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IN THE CIRCUIT COURT OF THE STATE OF OREGON

IN AND FOR THE COUNTY OF KLAMATH

 LYMAN GATES MASON and KATHLEEN H. MASON,)
 husband and wife)

Plaintiffs,)

vs.)

PIEDMONT PROPERTIES, INC.; LEONARD W.)
 GOTSHALK; LINDA W. GOTSHALK; ROBERT)
 SCHACHT; ALBIN CO.; COPELAND LUMBER)
 YARDS, INC.; STATE OF OREGON DEPARTMENT)
 OF REVENUE; MILLS, LTD., dba Credit)
 Bureau of Klamath County; XIT, LLC, now)
 known as The Hamilton Fund, LLC, a)
 limited liability company; TYRHOLD)
 BIG R, INC., A corporation; CLARK REAL)
 ESTATE COMPANY, an Idaho corporation,)
 also known as Clark Real Estate Co.,)
 Inc.; AND THE UNIVERSAL FUND, LLC.,)

Defendants.)

Case No. 9604826CV

STIPULATED DECREE
OF FORECLOSURE

THIS MATTER coming on regularly upon the stipulation of the parties for entry of Decree herein, and the Court having heretofore examined the records and files in this case, finds as follows:

That the Complaint herein was filed in the above entitled Court and action on November 18, 1996, that thereafter Summonses were duly

Stipulated Decree of Foreclosure - Page 1.

1 issued and certified copies of the Summonses and Complaint were duly
2 served upon Defendants as follows:

3 Defendant State of Oregon Department of Revenue, was served
4 December 4, 1996;

5 Defendant Copeland Lumber Yards, Inc., was served December 4,
6 1996;

7 Defendant Clark Real Estate Company, aka Clark Real Estate Co.,
8 Inc., was served December 4, 1996;

9 Defendant Mills Ltd, dba Credit Bureau of Klamath County, was
10 served December 5, 1996;

11 Defendant Tyrhold Big R, Inc., was served December 16, 1996;

12 Defendant Piedmont Properties, Inc., was served December 9,
13 1996;

14 Defendant Leonard W. Gotshalk, was served December 9, 1996;

15 Defendant Linda W. Gotshalk, was served December 9, 1996;

16 Defendant Robert Schacht, was served January 23, 1997;

17 Defendant Ablin Co., was served January 23, 1997;

18 Defendant XIT, LLC, now known as the Hamilton Fund, LLC, was
19 served December 3, 1996;

20 Defendant Universal Fund, LLC, was served December 3, 1996.

21 The following Defendants are now in default for want of appearance,
22 having failed to move or otherwise plead or appear in the within
23 action and that their defaults have heretofore been entered of
24 record:

25 Defendant State of Oregon Department of Revenue, was defaulted
26 on January 9, 1997;

1 Defendant Clark Real Estate Company, aka Clark Real Estate Co.,
2 Inc., was defaulted January 9, 1997;

3 Defendant Mills Ltd, dba Credit Bureau of Klamath County, was
4 defaulted on January 9, 1997;

5 Defendant Tyrhold Big R, Inc., was defaulted January 9, 1997;

6 Defendant Copeland Lumber Yards, Inc., was defaulted on
7 January 22, 1997; and

8 Pursuant to ORCP 67B there is no just reason for delay and the
9 remaining parties have expressly directed that a separate decree of
10 foreclosure may be entered herein independent of the various cross-
11 claims between defendants.

12 NOW, THEREFORE, based upon the records and files herein:

13 IT IS HEREBY ORDERED AND DECREED:

14 1. Plaintiffs are awarded Judgment against Defendant Piedmont
15 Properties, Inc., in the sum of \$488,244.00, plus interest at the
16 rate of 9.5% per annum from June 12, 1996, until paid; for the
17 further sum of \$1,362.50 for title report expense; for the further
18 sum of \$ 10,740⁰⁰ as and for Plaintiffs' reasonable attorney
19 fees; and for Plaintiffs' costs and disbursements incurred herein in
20 the sum of \$ 988⁵⁸; and that except as specified
21 herein, Writ of Execution shall issue therefor.

22 2. The Trust Deed executed and delivered by Defendant
23 Piedmont Properties, Inc., to Plaintiffs on or about April 9, 1991,
24 and recorded April 26, 1991, in Volume M91, Page 7707, Mortgage
25 Records Klamath County, Oregon, is a valid lien for the amount of
26 Plaintiff's Judgment set forth above against all of the real

Stipulated Decree of Foreclosure - Page 3.

1 property situated in Klamath County, more particularly described as
2 follows:

3 Real Property situate in Klamath County, Oregon:

4 PARCEL 1: The N $\frac{1}{2}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13, Township 35
5 South, Range 9 East of the Willamette Meridian.

6 That portion of the NE $\frac{1}{4}$ of Section 14, Township 35 South,
7 Range 9 East of the Willamette Meridian, lying Easterly of
8 the thread of Sprague River; SAVING AND EXCEPTING thereof
9 that portion which lies between Sprague River and the
10 Chiloquin-Sprague River Highway and Northerly of a line
11 described as beginning in the center of Chiloquin-Sprague
12 River Highway at a point that is 118 $\frac{1}{2}$ feet Northwesterly
13 of the centerline of a cattle guard; said cattle guard
14 being near the East line of said Section 14, in said road;
15 thence extending South 70° West to the center of Sprague
16 River.

17 PARCEL 2: The North 489.5 feet of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ and the North
18 489.5 feet of the S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 13, Township 35 South,
19 Range 9 East of the Willamette Meridian. TOGETHER WITH a
20 strip of land 60 feet in width described as follows:
21 Beginning at a point 489.5 feet South of the Northwest
22 corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 13, Township 35 South,
23 Range 9 East of the Willamette Meridian, thence East 60
24 feet parallel to the North line of said SE $\frac{1}{4}$ NW $\frac{1}{4}$; thence
25 South parallel with the West line of said SE $\frac{1}{4}$ NW $\frac{1}{4}$ to the
26 Northerly boundary line of the Chiloquin-Sprague River
Highway, thence Northwesterly along said Northerly
boundary line of said Chiloquin-Sprague River Highway to
the West line of said SE $\frac{1}{4}$ NW $\frac{1}{4}$; thence North to the point of
beginning.

19 PARCEL 3: Township 35 South, Range 9 E.W.M.
20 Section 12: S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ and
21 SW $\frac{1}{4}$ NE $\frac{1}{4}$.

22 PARCEL 4: Township 35 South, Range 10 E.W.M.
23 Section 18: NE $\frac{1}{4}$, Lots 1, 2 and E $\frac{1}{2}$ NW $\frac{1}{4}$.

24 and that lien is superior to any interest, lien, or claim of the
25 Defendants, or any of them, in that property.

26 3. The Security Agreement executed and delivered by Defendant
Piedmont Properties, Inc., to Plaintiffs on or about April 9, 1991,

1 is a valid lien for the amount of Plaintiffs' Judgment set forth
 2 above against all of the personal property situated in Klamath
 3 County, Oregon, more particularly described as follows:

- 4 1) Nine Wade Rain Power-Roll Hydrostatic wheel lines all with five
 5 feet wheels as follows:
 6 a) Two lines 32 sections of five in. lines each (1280' ea.)
 7 b) Two lines 34 sections of five in. lines each (1360' ea.)
 8 c) One line 39 sections of five in. lines and 5 sections of
 9 four in. lines (1760')
 10 d) One line 42 sections of five in. lines and 15 sections of
 11 four in. lines (2280')
 12 e) One line 42 sections of five in. lines and 28 sections of
 13 four in. lines (2800')
 14 f) One line 26 sections of five in. lines and 13 sections of
 15 four in. lines (1560')
 16 g) One line 26 sections of five in. lines and 28 sections of
 17 four in. lines (2160')
- 18 2) Nine sections of 4" x 40' handline
- 19 3) Two large water guns
- 20 4) Three small water guns
- 21 5) Mainlines total of approx. 5,400 lineal feet beginning at 12
 22 in. diameter and reducing to 10" and then 8" at the end.
- 23 6) Five 30 HP booster pumps
- 24 7) One 100 HP well pump
- 25 8) 1980 Sequoia Mobile Home (24 x 56) X#162636

19 The above list is complete with valve opening elbows,
 20 connecting hoses, risers, heads, motors, accessories, miscellaneous
 inventory and any spare parts;

21 and that lien is superior to any interest, lien, or claim of the
 22 Defendants, or any of them, in that property.

23 4. The Trust Deed and Security Agreement is foreclosed and
 24 all interest which Defendant Piedmont Properties, Inc., had on or
 25 after April 9, 1991, in the real and personal property shall be sold
 26 as one parcel by the Sheriff of Klamath County, Oregon, in the

1 manner provided by law in accordance with the practice of this
2 Court.

3 5. The proceeds of sale shall be applied first toward the
4 costs of sale; then toward the satisfaction of the Judgment awarded
5 to Plaintiffs, Lyman Gates Mason and Kathleen H. Mason; and the
6 surplus, if any, to the Clerk of the Court to be distributed to such
7 party or parties as may establish their right thereto.

8 6. The Defendant Piedmont Properties, Inc., and each of them,
9 and all persons claiming through or under them, as purchasers,
10 encumbrancers, or otherwise, are forever foreclosed of all interest,
11 lien or claim on the real property described and every portion
12 thereof, excepting only any statutory right of redemption that the
13 Defendants, or any of them, may have therein.

14 7. Plaintiffs or any other party to this suit may become the
15 purchaser at the sale of the real property. The purchaser is
16 entitled to exclusive possession of the real property from and after
17 the date of sale and is entitled to such remedies as are available
18 at law to secure possession, including a Writ of Assistance, if the
19 Defendant Piedmont Properties, Inc., or any other party or person
20 shall refuse to surrender possession to the purchaser immediately
21 upon his demand for possession.

22 8. Plaintiff shall withhold execution upon its Judgment
23 entered herein so long as Defendant Piedmont Properties, Inc., does
24 the following:

25 a) Pay Plaintiffs the sum of \$50,000 no later than 1:00
26 p.m., Pacific Daylight Time on Monday, October 20, 1997; and

1 b) Pay all delinquent real and personal property taxes
2 which have attached to the property being foreclosed herein, no
3 later than 12:00 p.m., Pacific Daylight Time on Tuesday,
4 October 21, 1997; and

5 c) Pay all future real and personal property taxes
6 before the same become delinquent; and

7 d) Pay Plaintiffs the sum of \$90,000, plus the attorney
8 fees and costs awarded herein, which total sum shall be paid no
9 later than January 5, 1998; and

10 e) Pay to Plaintiff the additional sums as follows:

11 1) The sum of \$22,435 on April 1, 1998;

12 2) The sum of \$22,435 on October 1, 1998;

13 3) The sum of \$22,435 on April 1, 1999;

14 4) The sum of \$22,435 on October 1, 1999;

15 5) The sum of \$22,435 on April 1, 2000;

16 6) The sum of \$22,435 on October 1, 2000;

17 7) The full balance of Plaintiffs' Judgment,
18 principal and accrued interest, shall be paid on April 1,
19 2001.

20 8) All payments to Plaintiff will be made by cash,
21 cashier's check, or wire transfer to the Trust account of
22 Plaintiff's attorneys. Within 30 days of receipt of any
23 such payments, Plaintiffs will issue their Partial
24 Satisfaction of Judgment for the sums paid.

25 f) Defendant Piedmont Properties, Inc., shall maintain
26 the property in as good or better condition as it is now and

1 will not commit waste upon the property.

2 g) Plaintiffs acknowledge receipt of the \$50,000
3 referred to as (a) above.

4 9. In the event Defendant Piedmont Properties, Inc., fails to
5 do any of the things outlined in Paragraph 8 above, or if Piedmont
6 Properties, Inc., transfers, voluntarily or involuntarily, its
7 interest in the real and personal property to any third party other
8 than Lone Pine Ranch of Southern Oregon, Inc., Plaintiffs shall file
9 an Affidavit setting forth said Defendant's failure to perform and
10 upon the filing of the Affidavit, the Clerk of the Court will issue
11 a Writ of Execution to the Sheriff of Klamath County, Oregon, for
12 the sale of the real and personal property herein.

13 10. In the event that Defendant Piedmont Properties, Inc.,
14 fails to perform any of the items set out in Paragraph 8 above,
15 Plaintiff shall be entitled to a supplemental judgment for attorney
16 fees and costs incurred as a result of such failure to perform,
17 which attorney fees and costs would be established pursuant to Rule
18 68 of the Oregon Rules of Civil Procedure and which additional
19 attorney fees and costs will be added to the amount then due under
20 the Judgment ordered herein.

21 MONEY JUDGMENT SUMMARY

- 22 1. Judgment Creditor: Lyman Gates Mason and Kathleen Mason,
23 husband and wife.
24 2. Judgment Creditor's Attorney: William F. Nichols.
25 3. Judgment Debtor: Piedmont Properties, Inc.
26 4. Principal Amount of Judgment: \$489,244.00

5. Prejudgment simple interest from
June 12, 1996, at the rate of 9.5%
simple interest per annum.
- a. Accrued through October 22, 1997: \$63,157.37
- b. Per diem thereafter until
date Judgment is entered: \$ 127.08
6. Post Judgment interest at the rate of 9.5% per annum on the
total Judgment which consists of items 4 plus 7 plus 8 from the
date Judgment is entered until fully paid.
7. Attorney Fees: \$ 10,740
8. Costs:
- a) Title Report \$1,362.50
- b) Plaintiff's Costs and Expenses: \$ 988.⁸⁸

DONE and DATED this 17 day of December, 1997, at Klamath
County, Oregon.

Rodger J. Isaacson
Honorable Rodger J. Isaacson
Circuit Judge

IT IS SO STIPULATED.

This Stipulation may be entered into by counterpart signatures,
each of which shall be deemed an original, but all of which shall
constitute one and the same instrument.

STUNZ, FONDA, NICHOLS, KIVUNA,
HORTON & FLINDERS, LLP

Dated: October 28, 1997

By: William F. Nichols
William F. Nichols, OSB No. 80327
Of Attorneys for Plaintiffs

DAVIS, GILSTRAP, HARRIS, HEARN & WELTY

Dated: _____

By: _____

Jack Davis, OSB No. 75090
 Of Attorneys for Defendants Piedmont
 Properties, Inc., Leonard W.
 Gotshalk, and Linda W. Gotshalk

FOWLER & MCNAIR

Dated: _____

By: _____

Michael C. Wetzel, OSB No. 95453
 Of Attorneys for Defendants XIT, LLC,
 now known as the Hamilton Funds, LLC
 and The Universal Fund, LLC

Dated: 11-17-97

Donald R. Crane, OSB No. 64020
 Of Attorneys for Defendants Robert
 Schacht and Ablin Co. a limited
 partnership

County of KLAMATH
 STATE OF OREGON

I hereby certify that the within is a
 true and correct copy and the whole



STUNZ, FONDA, NICHOLS,
 KIYUNA, HORTON
 & FLINDERS, LLP
 ATTORNEYS AT LAW
 106 MAIN STREET
 P. O. BOX 1602

Stipulated Decree of Foreclosure - Page 10.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 7th day
 of January A.D., 19 98 at 11:19 o'clock A.M., and duly recorded in Vol. M98
 of Deeds/Mortgages on Page 423.

Bernetha G. Letsch, County Clerk

FEE \$55.00

By Kathleen Roach