

STATUTORY WARRANTY DEED IN LIEU OF FORECLOSURE

STEVE J. O'NEILL and ANNE C. O'NEILL, husband and wife, Grantor, convey and warrant to HOUSING DIVISION, DEPARTMENT OF COMMERCE, STATE OF OREGON, Grantee, the following-described real property ("Real Property") free of encumbrances, except as specifically set forth herein.

Tract 84 of LEWIS TRACTS, according to the official plat thereof on file in the office of the County Clerk Klamath County, Oregon.

Real Property is subject to the following-described encumbrances:

1. A deed of trust, including the terms and provisions thereof, to secure the principal amount of \$26,000.00, between Steve J. O'Neill and Anne C. O'Neill, as grantor, Transamerica Title Insurance Company, as trustee, and First National Bank of Oregon, as beneficiary, dated November 26, 1980 and recorded November 28, 1980 in M-80 on page 23105 in the records of Klamath County, Oregon.

By Assignment of Deed of Trust recorded November 28, 1980 in M-80 on page 23109, the beneficial interest of First Interstate Bank of Oregon, N.A., formerly First National Bank of Oregon, assigned its interest to Housing Division, Department of Commerce, State of Oregon.

2. Liens and assessments of Klamath Project and Enterprise Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.

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

This deed does not effect a merger of the fee ownership and the liens of the trust deed described above given by Grantor to Grantee. The fee and liens shall hereafter remain separate and distinct.

By acceptance of this deed Grantee covenants and agrees that Grantee shall forever forbear taking any action whatsoever to collect against Grantor on the trust deed given to secure the above-described indebtedness, 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 a deficiency judgment against Grantor, its heirs or assigns, on either the above-described indebtedness or the trust deed, such rights and remedies being hereby waived.

Grantor does hereby waive, surrender, convey and relinquish any equity of redemption and statutory rights of redemption concerning the Real Property and the trust deed.

Grantor is not acting under any misapprehension as to the legal effect of this deed, nor under any duress, undue influence or misrepresentation of Grantee, its agent or attorney or any other person.

The true consideration for this conveyance is other value given.

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.

Dated this 14 day of MARCH, 1986.

Steve J. O'Neill
Steve J. O'Neill

Anne C. O'Neill
Anne C. O'Neill

STATE OF California
County of Kern : ss.

The foregoing instrument was acknowledged before me this 14 day of MARCH, 1986 by Steve J. O'Neill and Anne C. O'Neill.

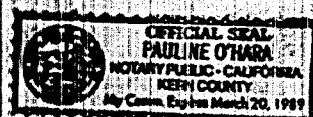
Pauline O'Hara

Notary Public for CALIFORNIA

My Commission expires: MARCH 20, 1989

AFTER RECORDING, RETURN TO:

First Interstate Bank of Oregon, N.A.
Real Estate Loan Division, T-8
P. O. Box 313
Portland, Oregon 97208



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ADDENDUM TO STATUTORY NON-MERGER DEED IN LIEU

OF FORECLOSURE

4562

We, Steve J. O'Neill and Anne C. O'Neill did this date
Banker to First Interstate Bank of Oregon, N.A. (hereinafter called the "Bank")
a Statutory Non-Merger Deed in Lieu of Foreclosure.

The Bank has agreed to accept this transfer contingent upon certain conditions as listed below. We understand that failure to comply with any or all of these conditions could result in the Bank's refusal to accept and record the voluntary transfer and initiate a foreclosure action in which we will be named as defendant(s).

Conditions of acceptance are as follows:

- 1) Property to be vacated and keys remitted to the Operations Officer at the closest, local Bank branch office within three (3) days of the signing of this agreement.
- 2) Property and grounds to be left neat, clean and free of any personal property, discards and garbage.

The Bank reserves the right to inspect the property and grounds to verify compliance with the above terms prior to recording the tendered transfer.

Steve J. O'Neill
 STEVE J. O'NEILL

County of California
 City of Keen

Anne C. O'Neill
 ANNE C. O'NEILL

MARCH 14, 1986

The foregoing Addendum to Statutory Non-Merger Deed in Lieu of Foreclosure was acknowledged before me this 14 day of MARCH, 1986 by Steve J. O'Neill and Anne C. O'Neill who did state that the execution of this instrument is their voluntary act and deed.



Pauline O'Hara
 NOTARY PUBLIC FOR STATE OF OREGON CALIFORNIA
 My Commission Expires: MARCH 20 1989

STATE OF OREGON: COUNTY OF KLAMATH

Filed for record at request of Steve J. O'Neill and Anne C. O'Neill A.D. 1986 at 11:13 o'clock A.M., and duly recorded in Vol. 4562 on Page 1 the 19th day of MARCH.

REC-114-10

By Pauline O'Hara, County Clerk