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K-38956  
TRUST DEED

4142

Dated: December 22, 1986.

Vol. 187 Page

By: Albert LeQuieu and Thora LeQuieu  
("Grantors"), whose address is 3004 Raymond Street,  
Klamath Falls, Oregon 97603

To: Klamath County Title Co.  
("Trustee"), whose address is Post Office Box 151, 422 Main  
Street, Klamath Falls, Oregon 97601

For: The Benj. Franklin Leasing Company, Inc.  
("Beneficiary"), whose address is 501 S.E. Hawthorne Street,  
Suite 407, Portland, Oregon 97214

are hereby acknowledged, the receipt and sufficiency of which  
and convey in trust to Trustee for the benefit of Beneficiary the real  
property situated in Klamath County, Oregon, legally described in  
attached Exhibit 1 (hereafter referred to as the "Real Property"),  
together with the tenements, hereditaments, and appurtenances now or  
hereafter belonging thereto and the proceeds, rents, issues, and profits  
therefrom.

This conveyance is intended as a trust deed to secure perfor-  
mance of (a) the covenants and agreements hereinafter made, (b) payment  
of all amounts that are owed, or may be owed, by Albert LeQuieu to  
Beneficiary in accordance with a settlement agreement of even date  
herewith (the "Instrument"), a copy of the relevant portion of which is  
attached to this trust deed as Exhibit 2, and (c) all other present or  
future debts, liabilities, or obligations of any kind or nature, direct  
or indirect, of Grantors to Beneficiary, including, but not limited to,  
all advances by Beneficiary in servicing and enforcing the debts,  
obligations, and liabilities of Grantors and in preserving, handling,  
protecting, collecting, foreclosing, disposing and otherwise realizing on  
any and all security therefor, including Real Property. The interest  
rate, payment terms, or balance due on the Instrument may be indexed,  
adjusted, renewed, or renegotiated.

Grantors represent and warrant that (a) Grantors now are the  
owners of Real Property in fee simple and have the right and authority to  
convey Real Property as provided herein, (b) Real Property is not  
currently used for agricultural, timber, or grazing purposes, and  
(c) Real Property now is free and clear of all liens and encumbrances.

This trust deed, and the warranties, covenants, and agreements  
made herein, shall bind Grantors and Grantors' personal representatives,  
heirs, successors, and assigns and inure to the benefit of Trustee,  
successor trustees, Beneficiary, and Beneficiary's personal representa-  
tives, heirs, successors, and assigns.

Grantors hereby make the following covenants and agreements:

1. Albert LeQuieu will pay the debts and liabilities secured by this trust deed promptly when due. Grantors will strictly and punctually perform all additional obligations, covenants, and agreements that are contained in this trust deed, the Instrument, and any other applicable instrument or agreement between Grantors and Beneficiary.
2. Grantors will (a) pay all taxes, assessments, and other charges of every nature (including utilities) that may be levied or assessed upon or against Real Property, or any part thereof, when due and payable according to law, (b) promptly pay and satisfy as and when required all construction liens and other liens or encumbrances that are, or might by operation of law or otherwise become, a prior lien on Real Property, (c) comply with all existing and future laws, orders, and regulations of all governmental bodies that affect Real Property or the use thereof, (d) defend Beneficiary's rights against any and all liens and encumbrances, and (e) hold Trustee and Beneficiary harmless from all costs incurred in connection with such taxes, assessments, charges, compliance with governmental requirements, liens, and encumbrances.
3. Grantors will (a) keep all improvements on Real Property in good order and repair, (b) not commit or suffer any waste of Real Property and (c) not do or allow any act or omission, including removal or alteration of improvements, that will materially reduce the security value of Real Property.
4. Grantors will keep all improvements now or hereafter on Real Property insured against loss or damage by fire with extended coverage indorsement by a responsible insurance company satisfactory to Beneficiary in an amount equal to the full replacement value of the improvements. The insurance policy shall name Grantors and Beneficiary insured parties as their respective interests may appear and provide that such insurance coverage will not be canceled without at least 15 days' prior written notice having been given to Beneficiary. Grantors will give prompt notice to Beneficiary of any insured or uninsured casualty. In the event of any condemnation under the power of eminent domain or insured casualty, all proceeds may, at the option of Beneficiary and the holder of any prior mortgage or trust deed, be applied either to repairs, restoration, or replacement of improvements or to payment of the debts secured by this trust deed and any prior mortgage or trust deed. Beneficiary is hereby appointed Grantors' agent to collect, apply, and disburse all proceeds payable as a result of either condemnation or insured casualty.
5. Grantors will afford Beneficiary the right to enter upon and inspect Real Property at all reasonable times.

It is agreed that, if Grantors allow insurance coverage to expire or fail or refuse to pay taxes, assessments, charges, liens, or encumbrances or to comply with governmental requirements, Beneficiary may, but shall not be required to, procure, pay, or perform the same and

the amount of such payment or cost of such procurement or performance, together with interest thereon at the rate provided for in the Instrument, shall be immediately due and payable by Grantors to Beneficiary and secured by the lien of this trust deed.

Time is of the essence. If (a) Real Property is destroyed or substantially damaged or the security value thereof materially reduced, (b) Albert LeQuieu shall fail to make any of the payments provided for in the Instrument promptly when due or Grantors shall fail to satisfy and discharge Grantors' other debts and liabilities when due to Beneficiary or Grantors shall fail to perform any covenant or agreement contained herein or in any other applicable agreement within 15 days after receipt of written notice of failure to perform the same, (c) Grantors shall sell or transfer Real Property or any interest therein voluntarily, involuntarily, or by operation of law without the prior written consent of Beneficiary, or (d) Grantors, or either of them, become insolvent or unable to pay debts as they mature, make an assignment for the benefit of creditors, or petition for or become the subject of any federal or state law receivership, insolvency, liquidation, or reorganization proceeding or case, then Grantors shall be in default hereunder and Beneficiary shall have the option to declare all debts and liabilities of Grantors to Beneficiary immediately due and payable and this trust deed by reason thereof may be foreclosed at any time thereafter either by advertisement and sale in the manner provided in ORS 86.705 to 86.795 or by civil action as a mortgage; provided, however, that Grantors shall not be deemed in default hereunder by reason of failure to pay any taxes, assessments, liens, or other charges levied, assessed, or imposed upon or against Real Property when due and payable so long as Grantors are contesting such taxes, assessments, liens, or charges in good faith by appropriate means and Grantors provide to Beneficiary assurances satisfactory to Beneficiary (including cash deposits or bonds) that Beneficiary's interests will not be jeopardized as a result of the contest.

This trust deed, without affecting its validity as a real estate trust deed and mortgage, is also executed and shall be construed as a security agreement under the Uniform Commercial Code granting to Beneficiary a security interest in all personal property and fixtures located on or used in connection with Real Property and an assignment to Beneficiary in and to any "contract vendor" or similar interest of Grantors in and to Real Property. In addition to the rights and remedies provided herein, Beneficiary shall have all the rights and remedies granted by such Uniform Commercial Code; and reasonable notice, when notice is required, shall be 15 days. Grantors covenant and agree to execute and file financing statements and similar instruments deemed necessary or desirable by Beneficiary to perfect, continue, and renew said security interest and assignment.

The word "Trustee" shall include the successors in interest of the above-named trustee.

No covenant, agreement, or condition of this trust deed shall be deemed waived unless expressly waived in writing by Beneficiary. The failure of Beneficiary at any time to require strict performance by Grantors of any covenant, agreement, or condition shall not estop or otherwise affect Beneficiary's right to enforce the same nor shall any acceptance of partial payment on account, waiver, or forbearance by Beneficiary be held to be a waiver of Grantors' default or the covenant, agreement, or condition itself or any future failure to perform the same.

In the event of any transfer of Real Property or any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, Beneficiary may, without notice to Grantors, or anyone else, once or often, extend the time of payment or grant renewals of the debt hereby secured for any term, execute releases or partial releases from the lien of this trust deed, or in any other respect modify the terms hereof without thereby affecting the personal primary liability of Albert LeQuieu for the payment of the debts and liabilities hereby secured. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, the notice, demand, or request shall be sufficient if actually furnished to Grantors or mailed to Grantors by certified mail, return receipt requested, in a postpaid envelope addressed to the last address of Grantors shown in Beneficiary's records.

In the event Beneficiary elects to foreclose this trust deed by advertisement and sale in the manner provided in ORS 86.705 to 86.795, Grantors and certain other persons specified by those statutes shall have the right, at any time prior to five days before the date set by Trustee for the trustee's sale, to cure Grantors' default by payment to Beneficiary of the entire amount then due, other than such portion of the principal of the Instrument and any other instruments secured by this trust deed as would not then be due had no default occurred, plus all costs and expenses incurred and all fees provided by those statutes.

In the event civil action is instituted to foreclose this trust deed as a mortgage, which results in judgment against Grantors, Grantors agree to pay all costs and disbursements allowed by law and such sum as the trial judge or appeal court may adjudge reasonable as attorney fees in such action, together with reasonable costs incurred by Beneficiary for title reports and title search, all such sums to be secured by the lien of this trust deed and included in the decree of foreclosure.

As a material inducement to Beneficiary, Grantors covenant and agree that Beneficiary, either directly or through a receiver appointed by the presiding judge of the circuit court for the county in which Real Property is located, may take possession of Real Property upon Grantors' default hereunder (whether or not the apparent value of Real Property exceeds the debts and liabilities of Grantors to Beneficiary), collect the rents and profits therefrom and apply the same, after payment of costs, charges, and expenses, to the payments of amounts due to Beneficiary during the pendency of any foreclosure either by

advertisement and sale or by civil action. Any receiver appointed may  
serve without bond.

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IN WITNESS WHEREOF, Grantors have executed this trust deed as of  
the date first above written.

Albert LeQuieu  
Albert LeQuieu

Thora LeQuieu  
Thora LeQuieu

STATE OF OREGON )

COUNTY OF Clatsop ) SS

This instrument was acknowledged before me on December 29, 1986,  
by Albert LeQuieu and Thora LeQuieu.

William K. Miller  
Notary Public of Oregon  
My commission expires: 8-16-89

After recording, return to:

Louis G. Henry  
Miller, Nash, Wiener, Hager  
& Carlsen  
Attorneys at Law  
111 S.W. Fifth Avenue  
Portland, Oregon 97204

The following described real property situated in the  
County of Klamath, State of Oregon, described as:

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That portion of the SW1/4 SW1/4 of Section 8,  
Township 38 South, Range 9 East of the Willamette  
Meridian, more particularly described as follows:

Commencing at the corner common to Sections 7, 8,  
17, and 18, running thence along the West line of  
Section 8, North 00°28'00" East 517.41 feet; thence  
South 89°32'00" East 101.79 feet; thence parallel to  
the West line of Section 8, North 00°28'00"  
East 140.88 feet to a 5/8 inch rebar marking the  
North line of Parcel II and the point of beginning;  
thence continuing North 00°28'00" East 287.06 feet;  
thence North 89°32'00" West 101.79 feet to the West  
line of Section 8; thence along said Section line  
North 00°28'00" East 381.40 feet to the 1/16 Section  
line that sets the North line of the Southwest  
one-quarter of the Southwest one-quarter of  
Section 8; thence along said 1/16 line South  
89°47'28" East 1326.43 feet to the 1/16 Section line  
that sets the East line of the Southwest one-quarter  
of the Southwest one-quarter of Section 8, thence  
along said 1/16 line, South 00°35'43" West 667.31  
feet to a point South 89°52'00" East of the point of  
beginning; thence along the North line of Parcel II,  
North 89°52'00" West 50.00 feet to a 5/8 inch rebar  
marking said parcel line; thence continuing along  
said parcel line North 89°52'00" West 1173.15 feet  
to the point of beginning, all in Klamath County,  
Oregon,

TOGETHER WITH: A 40.00 foot wide road easement  
located in the SE1/4 SE1/4 Section 7, T. 38S., R.  
9E., W.M.; being 20.00 feet on each side of the  
following described centerline:

Beginning at a point on the East line of Section 7  
from which a 1/2 inch pipe marking the Southeast  
corner of Section 7 bears South 00°28'00"  
West 497.41 feet distant; thence North 89°32'00"  
West 252.43 feet; thence South 47°28'00" West 305.82  
feet to a point on the Northeasterly right-of-way  
line of Uhrmann Road.

ALSO TOGETHER WITH: A 40.00 foot wide road  
easement, located in the SW1/4 SW1/4 of Section 8,  
T. 38S., R. 9E., W.M. being 20.00 feet on each side  
of the following described centerline:

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Beginning at a point on the West line of Section 8 from which a 1/2 inch pipe marking the Southeast corner of Section 8 bears South 00°28'00" West 497.41 feet distant; thence running South 89°32'00" East 121.79 feet; thence North 00°28'00" East 160.80 feet to the South line of the above described Parcel.

## SETTLEMENT AGREEMENT

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WHEREAS, on July 8, 1981, NuEquitable Leasing Company ("NuEquitable") entered into a lease agreement ("the Lease Agreement") with Judson Baptist College ("Judson Baptist"), whereby NuEquitable leased certain equipment ("the Leased Equipment") to Judson Baptist, and

WHEREAS, between July 14, 1981, and July 26, 1981, Louis Jesse Beres ("Beres"), Verne R. Buhler ("Buhler"), Jack L. Koken ("Koken"), Colin R. Larson ("Larson"), Robert E. Laughlin ("Laughlin"), Albert LeQuieu ("LeQuieu"), Elbert Marshall Swink ("Swink"), and Lynn K. Wallace ("Wallace") (collectively referred to in this agreement as "the Guarantors") each executed and delivered to NuEquitable documents entitled "Guaranty Agreement," and

WHEREAS, The Benj. Franklin Leasing Company, Inc. ("BFL"), is the successor in interest of NuEquitable, and thereby acquired, among other things, all the rights and liabilities of NuEquitable in the Lease Agreement and the guaranty agreements, and

WHEREAS, Judson Baptist defaulted on its obligations to BFL under the Lease Agreement, and

WHEREAS, after Judson Baptist's default on the Lease Agreement, BFL accelerated the remaining balance owed on that agreement and instituted an action in Multnomah County Circuit Court, Case No. A8506-03142 ("the Litigation"), against Judson Baptist and the Guarantors alleging that they owed BFL



\$180,018.69, together with interest on that sum at the legal rate from May 1, 1985, until paid, and

WHEREAS, Judson Baptist subsequently filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code, and

WHEREAS, pursuant to an order in the Judson Baptist bankruptcy proceeding, Judson Baptist was allowed to retain possession of the Leased Equipment provided that it paid BFL \$1,800 per month as adequate protection payments and otherwise complied with the terms of the order of the bankruptcy court, and

WHEREAS, Judson Baptist has failed to make the adequate protection payments described in the preceding paragraph and BFL is entitled to possession of the Leased Equipment, and

WHEREAS, Beres, Buhler, Koken, Larson, LeQuieu, Swink, and Wallace raised certain defenses in the Litigation whereby they denied their obligations to BFL on the guaranty agreements, and

WHEREAS, BFL disputes the validity of the defenses alleged by Beres, Buhler, Koken, Larson, LeQuieu, Swink, and Wallace in the Litigation, but a settlement and compromise of the dispute between the parties to the Litigation having been effected,

NOW, THEREFORE, for valuable consideration, it is hereby agreed as follows:

1. Koken, Larson, and Swink shall each pay BFL \$13,750, together with interest accrued through December 16, 1986, of \$315. Beres, Buhler, LeQuieu, and Wallace shall each pay BFL \$13,750, together with interest accrued through December 16, 1986, of \$315, together with interest on the sum of \$13,750 at the rate of 9 percent per annum from December 17, 1986, until paid. Laughlin shall pay BFL \$30,000, together with interest on that sum at the rate of 9 percent per annum from June 12, 1986, until paid. The payments described in this paragraph shall be made to BFL as set forth below.

2. Koken, Larson, and Swink shall pay the amount they owe BFL pursuant to paragraph 1 of this agreement in full at the time they execute this settlement agreement.

3. Wallace shall pay the amount he owes BFL pursuant to paragraph 1 of this agreement as follows: (a) \$4,000 at the time Wallace executes this agreement; (b) \$3,500 on or before January 15, 1987; (c) \$3,500 on or before February 15, 1987; and (d) the remaining balance of principal and interest on or before March 25, 1987.

4. Beres shall pay the amount he owes BFL pursuant to paragraph 1 of this agreement as follows: (a) at least \$200 per month, commencing on January 1, 1987, and on the first day of each month thereafter through and including January 1, 1988, which payments must total at least \$6,000; (b) at least \$200 per month from February 1, 1988, and on the first day of each month thereafter through and including May 1, 1988; and (c) the

remaining balance of principal and interest on or before June 1, 1988. At the time Beres executes this settlement agreement, Beres shall execute and deliver to BFL a trust deed in the form of attached Exhibit A as collateral security for Beres's indebtedness to BFL.

5. Buhler shall pay the amount he owes BFL pursuant to paragraph 1 of this agreement as follows: (a) \$2,000 at the time Buhler executes this agreement; (b) \$500 per month, commencing on January 1, 1987, and on the first day of each month thereafter through and including May 1, 1988; and (c) the remaining balance of principal and interest on or before June 1, 1988. At the time Buhler executes this settlement agreement, Buhler and Nina J. Buhler shall execute and deliver to BFL a mortgage in the form of attached Exhibit B as collateral security for Buhler's indebtedness to BFL.

6. LeQuieu shall pay the amount he owes BFL pursuant to paragraph 1 of this agreement as follows: (a) \$1,500 at the time LeQuieu executes this agreement; (b) \$300 per month, commencing on January 1, 1987, and on the first day of each month thereafter through and including May 1, 1988; and (c) the remaining balance of principal and interest on or before June 1, 1988. At the time LeQuieu executes this settlement agreement, LeQuieu and Thora LeQuieu shall execute and deliver to BFL a trust deed in the form of attached Exhibit C as collateral security for LeQuieu's indebtedness to BFL.

7. Laughlin shall pay the amount he owes BFL pursuant to paragraph 1 of this agreement on or before June 1, 1988. At

the time Laughlin executes this settlement agreement, Laughlin and Mildred R. Laughlin shall execute and deliver to BFL a trust deed in the form of attached Exhibit D as collateral security for Laughlin's indebtedness to BFL.

8. If Judson Baptist fails to make its adequate protection payments to PFL as required by the order of the bankruptcy court and BFL recovers the Leased Equipment and sells that equipment, or the Leased Equipment is otherwise disposed of, and BFL receives less than \$35,000 in net sale proceeds from the sale or other disposition of the Leased Equipment (as used in this agreement, the phrase "net proceeds" means gross proceeds of the sale of the Leased Equipment, less reasonable costs and expenses, including sale costs, storage costs, repossession costs, and other expenses related to the disposition of the Leased Equipment, if any), then Beres, Buhler, Koken, Larson, LeQuieu, Swink, and Wallace shall each pay BFL one-seventh of the difference between \$35,000 and the amount received by BFL as net proceeds from the sale or other disposition of the Leased Equipment. The contingent liability described in the preceding sentence shall not exceed \$1,000 per person, plus interest on the amount of such liability at the rate of 9 percent per annum from the date the last of the Leased Equipment is sold, or otherwise disposed of, until paid. If the contingent liability of Beres, Buhler, Koken, Larson, LeQuieu, Swink, and Wallace described in this paragraph becomes due, the amounts owed, plus interest, shall be paid to

BFL on or before June 1, 1988, or a date that is 30 days after 4154  
the date the last of the Leased Equipment is sold, or otherwise  
disposed of, whichever date is later.

9. At the time Beres, Buhler, Laughlin, LeQuieu, and  
Wallace execute this settlement agreement, they shall execute  
and deliver to BFL confessions of judgment in the form of  
attached Exhibits E through I, respectively. BFL hereby  
covenants and agrees not to file or record those judgments, or  
execute upon those judgments, provided that Beres, Buhler,  
Laughlin, LeQuieu, and Wallace comply with their obligations  
under this agreement. In the event that Beres, Buhler,  
Laughlin, LeQuieu, or Wallace do not comply with the terms of  
this agreement within 15 days of written notice of such  
default, BFL shall be entitled to present the confession of  
judgment signed by such person, or persons, who does not so  
comply, to the presiding judge of the county in which such  
person, or persons, reside for entry and subsequent execution.  
The notice of default referred to in the preceding sentence  
shall be sent by BFL to the Guarantors by certified mail,  
return receipt requested. The amount of any payments received  
by BFL at the time of execution of this agreement, or  
thereafter, from Beres, Buhler, Laughlin, LeQuieu, and Wallace  
shall be applied to their respective debts and, to the extent  
of such application, be deemed to constitute partial  
satisfaction of the judgments given to BFL by the person, or  
persons, who makes such payments.

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EXHIBIT 2

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 16th day  
of March A.D., 19 87 at 2:11 o'clock P.M., and duly recorded in Vol. M87  
of Mortgages on Page 4142.  
By Evelyn Biehn, County Clerk [Signature]

FEE \$53.00