

WHEN RECORDED MAIL TO:

45026

GIACOMINI, JONES & ASSOCIATES
ATTORNEYS AT LAW
635 MAIN STREET
KLAMATH FALLS, OREGON 97601

MAIL TAX STATEMENTS TO:

THE FEDERAL LAND BANK OF SPOKANE
WEST 601 FIRST AVENUE TAF-C4
SPOKANE, WASHINGTON 99220

(Don't use this
space; reserved
for recording
label in coun-
ties where
used.)

STATE OF OREGON

Vol. M85 Page 726 ss.

County of _____

I certify that the within instrument
was received for record on the _____ day
of _____, 19____,
at _____ o'clock _____ M. and recorded
in book _____ on page _____ or as
filing fee number _____, Rec-
ord of Deeds of said County.

Witness my hand and seal of County
affixed.

Title

By _____ Deputy

K-36754

DEED IN LIEU OF FORECLOSURE

Deed in Lieu of Foreclosure made and executed by CARSON P. MERKLEY and ELIZABETH M. MERKLEY, husband and wife, and RAMOND AND DOKE, INC., an Oregon Corporation (Grantor), to THE FEDERAL LAND BANK OF SPOKANE, a corporation organized and existing under the Farm Credit Act of the Congress of the United States, as amended (Grantee);

W I T N E S S E T H:

WHEREAS, Grantor is indebted to Grantee under Promissory Note in the face amount of \$335,000.00 dated April 21, 1981, secured by Mortgage dated April 21, 1981, recorded May 5, 1981, in Vol. M-81, Page 8081 Records of Klamath County, Oregon; and

WHEREAS, Grantor is unable to pay the amounts presently owing and unpaid under the Promissory Note and Mortgage; and

WHEREAS, the Mortgage is in default and is in foreclosure and Grantor has requested Grantee to accept an absolute deed of conveyance of The Property;

NOW, THEREFORE, in consideration of the Grantee's agreement to forbear taking any action whatsoever to collect against Grantor or Grantor's Guarantors on the Promissory Note, other than by foreclosure of the Mortgage, and in any proceeding to foreclose the Mortgage, to waive any deficiency judgment against Grantor, its successors or assigns, or Grantor's Guarantors, Grantor hereby grants, bargains, sells and conveys The Property to Grantee with the following exceptions: 1981-82, 1982-83, 1983-84 taxes and easements and rights of way of record and apparent thereon. Grantor covenants to Grantee, its successors and assigns that:

(a) Grantor is lawfully seized in fee simple of The Property free and clear of all liens and encumbrances, except the Mortgage to Grantee, and Grantor shall warrant and forever defend The Property against the lawful claims and demands of all persons claiming by, through or under it other than the liens and encumbrances excepted above;

(b) This deed is intended as a conveyance absolute in effect and conveys fee simple title to The Property to Grantee and all redemption rights which Grantor may have therein and does not operate as a mortgage, trust deed or security of any kind;

(c) This deed does not effect a merger of the fee title and the lien of Grantee's Mortgage, and that Grantee's Mortgage shall remain separate and distinct from the fee title and constitute a valid and subsisting lien upon The Property to secure all sums payable under such Mortgage;

(d) Grantor has made this Deed with the knowledge that notwithstanding Grantee's agreement to forbear taking any action to collect against Grantor on the Promissory Note and Grantee's waiver of any deficiency judgment against Grantor in a proceeding to foreclose the Mortgage, it may be joined as a party defendant in a suit to foreclose the Mortgage and all other subordinate liens and encumbrances existing upon The Property;

(e) The true and actual consideration paid for this transfer is satisfaction of the above described indebtedness;

(f) Grantee shall have no rights against Grantor should The Property be worth less than the indebtedness;

(g) Grantor is not acting under any misapprehension as to the effect hereof, nor under any duress, undue influence or misrepresentation by Grantee; and

(h) Possession of The Property is surrendered and delivered to Grantee.

Upon acceptance of this Deed by Grantee, and in consideration thereof, Grantee covenants and agrees that it shall forbear taking any action against Grantor, or Grantor's Guarantors, on the Promissory Note, other than by foreclosure of the Mortgage, and that in any proceedings to foreclose the Mortgage, Grantee shall look solely to The Property to satisfy its judgment and will not attempt to enforce against the Grantor, or Grantor's Guarantors of the indebtedness from any judgment it may recover in such proceeds.

In construing this Deed: (1) the promissory note referred to in this Deed is herein called "Promissory Note"; (2) the mortgage described in this Deed are herein called "Mortgage"; (3) "The Property" referred to in this Deed is the following described real property situated in Klamath County, Oregon, together with the tenements, hereditaments, rights, easements, privileges, appurtenances thereunto belonging or in any wise appertaining, improvements thereon, the reversions, remainders, rents, issues and profits thereof, and all water rights and/or shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles Grantor to water, to-wit:

TOWNSHIP 36 SOUTH, RANGE 14 EAST, WILLAMETTE MERIDIAN:

SECTION 28: All

EXCEPTING the following: Beginning at the Northeast corner of Section 28; thence West on the North line of said Section 28, 160 rods to the Northwest corner of the Northeast quarter of Section 28; thence South on the West line of said Northeast quarter of Section 28, 120 feet; thence in a Northeasterly direction in a straight line to a point on the East line of said Section 28, 86 feet South of the place of beginning; thence North on the East line of said Section 28 to the place of beginning.

AND EXCEPTING The N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$.

ALSO EXCEPTING That portion of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ lying Northerly of Sprague River and Northwesterly of the DK Canal.

ALSO FURTHER EXCEPTING That portion described as follows: Beginning at a point where the Southerly right of way of the Klamath Falls-Lakeview Highway intersects the Westerly line of Section 28; thence South along said Section line 900 feet to a point; thence East 660 feet to a point; thence North 330 feet to a point; thence East to a point on the Southerly right of way of Klamath Falls-Lakeview Highway; thence Northwesterly along said highway to point of beginning.

FURTHER EXCEPTING that portion of the N $\frac{1}{2}$ SW $\frac{1}{4}$ lying between the O.C. & E. Railroad and the Klamath Falls-Lakeview Highway.

SECTION 29: All lying Southerly of the Klamath Falls-Lakeview Highway,
LESS the following: N $\frac{1}{2}$ S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$; N $\frac{1}{2}$ S $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$; N $\frac{1}{2}$ N $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$; N $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ SW $\frac{1}{4}$ and S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$.

SECTION 32: NE $\frac{1}{4}$ NE $\frac{1}{4}$

EXCEPT from the above any portion lying within the right of way for the O.C. & E. Railroad and the Klamath Falls-Lakeview Highway.

Together with a 100 HP G.E. electric motor, with a Turbine pump, a 40 HP U.S. electric motor, with a Centrifugal pump, and a 30 HP General Motors diesel motor, with a Turbine pump, and any replacements thereof, all of which are hereby declared to be appurtenant thereto.

All water and water rights used upon or appurtenant to the above described real property, however evidenced, including but not limited to Permit No. G-7459 and Certificate Nos. G-4835, 5532, 5534, 5512 and 5513 issued by the Water Resources Department of the State of Oregon.

(THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.)

IN WITNESS WHEREOF, Grantor and Grantee have executed this Deed as of the dates set opposite the signatures of the parties hereto.

DATE

10/11/84

10-11-84

9-29-84

(CORPORATE SEAL)

SIGNATURES

Carson P. Merkley
Carson P. Merkley (Grantor)

Elizabeth M. Merkley
Elizabeth M. Merkley (Grantor)

HAMMOND AND DOKE, INC., an Oregon Corporation (Grantor)

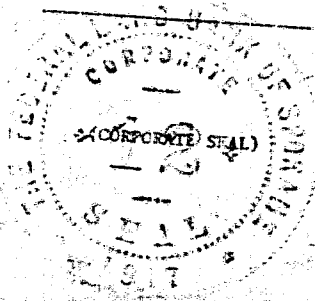
By Ray H. Ochs
President

By Leslie A. Doke
Secretary

THE FEDERAL LAND BANK OF SPOKANE, a corporation (Grantee)

By M. David Herson
Vice President

By W. H. Herson
Ass't. Secretary



STATE OF)
) ss.
COUNTY OF)

778

October 11

1984

Personally appeared before me the above named CARSON F. MERKLEY and ELIZABETH M. MERKLEY and acknowledged the foregoing instrument to be their voluntary act and deed.

(SEAL)

Notary Public

My Commission Expires: 2/17/1985

STATE OF)
) ss.
COUNTY OF)

Sept 29

1984

Personally appeared before me Larry Dole and Elaine Dole, being duly sworn, each for himself and not one for the other, and did say that the former is the president and that the latter is the secretary of HAMMOND AND DOKE, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

(SEAL)

Notary Public

My Commission Expires: 9-17-86

STATE OF WASHINGTON)

COUNTY OF)

ss.

11-6-

1984

Personally appeared before me M. David Hession and Hub Spencer, being duly sworn, each for himself and not one for the other, and did say that the former is the president and that the latter is the secretary of THE FEDERAL LAND BANK OF SPOKANE, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

(SEAL)

Notary Public

My Commission Expires: 1-11-86

STATE OF OREGON,)

County of Klamath)

Filed for record at request of

on this 14th day of Jan. A.D. 19 85
at 1:47 o'clock P M, and duly
recorded in Vol. M85 of Deeds
Page 776

EVELYN BIEHN, County Clerk

By Sam Smith Deputy

Fees 13.00