of Licensed Property: McGraw and McGraw's predecessor in interest has used the licensed property since approximately 1993 for the use of a driveway and garage. McGraw covenants and agrees to use the licensed property exclusively for household and family use and will not construct any permanent structures upon the same. McGraw shall maintain the licensed property in a husbandlike manner and will not allow the licensed property to be used to create a nuisance or to harm in any respects the interest of the Martin property. McGraw shall not allow nor permit other fences or structures to be located on the licensed property.

4. Termination of License: This License Agreement shall terminate by Martin giving McGraw 90 days written notice of termination or upon the abandonment of the licensed property by McGraw or their successors or assigns in interest or due to any breach of McGraw under the terms and obligations of this Agreement. The License Agreement shall also terminate upon the destruction, removal or abandonment of the fence, driveway and garage by McGraw. Upon McGraw receiving written notification of termination, McGraw shall remove any existing improvements upon the License Property, at McGraw's sole cost, and return the License property in good condition and repair to Martin. Upon termination, McGraw shall have no title, license or interest in the Licensed Property.

5. Condemnation: In the event of the partial or total condemnation of the licensed property, Martin shall be entitled to the compensation attributable to the licensed property and McGraw shall be entitled to any compensation attributable to the destruction or replacement of the fence, driveway and garage.

6. Indemnification: McGraw hereby agrees to hold harmless, indemnify and defend Martin from and against any losses, liabilities, claims, damages and costs (including reasonable attorney's fees and costs) arising out of or in connection with McGraw's use of the licensed property.

7. Miscellaneous Provisions:

7.1 Entire Agreement. This Agreement shall constitute the entire agreement between the parties with respect to the subject matter hereof and supercedes and replaces all prior understandings and agreements, whether written or oral, between the parties with respect thereto.

7.2 Modification and Amendments. No modification or amendment to this Agreement or any part hereof shall be valid unless it is in writing and signed by the parties.

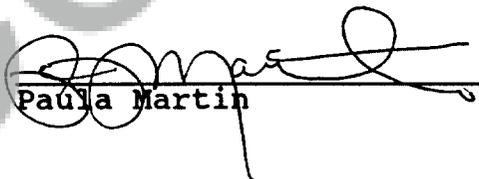
7.3 Waiver. A provision of the Agreement shall be waived only in writing and signed by the parties. The failure to enforce a provision shall operate as a waiver of that provision or any other provision.

8. Mutual Release: The parties hereto agree that this License Agreement shall in all respects satisfy any disagreements between the parties in regards to the licensed property, and for costs of survey, if any. Martin and McGraw hereby waive, acquit and forever release each other and each other's heirs, successors and assigns of any cause of action which may have accrued or arisen up to and including the date of execution of this Agreement.

9. Successors and Assigns: This Agreement and all rights and obligations and liabilities hereunder shall inure to the benefit of and shall be binding upon the parties and their successors and assigns.

10. Signature and Counterparts: This Agreement may be signed in counterpart or separately.

DATED the first date written above.


Paula Martin

STATE OF OREGON)
) ss.
County of Klamath)

Personally appeared, Paula Martin, and acknowledged the foregoing instrument to be her voluntary act and deed. Before me:

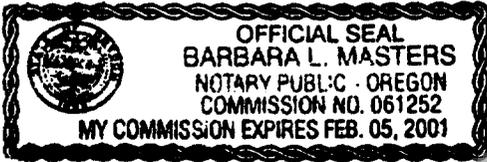

Notary public for Oregon
My commission expires: 4/16/2002



Caroline Doyle
Caroline Doyle

STATE OF OREGON)
) ss.
County of Klamath)

Personally appeared, Caroline Doyle, and acknowledged the foregoing instrument to be her voluntary act and deed. Before me:



[Signature]
Notary public for Oregon
My commission expires: 2-5-01

[Signature]
Duane McGraw

[Signature]
Shelly McGraw

STATE OF OREGON)
) ss.
County of Klamath)

Personally appeared, Duane McGraw and Shelly McGraw, and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:



[Signature]
Notary public for Oregon
My commission expires: 5/9/04

AFTER RECORDING RETURN TO:
Michael P. Rudd
411 Pine Street
Klamath Falls, OR 97601

State of Oregon, County of Klamath
Recorded 08/30/00, at 4:22 p.m.
In Vol. M00 Page 31971
Linda Smith,
County Clerk Fee \$ 36⁰⁰