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K-38528

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NONMERGER WARRANTY DEED IN LIEU OF FORECLOSURE
FLB Loan Nos. 164854-1 and 187797-2

THIS DEED, made this 11th day of July, 1986,
between Everett J. McGilvray and Shirley A. McGilvray, husband and
wife, the Grantor, and THE FEDERAL LAND BANK OF SPOKANE, a corpora-
tion, whose mailing address is West 601 First Avenue, TAF-C5,
Spokane, Washington 99220, the Grantee,

WITNESSETH, that the Grantor, for and in consideration of the
covenants hereinafter contained and other good and valuable consid-
eration, does by these presents grant, convey and warrant, unto the
Grantee, and to its successors and assigns, forever, all the property
described on Exhibit "A" attached hereto and incorporated herein.

ALL SITUATE IN County of Klamath, State of Oregon, as sub-
ject to rights of way and easements for roads, utilities,
and irrigation ditches as same exist or appear of record,
, reservations and restrictions of record.
Together with all water and water rights used upon or
appurtenant to said property and/or shares of stock or
water in any ditch or irrigation company which, in any
manner, entitles Grantor to water and any and all
tenements, hereditaments, easements, rights, privileges and
appurtenances thereunto belonging or used in connection
therewith, and the reversions, remainders, rents, issues
and profits thereof.

TO HAVE AND TO HOLD, all and singular, the said property, to-
gether with the appurtenances, unto the said Grantee, and to its
successors and assigns forever. Grantor covenants with Grantee that
the former is now seized in fee simple of the property granted; that
the latter shall enjoy the same without any lawful disturbance; that
the same is free from all encumbrances; that Grantor and all persons
acquiring any interest in the same through or for them will, on
demand, execute and deliver to Grantee at the expense of the latter,
any further assurance of the same that may be reasonably required;
and that Grantor will warrant to Grantee all of the said property
against every person lawfully claiming the same.

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

The acceptance of this conveyance by Grantee is conditioned upon
there being no other liens against the property, except for real
property taxes owing, the rights of way and easements referred to
above, and the mortgages described below.

This deed does not effect a merger of the fee ownership and the
lien of the mortgage described herein. The fee and lien shall here-
after remain separate and distinct. It is not the intent of the
parties to affect the subrogation rights of any third parties.

The true consideration for this conveyance is that upon
Grantee's acceptance and recordation of this deed, Grantee covenants
and agrees with Grantor that Grantee shall assume Grantors obligation to pay
the real property taxes on this property, title insurance costs, and
recording fees incurred in connection with this conveyance and shall
not enforce any judgment against Grantor on the indebtedness
evidenced by the promissory notes secured by those mortgages executed
by Everett J. McGilvray and Shirley A. McGilvray to the Federal Land
Bank of Spokane dated June 7, 1976, and recorded on June 14, 1976, in
M76, Page 8757, and dated April 21, 1981, and recorded on April 30,
1981, in M81, Page 7668, both reamortized by Mortgage Reamortization
Agreement dated December 19, 1983, and recorded January 6, 1984, in
M84, Pages 313 and 311 respectively, Microfilm Records of Klamath

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County, Oregon, except by action to enforce the mortgages by judicial foreclosure and sale. This deed shall not operate to preclude Grantee from proceeding in any action to enforce the mortgages, but shall preclude Grantee from obtaining a deficiency judgment against Grantor.

Grantor does hereby waive, surrender, convey, and relinquish any equity of redemption and statutory rights of redemption concerning the property and mortgages described above.

Possession of the property is surrendered and delivered to Grantee.

Grantor declares that this conveyance is freely and fairly made, and that there are no agreements, oral or written, other than this deed between Grantor and Grantee with respect to said property.

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.

IN WITNESS WHEREOF, the Grantor has hereunto set his hands the day and year first above written.

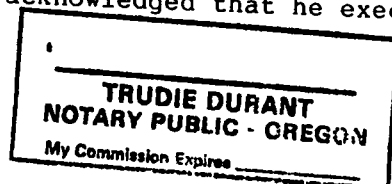
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

Everett J. McGilvray
Everett J. McGilvray

Shirley A. McGilvray
Shirley A. McGilvray

STATE OF OREGON)
) ss.
County of Klamath)

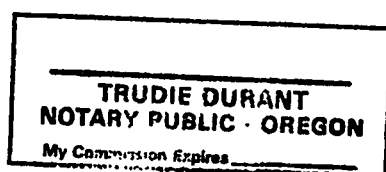
On this 11th day of July, 1986, before me personally appeared EVERETT J. MCGILVRAY, known to me to be the person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.



Trudie Durant
Notary Public for the State of Oregon
Residing at 422 Main - R. Falls, Ore.
My commission expires 9/30/89

STATE OF OREGON)
) ss.
County of Klamath)

On this 11th day of July, 1986, before me personally appeared SHIRLEY A. MCGILVRAY, known to me to be the person described in and who executed the within instrument, and acknowledged that she executed the same as her free act and deed.



Trudie Durant
Notary Public for the State of Oregon
Residing at 422 Main - R. Falls, Ore.
My commission expires 9/30/89

PARCEL 1

Government Lot 7, 8, 9 and 11 in Section 9, Township 31 South, Range 9 East of the Willamette Meridian, lying Northerly of Lamm Crossing, an existing road and Government Lots 1, 2, 3, 4, 5, 6, SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, Township 31 South, Range 9 East of the Willamette Meridian, lying Northerly of Lamm Crossing, an existing road.

EXCEPTING THEREFROM a portion of the SW $\frac{1}{4}$ of said Section 10 being more particularly described as follows:

Beginning at the Southeast corner of said SW $\frac{1}{4}$; thence South 89°52'55" West along the South line of said Section 10, 1065.11 feet to the Northerly right of way line of said Lamm Crossing; thence North 48°00'13" West along said right of way line, 396.78 feet; thence North 01°09'39" West, 1050.67 feet to the North line S $\frac{1}{2}$ SW $\frac{1}{4}$ of said Section 10; thence North 89°56'54" East along said North line S $\frac{1}{2}$ SW $\frac{1}{4}$, 1352.43 feet to the Northeast corner of said SE $\frac{1}{4}$ SW $\frac{1}{4}$; thence South 01°15'22" East along the East line of said SW $\frac{1}{4}$, 1315.26 feet to the point of beginning.

PARCEL 2

Township 30 South, Range 9 East of the Willamette Meridian.
 Section 8: S $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$.
 Section 9: S $\frac{1}{2}$ SW $\frac{1}{4}$.
 Section 16: W $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$.
 Section 17: E $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$.

PARCEL 3

Township 30 South, Range 9 East of the Willamette Meridian.
 Section 16: NW $\frac{1}{4}$ SW $\frac{1}{4}$.
 Section 17: E $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$.

Return to:
 Federal Land Bank
 900 Klamath Avenue
 Klamath Falls, Oregon 97601

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
 of July A.D., 19 86 at 12:20 o'clock P M., and duly recorded in Vol. M86
 of Deeds on Page 12277

FEE \$18.00

Evelyn Biehn, County Clerk
 By *[Signature]*