

2012-001517

Klamath County, Oregon



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02/10/2012 09:26:03 AM

Fee: \$67.00

**RECORDING COVER SHEET**  
(Please Print or Type)

The information on this sheet is a reflection of the attached instrument for the purpose of meeting first page requirements, ORS 205.234.

If this cover page is included with your document, please add \$5.00 to the total recording fees.

**AFTER RECORDING RETURN TO:**

Melinda Thomas

591 SW Mill View Way

Bend, OR 97702

**1) TITLE(S) OF THE TRANSACTION(S) ORS 205.234(a)**

No Merger Deed in Lieu of Foreclosure

**2) DIRECT PARTY / GRANTOR(S) ORS 205.125(1)(b) and 205.160**

Gallica Four/KF 24, LLC, a Washington LLC

3214 NE 42nd St., Suite C

Vancouver, WA 98663

**3) INDIRECT PARTY / GRANTEE(S) ORS 205.125(1)(a) and 205.160**

SA Group Properties, Inc., a Minnesota corporation

800 Nicollet Mall

Minneapolis, MN 55402

**4) TRUE AND ACTUAL CONSIDERATION**

ORS 93.030(5) - Amount in dollars or other

\$ \_\_\_\_\_ ☒ Other

Grantor's benefit from remaining in possession of the property until relinquished.

**6) SATISFACTION of ORDER or WARRANT**

ORS 205.125(1)(e)

CHECK ONE:

(If applicable)

☐

FULL

☐

PARTIAL

**5) SEND TAX STATEMENTS TO:**

SA Group Properties, Inc.

c/o US Bank Special Assets Group

555 SW Oak St., Suite 505

Portland, OR 97204

**7) The amount of the monetary obligation imposed by the order or warrant. ORS 205.125(1)(c)**

\$ \_\_\_\_\_

**8) If this instrument is being re-recorded, complete the following statement, in accordance with ORS 205.244:**

"Re-recorded at the request of \_\_\_\_\_ to correct

previously recorded in Book \_\_\_\_\_ and page \_\_\_\_\_, or as Fee Number \_\_\_\_\_."

WHEN RECORDED RETURN TO:

SA GROUP PROPERTIES, INC.  
c/o U.S. Bank Special Assets Group  
555 SW Oak Street, Suite 505  
Portland, OR 97204  
Attention: Gustavo J. Cruz, Jr.

UNTIL A CHANGE IS REQUESTED ALL TAX STATEMENTS SHALL BE  
SENT TO THE FOLLOWING ADDRESS:

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SA GROUP  
PROPERTIES, INC.  
c/o U.S. Bank Special Assets Group  
555 SW Oak Street, Suite 505  
Portland, OR 97204  
Attention: Todd W. Bennett

**NO MERGER DEED IN LIEU OF FORECLOSURE**

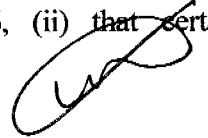
I. GALLICA FOUR/KF 24, LLC, a Washington limited liability company (the "Grantor"), conveys and warrants to SA GROUP PROPERTIES, INC. ("Grantee"), the real estate (the "Property") legally described as:

See Attached Exhibit A

II. Grantee is the owner and holder of the following:

A. Borrower has executed an Installment or Single Payment Note in the original principal amount of \$1,715,000.00 in favor of U.S. Bank National Association (the "Lender") dated February 28, 2006, as amended by that certain Amendment to Note dated as of March 1, 2008; that certain Amendment to Note dated as of June 1, 2008; that certain Amendment to Note dated as of February 1, 2009; and that certain Amendment to Note dated as of August 20, 2009 (as amended, the "Note").

B. An Oregon Line of Credit Trust Deed, Security Agreement and Assignment of Rents and Leases recorded on March 21, 2006 in the records of Klamath County, Oregon, as instrument number M06-05001, as amended pursuant to (i) that certain Amendment to Oregon Trust Deed recorded on April 9, 2008 in the records of Klamath County, Oregon, as instrument number 2008-005196, (ii) that certain



Amendment to Oregon Line of Credit Trust Deed recorded on July 8, 2007 in the records of Klamath County, Oregon, as instrument number 2008-009849, (iii) that certain Amendment to Oregon Trust Deed recorded on September 24, 2009 in the records of Klamath County, Oregon as instrument number 2009-012626, (iv) that certain Amendment to Oregon Trust Deed recorded on October 15, 2008 in the records of Klamath County, Oregon as instrument number 2008-014098, (v) and that certain Amendment to Oregon Trust Deed as recorded on April 17, 2009 in the records of Klamath County, Oregon as instrument number 2009-005335 (as amended from time to time, the "Trust Deed"), which encumbers certain real property located in Klamath County, Oregon described on the attached Exhibit A.

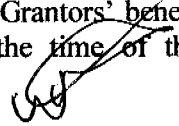
C. A Continuing Guaranty (Unlimited) dated as of February 28, 2006 (the "Isaacson Guaranty") pursuant to which Bob Eric Isaacson ("Isaacson," and a "Guarantor") absolutely and unconditionally guaranteed payment of all amounts owing to Grantee pursuant to the Note; a Continuing Guaranty (Unlimited) dated as of February 28, 2006 (the "Sturdevant Guaranty") pursuant to which David W. Sturdevant ("Sturdevant" and a "Guarantor") absolutely and unconditionally guaranteed payment of all amounts owing to Grantee pursuant to the Note; a Continuing Guaranty (Unlimited) dated as of February 28, 2006 (the "Huyette Guaranty") pursuant to which William D. Huyette ("Huyette" and a "Guarantor") absolutely and unconditionally guaranteed payment of all amounts owing to Grantee pursuant to the Note; and a Continuing Guaranty (Unlimited) dated as of February 28, 2006 (the "S&H Guaranty," or together with the Isaacson Guaranty, the Sturdevant Guaranty, and the Huyette Guaranty, the "Guaranties") pursuant to which The S & H Group, Inc., a Washington corporation, absolutely and unconditionally guaranteed payment of all amounts owing to Grantee pursuant to the Note ("S&H," or together with Isaacson, Sturdevant, and Huyette, the "Guarantors").

III. Grantor is in default under the Note and the Trust Deed, because Grantor failed to pay the entire amount owing pursuant to the Note on the maturity date thereof.

IV. This Deed is absolute in effect and conveys fee simple title of the Property to Grantee, and does not operate as a mortgage, trust conveyance, or security of any kind.

V. The Grantee by accepting and recording this Deed does not intend a merger of the fee title herein conveyed with its interests under either of the Trust Deed. Rather, it is the intention of the parties that the Property shall remain subject to the lien of the Trust Deed, and the fee ownership of the Property and the lien of the Trust Deed shall remain separate and distinct.

VI. Grantor is executing and Grantee is accepting this No Merger Deed in Lieu of Foreclosure pursuant to an Agreement to Grant Deed In Lieu of Foreclosure dated as of Feb. 3rd, 2012 (the "Deed in Lieu Agreement"). The terms, covenants and provisions of the Deed in Lieu Agreement are incorporated herein; such terms, covenants and provisions shall remain in full force and effect, notwithstanding the acceptance and recording hereof, and shall not merge into this No Merger Deed in Lieu of Foreclosure. The consideration for this No Merger Deed in Lieu of Foreclosure consists of Grantors' benefit from remaining in possession of the Property until relinquished at the time of this



conveyance, the provisions of the Deed in Lieu Agreement, and Grantee's covenant described in paragraph VII below.

VII. By accepting this No Merger Deed in Lieu of Foreclosure, Grantee covenants and agrees that, provided the conditions set out in the Deed in Lieu Agreement are satisfied, Grantee shall forever forbear from taking any action whatsoever to collect from the Grantor or the Guarantors any amounts owing on the "Released Claims" (as defined in the Deed in Lieu Agreement), other than by foreclosure of the Trust Deed, and that in any proceeding to foreclose the Trust Deed, Grantee shall not seek, obtain, or permit any deficiency judgment against Grantor or the Guarantors, whether for the principal amount of any Released Claim, costs, attorney fees, or any other amount. The covenant set out in this paragraph VII is subject to the terms set out in the Deed in Lieu Agreement, and shall not apply to the "Reserved Claims" as defined in the Deed in Lieu Agreement.

VIII. Grantee may retain all payments previously made on the debts secured by the Trust Deed, with no duty to account therefore.

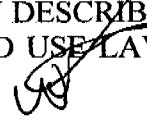
IX. Grantor waives, surrenders, conveys, and relinquishes to Grantee any equity of redemption and statutory rights of redemption concerning the Property and the Trust Deed.

XI. Grantor is not acting under any misapprehension as to the effect of this No Merger Deed in Lieu of Foreclosure, nor under any duress, undue influence, or misrepresentation of Grantee, Grantee's agent or attorney, or any other person. Grantor declares that it is executing this No Merger Deed in Lieu of Foreclosure voluntarily, in good faith, and without duress or undue influence. Grantor has had an opportunity to consult or has consulted with legal counsel and accountants of its own choice regarding the meaning, interpretation and effect hereof, and Grantor fully understands that the execution hereof will extinguish its entitlement to foreclosure, and the ability to exercise redemption rights and other rights available generally to debtors. Grantor further understands that the execution and delivery of this Deed may result in income or other tax liability to Grantor.

XI. Grantor hereby authorizes Grantee to dispose of any personal property of Grantor remaining on the Property, with no duty on the part of Grantee to account therefor.

XII. This No Merger Deed in Lieu of Foreclosure shall be accepted by Grantee only when it is actually recorded.

XIII. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

Dated as of JAN. 18, 2012.

**GRANTOR:**

GALLICA FOUR/KF 24, LLC,  
a Washington limited liability company

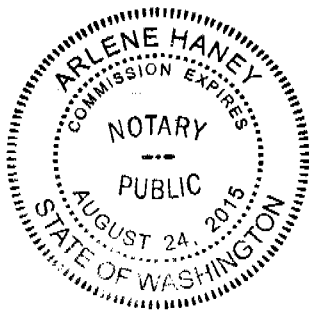
By: The S & H Group, Inc.,  
a Washington corporation, Managing Member

By:   
Name: William D. Huyette  
Title President

[ACKNOWLEDGMENT ON FOLLOWING PAGE]

WASHINGTON  
STATE OF ~~OREGON~~ )  
 ) ss.  
COUNTY OF Clark )

This instrument was acknowledged before me on January 18, 2012, by William D. Huyette as the President of The S & H Group, Inc., a Washington corporation, Managing Member of Gallica Four/KF 24, LLC, an Oregon limited liability company.



Arlene Haney WASHINGTON  
NOTARY PUBLIC FOR ~~OREGON~~  
My commission expires: Aug. 24,  
2012

**EXHIBIT A:  
REAL PROPERTY COLLATERAL DESCRIPTION**

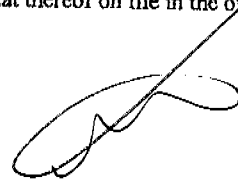
**PARCEL 1:**

Lot 8 in Block 3 of CASCADE PARK, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXCEPTING THEREFROM all that portion conveyed to Klamath County by Warranty Deed recorded October 4, 2006 in Volume 2006-019996.

**PARCEL 2:**

Lots 1 thru 6, inclusive, Lots 11 thru 36, inclusive, Lots 42 thru 49, Inclusive, Lots 51 thru 53, Inclusive, Lots 55 thru 68, Inclusive, Lots 71 thru 73, Inclusive, Lots 75 through 82, Inclusive, and Lots 84 through 87, Inclusive, all in Tract 1473, PHEASANT RUN, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.