

42772

AFTER RECORDING RETURN TO:
Charles R. Markley
1600 Pacwest Center
1211 S.W. Fifth Avenue
Portland, Oregon 97204

SEND TAX STATEMENTS TO:

No Change

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DEED IN LIEU OF FORECLOSURE

ADAIR PROPERTIES, INC., which acquired title as ADAIR ENTERPRISES, INC. ("Grantor") does hereby convey to INDUSTRIAL LEASING CORPORATION, an Oregon corporation ("Grantee") the property described on Exhibit A attached hereto, together with any interest therein which Grantor may hereinafter acquire.

This deed is absolute in effect and conveys fee-simple title of the property above described to Grantee and does not operate as a mortgage, trust conveyance or security of any kind. This deed does not constitute a merger of the fee ownership and a lien of any trust deed or mortgage in which Grantee is the beneficiary. The fee and lien shall hereafter remain separate and distinct until Grantee merges those interests with a separate instrument.

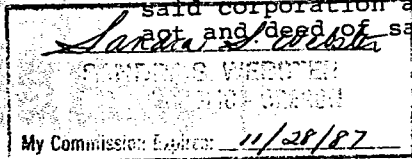
Upon acceptance of this deed, Industrial Leasing Corporation agrees to sell the property in a reasonable manner and credit the net proceeds of the sale to Grantor. The true consideration for this deed is other than money.

ADAIR PROPERTIES, INC.

By James R. Adair
James R. Adair, President

STATE OF OREGON)
) ss:
County of Malheur)

On this 10/23/84 day of September, 1984 before me appeared James R. Adair, to me personally known, who being duly sworn, did say that he is the President of ADAIR PROPERTIES, INC., the within named Corporation, and that said instrument was signed in behalf of said corporation and acknowledges said instrument to be the free act and deed of said corporation.



Sandra S. Webster
Notary Public for Oregon
My Commission Expires: 11/28/87

18623

DESCRIPTION

PARCEL 1

A parcel of land in Block 242, MILLS SECOND ADDITION TO THE CITY OF KLAMATH FALLS, the said parcel being more particularly described as follows:

Beginning at the intersect point of the Easterly line of said property and the Southerly right of way line of the relocated Klamath Falls-Lakeview Highway, which is 40 feet distant Southerly from (when measured at right angles to) the centerline of the said relocated highway; said point also being North 55° 50' 30" West 201.20 feet from the intersection of the Southerly right of way line of said Highway and the Northerly right of way line of Shasta Way; thence North 55° 50' 30" West along said relocated right of way line 94.53 feet more or less to the East line of Lot 2, Block 2 of the Re-subdivision of Block 242, Mills Second Addition; thence South 0° 19' 30" East along said East line of said Subdivision 167.14 feet more or less to the Northerly line of Shasta Way; thence North 89° 40' 30" East 30.51 feet along said Northerly line of Shasta Way to an iron pin; thence North 22° 19' 30" East 123.12 feet more or less to the point of beginning, in the County of Klamath, State of Oregon.

PARCEL 2

The Westerly 80.42 feet of Lots 4 and 5 and the Westerly 80.42 feet of the South 20 feet of Lot 3 in Block 2 of Resubdivision of Block 242 of MILLS SECOND ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

AND ALSO Lot 1 in Block 2; also the following described portion of Lots 2 and 3 in Block 2: Beginning at a point on the West line of said Lot 3, which point is North 0° 05' East a distance of 20 feet from the Southwest corner of said Lot; running thence East along the North line of the S½ of said Lot 3, a distance of 80.42 feet, more or less, to a point 27.58 feet West of the East line of said Lot 3; thence North 98.24 feet, more or less, to a point on the Southwesterly side of South 6th Street; thence North 55° 15' West along the Southwesterly side of South 6th Street, a distance of 48.89 feet, more or less, to the Northwest corner of said Lot 2; thence South along the West line of Lot 2, 106.1 feet, to the Southwest corner of Lot 2; thence West along the line between Lots 1 and 3, 40 feet to the Southwest corner of Lot 1; thence South along the East line of Martin Street 20 feet to the point of beginning.

All lying in Block 242 of Mills Second Addition to the City of Klamath Falls, Oregon, according to the Supplemental Plat of the Westerly portion of Block 242 Mills Second Addition to the City of Klamath Falls, Oregon.

EXCEPTING AND RESERVING from the above described property that portion thereof conveyed by Frank Ferrari, et ux., to the State of Oregon by Deed recorded in Volume 148 at page 201, Records of Klamath County, Oregon.

EXHIBIT A

STATE OF OREGON: COUNTY OF KLAMATH:ss

I hereby certify that the within instrument was received and filed for record on the 31st day of October A.D., 19 84 at 3:06 o'clock P M, and duly recorded in Vol M84, of Deeds on page 18622.

Fee: \$ 8.00 Index: \$1.00

EVELYN BIEHN, COUNTY CLERK

by: [Signature], Deputy