

Ret. Triangle Land Co
203 E. Riverside
Vancouver, Wash
98661

CS APR 23 PM 3 30

IN THE SUPERIOR COURT OF WASHINGTON FOR CLARK COUNTY

ASGHAR SADRI, a married man,

Plaintiff,

vs.

WALLACE V. TEUSCHER and
JOAN W. TEUSCHER, husband and,
wife,

Defendants and Third
Party Plaintiffs,

vs.

JAN SADRI, wife of Asghar
Sadri,

Third Party Defendant.

NO. 84-2 00583 5

SETTLEMENT AGREEMENT

THIS AGREEMENT between Asghar Sadri, Plaintiff, herein referred to as "Sadri", and Wallace V. Teuscher and Joan W. Teuscher, Defendants, herein referred to as "Teuscher", resolves all of the issues between the parties including all issues arising out of the partnership formerly existing except Badger Mountain South.

1. Termination of Employees. The effective termination date of Joe Bevan will be the date upon which he completes the 1984 U.S. Income Tax Return for Asghar Sadri, together with miscellaneous work connected with the partnership, but in no event later than July 31, 1985. The Bevan employment will not be continued beyond ~~July 31, 1985~~ unless both Teuscher

Superior Ct. Clark Co. Wn.

No. 84-2-00583-5

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Encl.

LAW OFFICES
MORSE & BRATT
1104 MAIN STREET
P.O. Box 61566
VANCOUVER, WASHINGTON 98666

Sadri vs Teuscher

JUN 24 1985

(206) 699-4780

SETTLEMENT AGREEMENT

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WY
JS.
22
(A.S.)

1 and Sadri agree to continue the employment beyond that date. All other
2 employees of Triangle Land Company will be terminated on a date 60 days
3 from the signing of this agreement, or October 31, 1985, whichever date
4 should first occur.

5 2. Dissolution. This Agreement fully winds up the partnership
6 known as Triangle Land Company, and said partnership is dissolved for all
7 purposes effective October 31, 1985, or such earlier date that all employees
8 are terminated.

9 3. Partnership Debts. Notwithstanding the dissolution of the part-
10 nership, each party shall remain liable for one-half of all Triangle Land
11 Company's debts which were incurred by either Teuscher or Sadri with the
12 knowledge and consent of the other during the existence of the partnership.
13 Each party shall have the right to compel the other party to pay his portion
14 of the Triangle Land Company debts.

15 4. Sadri Draw. ~~Sadri shall continue to draw \$5,000 per month from~~
16 partnership funds. or, if there are no partnership funds, Teuscher shall
17 remit to Sadri \$2,500 per month through December of 1985, provided that
18 the Sadri monthly draw from January 1, 1983 through December, 1985 shall
19 not exceed a total of \$5,000 per month plus his equalizing share of dental
20 income as provided below.

21 5. Adjustment of Draw. Sadri's draw, or his right to draw, for
22 1983, 1984, and 1985, will be adjusted to provide an equalization of Sadri's
23 draw and Teuscher's dental income for those years.

24 6. Dental Income Equalization. In order to provide the equalization
25 which is set forth in paragraph 5, Teuscher's dental income will be figured

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VANCOUVER, WASHINGTON 98665

1 with adjustments made to provide that the rent which is charged as a busi-
2 ness expense shall not be more than \$600 per month. In addition, the
3 dental income may be charged an expense item for the salary paid from the
4 dental practice to Brad Alberts for the period from May 1, 1984 until Octo-
5 ber 31, 1985, or until the earlier termination date of the partnership,
6 provided that Alberts' salary shall not exceed \$2,000 per month. Any salary
7 paid to Alberts out of accounts other than the dentistry account will not be
8 charged as an expense to the dental income. Salary paid to Alberts prior to
9 May 1, 1984 will be disallowed and not included as an expense against dental
10 income. Any equipment purchased by Teuscher since January 1, 1984 will
11 not be figured as an expense of the dental practice in figuring dental in-
12 come. Teuscher also certifies that the "Jelenko money" has been included in
13 his dental income as shown on the books of his dental practice. Teuscher's
14 business expenses described in paragraph 10 shall also be charged as an
15 expense against dental income.

16 7. Figuring of Equalization. In figuring the money which Sadri is
17 entitled to receive, the amount shown on the books of Triangle Land Compa-
18 ny as draws by Sadri for 1983, 1984, and 1985 that are not matched by
19 Teuscher draws will be added together. All VISA charges which were
20 charged to Sadri's draw in 1983, 1984, and 1985 will be removed from the
21 draw account. The draws to which Sadri is entitled for the remainder of
22 1985 will also be added. All of the Sadri draws as figured will be subtracted
23 from the Teuscher net dental income for 1983, 1984, and 1985, after the
24 adjustments are made which are described in paragraph 6.
25

1 8. Payment of Equalizing Amount. Teuscher shall pay Sadri an
2 equalizing amount computed by subtracting the Sadri draws (figured as
3 provided in paragraph 7) from the dental income (figured as provided in
4 paragraph 6) and dividing that difference by one-half. The equalizing
5 amount will be paid by Teuscher to Sadri.

6 9. Payment Terms. If Teuscher owes Sadri money for the years 1983
7 or 1984, that amount will be paid in monthly payments commencing January
8 1, 1986 of \$5,000 per month, including interest at 12% per annum. Interest
9 shall be figured on the unpaid balance for 1983 adjustments from January 1,
10 1984. Interest shall be paid on the 1984 adjustments figured from January
11 1, 1985.

12 If money is owing by Teuscher to Sadri for adjustments made to
13 1985 draws and dental income, that sum will be paid at the rate of \$5,000
14 per month which shall commence on the first day of the month after the
15 payments have been completed on the 1983 and 1984 adjustments. Interest
16 on 1985 adjustment will be figured from January 1, 1986 at 12% per annum on
17 the unpaid balance.

18 10. Credit Cards. Sadri certifies that there is only one Triangle Land
19 Company credit card. Sadri will cancel this credit card on December 31,
20 1985. Teuscher will reimburse Sadri for one-half of his partnership busi-
21 ness expenses as shown on the credit card purchases which are documented
22 by IRS standards. Any Triangle Land Company business expenses which
23 Teuscher has incurred may be paid by Teuscher from dental income, as an
24 expense of the dental practice.
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1 11. Closure of Triangle Land Company Office. The office of Triangle
 2 Land Company located at 203 East Reserve Street, Vancouver, Washington
 3 shall be operated as is until its employees are terminated, or until October
 4 31, 1985, whichever date should first occur. All telephones, utilities, and
 5 service equipment shall be terminated at the same time that the office is
 6 closed. All hospital, health, and accident insurance including Teuschers but
 7 excluding Sadri, will be cancelled as of the termination date of the employ-
 8 ees, or October 31, 1985, whichever date should first occur. The hospital,
 9 health and accident insurance will be terminated for Asghar Sadri and his
 10 family on December 31, 1985. Teuscher agrees that Sadri may continue to
 11 operate a business under his own name at the address of 203 East Reserve
 12 Street, but he must do so by making separate lease or rental agreements
 13 with Melridge Properties. All Triangle Land Company files and records will
 14 be kept by a third party designated by Teuscher and Sadri. Each party
 15 will have access to the records and files at all reasonable times.

16 12. Division of Contract Receivables. All contract receivables which
 17 are property of Triangle Land Company will be placed in an escrow account
 18 with instructions to collect the contract receivables. The escrow account
 19 shall be placed with some party mutually acceptable, or, if there cannot be
 20 agreement on such a party, it shall be placed with People's National Bank,
 21 Vancouver, Washington. The proceeds received from the contract collections
 22 will be charged with all costs of establishing the collection account, and
 23 making the collections. After that, the proceeds will be divided equally and
 24 distributed one-half to Teuscher and one-half to Sadri. The parties shall be
 25 deemed the owner of such contract receivables as tenants-in-common. If

1 either Teuscher or Sadri wants to sell or discount a part or all of his share
2 of one or more of the contracts receivable, he may do so. If Teuscher and
3 Sadri decide to divide the contracts receivable on a mutually satisfactory
4 basis, they may do so.

5 13. Division of Property. Teuscher and Sadri have reached agreement
6 upon an equal division of partnership property. That equal division is set
7 forth on Exhibits "A", and "B", attached hereto. Exhibits "A" and "B" set
8 forth the properties, the mortgage balance owing upon the property, togeth-
9 er with other information which is self-explanatory.

10 All of the property described on Exhibit "A" shall be distributed
11 to Teuscher. All of the property described on Exhibit "B" shall be dis-
12 tributed to Sadri. Each party will take his respective property subject to
13 all indebtednesses, taxes, liens and encumbrances owing thereon, and each
14 party will pay the indebtedness and encumbrances owing on his property.

15 The parties agree to prorate real property taxes, rent and rental
16 deposits, and insurance as of June 30, 1985. A closing statement will be
17 prepared as soon as possible setting forth the prorates, liens and
18 encumbrances assumed.

19 The total of prorates and tax impact adjustments (see paragraph
20 15) shall be compared for properties received by Teuscher and properties
21 received by Sadri. If there is a difference, that difference will be equalized
22 using the properties described on Exhibit "C". The parties agree to use
23 Rod Ervin as the accountant to figure the amount required to equalize under
24 this paragraph.
25

1 The parties agree to use Rod Ervin as an accountant to figure the
2 amount required to equalize. If both parties agree not to use Rod Ervin,
3 another accountant may be used.

4 Each party will, at the time of approval of the closing statement,
5 warrant to the other that the facts upon which the closing statment is based
6 are correct.

7 14. Existing Joint Ventures With Vancouver Federal Savings & Loan
8 Association on Rossiter Property and Medford Property. Teuscher, Sadri,
9 and Vancouver Federal Savings & Loan Association have entered into joint
10 venture agreements for the development of the Rossiter property in Clark
11 County, Washington, and the Medford property near Medford, Oregon.
12 Teuscher will assign to Sadri all of his interests in the Rossiter Joint Ven-
13 ture, and Sadri will assign to Teuscher all of his interests in the Medford
14 Joint Venture.

15 15. Tax Impact Adjustment. It is recognized that the tax basis on the
16 properties received by Teuscher and Sadri may be different. This may
17 result in extra income taxes for one of the partners as against the other.
18 Rod Ervin is delegated to figure the difference in basis for income tax
19 purposes in the property received by the partners, excepting, however, it
20 will not be required that he figure the difference in basis on unimproved
21 lots. Rod Ervin will also compare the income tax costs to Teuscher and
22 Sadri, using 1985 tax rates, assuming that the property was sold on July 1,
23 1985. If there is a difference in possible tax costs, the difference will be
24 equalized by using the property on Exhibit "C" to equalize that difference.
25

1 Attached as Exhibit "D" is an example of this problem, and the solution of
 2 it. It is intended to include in the income tax adjustment analysis all joint
 3 venture property. Shadow Hill, however, will not be included.

4 16. Checking of Titles on Property. Ken Doane will briefly check all
 5 of the titles on the real properties described on Exhibits "A", "B" and "C",
 6 and if there are any problems with the title, that will be worked out or
 7 adjustments made to equalize between the parties.

8 17. Provision With Reference To Sterling Estates. The partners are
 9 joint venturers (but not partners) in the Sterling Estates property in
 10 Eugene, Oregon. The joint venture shall be left in place as is.

11 18. Provision With Reference to Shadow Hill. Sadri agrees to sell his
 12 share of Shadow Hills to Teuscher for \$300,000, together with interest at 10%
 13 per annum on the unpaid portion of the purchase price from July 1, 1985.
 14 Interest will be paid annually on July 1st of 1986, 1987, and 1988.
 15 Teuscher assumes the unpaid taxes and assessments as of July 1, 1985.
 16 However, if Teuscher has not sold the property by July 1, 1988, There
 17 shall be no more interest charges to Teuscher until he sells the property
 18 -syndicates it, or makes any other disposition of it. If the property is sold
 19 or otherwise disposed of after July 1, 1988, the interest due, if any, will be
 20 calculated as follows:

21 Sadri will receive the first \$300,000.00 of proceeds plus any
 22 interest which Teuscher owes. Teuscher will receive the next \$300,000.00 of
 23 proceeds plus such additional amount which shall equal the amount of
 24 interest which Teuscher has paid and Sadri has received, plus the taxes and
 25 assessments assumed by Teuscher on the effective date of this Agreement.

1 If there are still proceeds which have not been allocated, Sadri will receive
2 a sum equal to 10% of the unpaid balance on the initial \$300,000.00
3 compounded annually from July 1, 1988 to the date of such disposition up to
4 the amount of unallocated proceeds. The remaining portion of any proceeds
5 will be allocated to Teuscher. Sales price to be approved by Sadri.

6 Notwithstanding the above, if the principal sum and any interest
7 has not been paid by July 1, 1991, the unpaid principal balance and any
8 interest shall become due and payable in full.

9 19. Division of Other Real Properties. The properties on Exhibit "C"
10 have not been divided. If the properties are not needed for equalization the
11 properties shall be classified and shall be divided by lot for the appraised
12 values less encumbrances and taxes. The same procedure shall be followed
13 for any property which is inadvertently omitted from Exhibits "A", "B" or
14 "C". Every attempt will be made to provide an equal opportunity between
15 Sadri and Teuscher to acquire one-half of each classification of property,
16 after the properties have been used for equalization (see paragraph 13), and
17 the tax impact adjustment.

18 20. Sadri's Claims for Finders Fees on Joint Ventures. Sadri releases
19 all claims against Teuscher for payment of a commission or commissions on
20 joint venture agreements which may have been negotiated by Sadri and/or
21 others in behalf of Triangle Land Company, or Teuscher, and for any joint
22 ventures negotiated by Sadri or others for and in behalf of Sadri and
23 Teuscher in connection with the final dissolution of Triangle Land Company
24
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1 properties. If any commission has been paid prior to signing of this Agree-
 2 ment, and that payment has been revealed to the other party, it shall stand
 3 as paid and shall not be charged to Asghar Sadri's draw account. This
 4 does not, however, apply to Imbrogno Joint Venture. Teuscher acknowl-
 5 edges that he is indebted to Sadri for the sum of \$47,752.10 as a commission
 6 on that joint venture. However, Sadri is indebted to Teuscher for
 7 \$58,581.79, together with interest at 12% per annum on a note dated January
 8 10, 1985. The two obligations are offset, and the sole liability on the claims
 9 described in this paragraph shall be the sum of \$10,829.69, represented by
 10 a note dated July 1, 1985, signed by Sadri, payable to Teuscher, due July
 11 1, 1986 with interest at 12% per annum computed from July 1, 1985. The
 12 January 10, 1985 note for \$58,581.79 shall be cancelled.

13 21. Badger Mountain Properties. The parties shall remain as ten-
 14 ants-in-common on the real property known as Badger Mountain South, and
 15 owned by the Badger Mountain Limited Partnership. Nothing contained
 16 within this Agreement shall be deemed as releasing the obligation of one
 17 party to the other with reference to claims owing to third parties and/or
 18 each other and growing out of the Badger Mountain property.

19 22. Bush Gardens Joint Venture. The parties are joint venturers (but
 20 not partners) in the development of Bush Gardens in Vancouver, Clark
 21 County, Washington. That joint venture shall be left in place as it is. No
 22 change shall be made in the ownership of that joint venture. Teuscher is
 23 only involved in one portion of Bush Gardens.
 24
 25

1 23. Moratorium Upon Accounting Service. Teuscher and Sadri will
2 hire Rod Ervin, or another acceptable accountant, to work on accounting
3 matters relating to the termination of the partnership, and to approve the
4 theory and form of this Agreement. It is the intent of both parties to
5 provide for equal division with equal economic impact for both partners. He
6 will analyze the tax impact and the partners will make contributions to each
7 other so the tax impact will be equalized on all properties.

8 24. Basis. The basis of the partnership property will be left as it is
9 on the books of Triangle Land Company without adjustment. The partner-
10 ship tax returns for 1984 and 1985 will be filed on the same basis as previ-
11 ously filed and the 1982 return will not be amended. The partnership will
12 be dissolved on the basis that the capital accounts are equal.

13 25. Division of Tangible Personal Property. The tangible property
14 shall be equally divided by agreement. If the parties cannot agree upon the
15 division of the same, the tangible personal property shall be sold for cash,
16 and the proceeds equally divided. The property shall be either divided, or
17 sold, at or prior to the closure of the Triangle Land Company office. Any
18 remaining cash in bank accounts will be equalized.

19 26. Mutual Releases. Each party releases the other from any claims,
20 or causes of action which one may have against the other, and growing out
21 of their past business relationships, except for the matters described in
22 relationship to Badger Mountain property.
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1 27. Entry of Court Orders. The Court will be asked to enter an
2 order approving this Agreement, and ordering a distribution of the prop-
3 erties to be divided between the parties. Upon completion of the division of
4 properties, and filing of receipts showing the receipt of the properties, and
5 filing a receipt showing payment of all fees owing to Rod Ervin, the court
6 appointed accountant, or an agreement entered into with Mr. Ervin satisfac-
7 tory to him for the payment of those fees, the Clark County action will be
8 dismissed with prejudice as to all counts except for the counts related to
9 Badger Mountain. The count related to Badger Mountain (§ XII) which is
10 now before the Clark County court will be dismissed without prejudice. The
11 words "with prejudice" mean that the claim cannot ever be brought again.
12 The words "without prejudice" mean that the matter has not been decided,
13 and it is possible to bring another suit on it. The order of dismissals will
14 be entered at the request of either party, upon these conditions being met.

15 28. Signature By Jan Sadri. Jan Sadri, wife of Asghar Sadri, is
16 signing this Agreement. By doing that, Jan Sadri acknowledges that she
17 has no interest in Triangle Land Company. Jan Sadri also agrees to dismiss
18 the law suit with prejudice.

19 29. Reliance By Sadri. Sadri acknowledges that in signing this
20 Agreement he has not in any respect relied upon the advice or counsel or
21 interpretation of John E. Morse or any attorney with the law firm of Morse &
22 Bratt.
23
24
25

DATED this 24 day of June, 1985.

Approved as to form:

John E. Morse

Wallace V. Teuscher
Wallace V. Teuscher

Joan W. Teuscher
Joan W. Teuscher

Asghar R. Sadri
Asghar R. Sadri

Jan Sadri
Jan Sadri

STATE OF WASHINGTON)

County of Clark)

:ss

On this day personally appeared before me Wallace V. Teuscher
and Joan W. Teuscher ^(SLB), husband and ^(SLB) wife, to me known to be the
individuals described in and who executed the foregoing instrument,
and acknowledged that ^{HE(SLB)} they signed the same as their free and voluntary
act and deed for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 24th day of
June, 1985.

James L. Bratt
Notary Public in and for the State of
Washington, residing at Vancouver.

1 STATE OF WASHINGTON)

:ss

2 County of Clark)

3 On this day personally appeared before me Asghar R. Sadri, to me
4 known to be the individual described in and who executed the foregoing
5 instrument, and acknowledged that he signed the same as his free and
6 voluntary act and deed for the uses and purposes therein mentioned.

7 GIVEN UNDER MY HAND ~~AND OFFICIAL SEAL~~ this 24 day of
8 June, 1985.

Tom Lodge
Notary Public in and for the State of
Washington, residing at Vancouver.

Judge, Superior Court

12 STATE OF WASHINGTON)

:ss

13 County of Clark)

14 On this day personally appeared before me Jan Sadri, to me known
15 to be the individual described in and who executed the foregoing in-
16 strument, and acknowledged that she signed the same as her free and
17 voluntary act and deed for the uses and purposes therein mentioned.

18 GIVEN UNDER MY HAND AND OFFICIAL SEAL this 24th day of
19 June, 1985.

Sharon L. Laiden
Notary Public in and for the State of
Washington, residing at Vancouver.

6984

RED MOUNTAIN RANCHETTES

Lots 2, 4, 11, 15, 16, 20, 21, and 25 of Red Mountain Ranchettes I according to the plat thereof, recorded in Volume 11, at Page 4, records of Benton County, Washington.

Lots 2, 4, 5, and 8 of Red Mountain Ranchettes Phase II, Block I according to the plat thereof, recorded in Volume 13, Page 16, records of Benton County, Washington.

Lots 4, 5, 7, 9, 20, 26, and 29 of Red Mountain Ranchettes Phase II, Block II according to the plat thereof, recorded in Volume 13, Page 16, records of Benton County, Washington.

KLAMATH FALLS COMMERCIAL

Lots 7 and 8 in Block 4 of SHADOW HILLS as recorded in Klamath County Plat records, in Klamath County, Oregon.

SHALIMAR II LOT 106

Lot 106 of Shalimar II according to the plat thereof, recorded in volume "G" of Plats at page No. 790, records of Clark County, Washington.

HOUSES

LOTS 4, 13, 17, 24, 25, 138, AND 140, all in Airport Heights according to the plat thereof, recorded in Volume "G" of Plats, at Page No. 736, records of Clark County, WA.

Lots 6 and 42, all in Bush Gardens I according to the plat thereof, recorded in Volume "G" of plats, at Page No. 546, records of Clark County WA.

Lots 4, 8, 10, and 47 all in Bush Gardens III according to the plat thereof, recorded in Volume "G" of Plats, at Page No. 636, records of Clark County, WA.

Lots 10, 29, and 35, all in Burtonwood III according to the plat thereof, recorded in Volume "G" of Plats at Page No. 612, records of Clark County, WA.

Lots 7 and 38, all in Fir Gardens I according to the plat thereof, recorded in Volume "G" of Plats, at Page No. 675, records of Clark County, WA.

Lots 1 and 9, all in Hearthwood II according to the plat thereof, recorded in Volume "G" of Plats, at Page No. 588, records of Clark County, WA.

Lots 38, 40, 42, 43, 45, and 136, all in Shalimar II according to the plat thereof, recorded in Volume "G" of Plats, at Page No. 790, records of Clark County, WA.

Lots 23, 24, 25, 26, 27, 28, 29, 57, 58, 70, 71, 72, 73, 74, 75, 76, 77, 78, 80, 81, 82, and 83, all in Shalimar III according to the plat thereof, recorded in Volume "G" of Plats, at Page No. 804, records of Clark County, WA.

Lots 12, 17, 21, 24, and 26, all in Shalimar IV according the the plat thereof, recorded in Volume "G" of Plats, at Page No. 820, records of Clark County, WA.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ 23rd day
of April _____ A.D., 19 86 at 3:30 o'clock P M., and duly recorded in Vol. M86
of _____ Deeds on Page 697 0

FEE \$61.00

Evelyn Biehn,
By _____ County Clerk