

K-47521

Until a change is requested,
all tax statements shall be
sent to the following address:

Dean P. Gisvold
McEwen, Gisvold, Rankin,
Carter & Streinz
1600 Standard Plaza
1100 S.W. Sixth Avenue
Portland, Oregon 97204

After recording, return to:

Dean P. Gisvold
McEwen, Gisvold, Rankin,
Carter & Streinz
1600 Standard Plaza
1100 S.W. Sixth Avenue
Portland, Oregon 97204

NON-MERGER DEED IN LIEU OF FORECLOSURE

RECITALS:

A. This Non-merger Deed in Lieu of Foreclosure is made, executed and entered into as of the 6 day of December, 1995, between **SWAN LAKE MOULDING COMPANY**, an Oregon Corporation ("Grantor"), and **THE TRAVELERS INSURANCE COMPANY**, a Connecticut corporation ("Grantee"). Capitalized words and terms used herein without other definition shall have the meanings given in the Settlement Agreement between Grantor and Grantee of even date herewith.

B. Grantor owns fee simple title to the real property legally described on Exhibit "A" which is attached hereto and incorporated herein by this reference, in the County of Klamath, State of Oregon, and hereafter referred to as the "Real Property."

C. To evidence and secure a loan ("Loan") made by Grantee to Frederick and Helen Ehlers (the "Ehlers"), as ground lessees of the Real Property, Grantor, the ground lessor of the Real Property, together with the Ehlers, executed and delivered a Mortgage dated September 21, 1979, and recorded on September 27, 1979 at Volume M 79, page 22946 in the Klamath County Real Property Records ("Mortgage"), which secures a Note signed by the Ehlers dated September 21, 1979, in the principal amount of \$4,500,000.00 ("Note").

D. Grantor agrees that the Mortgage and the other documents evidencing and securing the Loan (collectively the "Loan Documents") are in default and are currently in foreclosure in Klamath County Circuit Court, Case No. 9402439CV. Grantor further agrees that all notice provisions have been complied with and all grace periods have either expired or have been waived by Grantor. Grantor acknowledges that Grantee has declared the Note and all indebtedness under and secured by the Loan Documents due and payable and that the present fair market value of the Real

Property is less than the amount owing under the Note (the "Mortgage Debt").

E. Pursuant to the Settlement Agreement between Grantee and Grantor dated December 6, 1995, the "Settlement Agreement", the parties desire to avoid Grantor's further involvement in the foreclosure litigation and reduce the cost and expense of such litigation by providing for a conveyance of the Real Property to Grantee.

AGREEMENT:

NOW THEREFORE, IN CONSIDERATION OF the foregoing Recitals and the recitals and the mutual covenants described herein and in the Settlement Agreement, the parties agree as follows:

1. Grantor hereby conveys to Grantee, its successors and assigns, the Real Property, together with all appurtenances thereunto belonging or in anyway appertaining, whether now or hereafter acquired.

2. Grantor acknowledges and agrees that the conveyance of the Real Property to Grantee according to the terms of the Settlement Agreement and this Non-merger Deed in Lieu of Foreclosure is an absolute and unconditional conveyance of all of its rights, title, and interest in and to the Real Property, in fact, as well as form, and was not and is not now intended as a mortgage, trust, conveyance, deed of trust, or other security instrument of any kind, the consideration for such conveyance being exactly as recited in the Settlement Agreement and herein; that Grantor has no further interests (including rights of redemption, equitable or statutory) or claims in and to the Real Property or to the proceeds and profits that may be derived thereof of any kind whatsoever, except as set forth in the Settlement Agreement; that possession of the Real Property hereby is surrendered and delivered to Grantee; that in executing this deed, Grantor is acting with the advice of counsel, and is not acting under any misapprehension as to the effect thereof or any duress, undue influence, or misrepresentation by Grantee or its representatives, agents, or attorneys; that this deed is not given as a preference over other creditors of Grantor; and that there is no person, partnership, or corporation other than Grantee interested in the Real Property directly or indirectly in any manner whatsoever except as aforesaid.

3. It is the express intent of the Grantee and Grantor that the interests of the Grantor in and to the Real Property conveyed herein shall not merge with the security and other interests of Grantee so as to forfeit or in any way prejudice the rights of Grantee with respect to the Real Property, but shall be

and remain at all times separate and distinct interests, notwithstanding any union of said interests in the Grantee at any time by operation of this Deed in Lieu of Foreclosure or the Settlement Agreement; and that the lien or liens of the Grantee in and to the Real Property conveyed hereby created by the Mortgage and the other Loan Documents shall be and remain at all times valid and continuous liens upon the Real Property.

4. Grantor does hereby convey to Grantee all of its rights of redemption concerning the Real Property and Mortgage, in equity, by statute or otherwise.

5. The true consideration for this conveyance is the recitals and the mutual covenants set forth in the Settlement Agreement.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. 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 TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

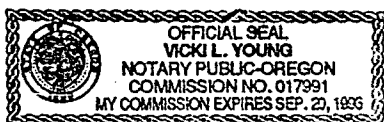
GRANTOR

Swan Lake Moulding Company,
an Oregon corporation,

By Dorothy V. Collier
Its PRESIDENT

STATE OF OREGON)
) ss.
County of Klamath)

On this 8th day of December, 1995, personally appeared the above named Dorothy V. Collier, who, being first duly sworn, did say that he is the President of SWAN LAKE MOULDING COMPANY, an Oregon corporation, and that the foregoing instrument was signed in behalf of said corporation; and he acknowledged said instrument to be its voluntary act and deed. Before me:



Vicki L. Young
Notary Public for Oregon
My Commission Expires: 9-20-96

Exhibit A.

February 15, 1979

PRELIMINARY
Legal Description

9882A

for

Swan Lake Moulding Company

A Parcel of land lying in the Northwest quarter of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Starting at the Northwest corner of said Section 3; thence S 00° 00' 30" E along the westerly boundary of Section 3 and the center-line of Washburn Way 917.42 feet to the intersection with the present center-line of ~~XXXXX~~ Sixth Street, formerly known as the Dalles-California Highway, recorded bearing S 55° 52' 30" E, at Engineers Station 9 + 17.42 feet on Washburn Way and Engineers Station 16 + 14.87 feet on Sixth Street present center-line, and continuing thence along said boundary and center-line 48.32 feet to Engineers Station 9 + 65.74 feet on South boundary of Sixth Street, which is distant 40 feet at right angles Southwesterly from center-line of Sixth Street at Engineers Station 16 + 41.99 feet; thence S 55° 52' 30" E parallel to said center-line 463.02 feet to the true point of beginning of this description; thence from said true beginning point continuing S 55° 52' 30" E parallel to said center-line 795.36 feet; thence at right angles S 34° 07' 30" W 204.00 feet; thence S 55° 52' 30" E parallel to Sixth Street 145.00 feet; thence at right angles S 34° 07' 30" W 183.80 feet, more or less, to Northerly right-of-way line of the Oregon, California, and Eastern Railroad; thence N 66° 57' 30" W along said line 982.45 feet, more or less, to a point on the Easterly right-of-way line of Washburn Way which is 40.00 feet Easterly of said center-line; thence N 00° 00' 30" W along said right-of-way line 503.39 feet; thence S 55° 52' 30" E 306.22 feet; thence N 34° 07' 30" E 160.00 feet to the true point of beginning, containing 490,400 square feet, more or less (11.258 acres), and being subject to all rights-of-way and/or easements of record or apparent on the premises.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ Klamath County Clerk _____ the _____ 8 _____ day
of _____ Dec. _____ A.D., 19 _____ 95 at _____ 2:05 o'clock _____ P. M., and duly recorded in Vol. _____ M95
of _____ Deeds _____ on Page _____ 33578

Bernetha G. Letsch, County Clerk

By _____

FEE \$45.00