

THIS INDENTURE between DOUGLAS A. MACGREGOR and MARION K. MACGREGOR, husband and wife, hereinafter called "Grantors", and MELLON FINANCIAL SERVICES CORPORATION, a corporation, hereinafter called "Grantee",

WITNESSETH:

WHEREAS, the title to the real property hereinafter described is vested in fee simple in Grantors, subject to the lien of a trust deed given by Grantors to Transamerica Title Insurance Company, as trustee for the benefit of Grantee as beneficiary, which such trust deed is recorded in the Official Records of Klamath County, Oregon, in the Book of Mortgages, Volume 83, Page 5528, and

WHEREAS, Grantors owe the approximate sum of \$11405.22 to Grantee on a certain promissory note and indebtedness secured by said trust deed, and

WHEREAS, said trust deed and promissory note secured thereby are now in default and subject to immediate foreclosure, and

WHEREAS, Grantors, being unable to pay the same, have requested the Grantee to accept an absolute deed of conveyance of said property, and Grantee does now accede to said request; and

NOW, THEREFORE, for the consideration hereinafter stated, Grantors do hereby grant, bargain, sell and convey unto the Grantee, its successors and assigns, all of the following described real property situate in Klamath County, state of Oregon, to wit:

The Easterly 118 feet of Lot 6, Block 31, HILLSIDE ADDITION TO THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon, PLUS that portion vacated Donald Street lying adjacent thereto.

Together with all the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

To have and to hold the same unto said Grantee, its successors and assigns forever.

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

Grantors are the owners of the premises free of all encumbrances except the trust deed above described and except:

1. Regulations, including levies, liens and utility assessments of the City of Klamath Falls.
2. An easement, including the terms and provisions thereof, dated November 8, 1946, recorded November 18, 1946, in Book 198, Page 419, in the Official Records of Klamath County, Oregon, in favor of the California Oregon Power Company, a California Corporation, for the service pole and overhang of service wires over and across the Easterly portion of Lot 6.
3. Trust Deed, including the terms and provisions thereof to secure the amount noted below and other amounts secured thereunder, if any: Thomas L. Gibb and Kay I. Gibb, husband and wife, as Grantors, William Sisemore as Trustee,

JAN 9 PM 4 04

Rev. Mellon Financial
PO Box 86 KF 97601

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Klamath First Federal Savings & Loan Association, a corporation, as Beneficiary, dated June 12, 1979, recorded June 12, 1979, in the Book of Mortgages, Volume 79, Page 13865, in the Official Records of Klamath County, Oregon, in the face amount of \$19,500.00.

4. Unpaid Klamath County real property taxes for 1986-87, in the sum of \$816.59.

The Deed does not effect a merger of the fee ownership and the lien of the trust deed described above. The fee and the lien shall hereafter remain separate and distinct.

By acceptance of this Deed, Grantee covenants and agrees that it shall forever forbear taking any action whatsoever to collect against Grantors on the promissory note given to secure the trust deed above described, other than by foreclosure of that trust deed, and that in any proceeding to foreclose the trust deed, it shall not seek, obtain or permit a deficiency judgment against Grantors, their heirs or assigns, such rights and remedies being hereby waived.

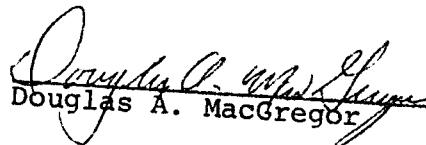
Grantors do hereby waive, surrender, convey and relinquish any equity or redemption and statutory rights of redemption concerning the real property and trust deed described above.

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

In construing this instrument, it is understood and agreed that the Grantors, as well as Grantee, may be more than one person; that if the context so requires, the singular shall be taken to mean the plural; the singular pronoun means and includes the plural, the masculine, the feminine and the neuter and that, generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

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, the Grantors above named have executed this instrument this 3rd day of January, 1987.


Douglas A. MacGregor

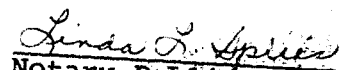

Marion K. MacGregor

"Grantors"

STATE OF OREGON)
) ss.
County of Klamath)

On this 3rd day of January, 1987, personally appeared the above-named Douglas A. MacGregor and Marion K. MacGregor and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME:


Notary Public for Oregon
My Comm: Exp: October 17, 1990

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...Federal Savings & Loan Association, a corporation,
...dated June 15, 1978, recorded June 15,
...of Klamath County, Oregon, in the
...1978, Volume 98, Page 13867, in
...of Klamath County, Oregon, in the
...1978, Volume 98, Page 13867.

...Klamath County real property taxes for 1986-
...of 2816.53.

...has not effect a merger of the fee ownership
...of the first described above. The fee and
...thereafter remain separate and distinct.

By the terms of this deed, the grantor and
...shall forever forbear taking any action
...against Grantors on the promissory
...of the deed, and shall in any
...of the deed, it shall not seek
...of the deed, it shall not seek
...of the deed, it shall not seek

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of January A.D., 19 87 at 4:04 o'clock P M., and duly recorded in Vol. M87
of Deeds on Page 448

FEE \$18.00

Evelyn Biehn, County Clerk
By _____

...this instrument, it is understood and
...as well as intended, that the
...of the deed, it shall not seek
...of the deed, it shall not seek
...of the deed, it shall not seek

...THIS INSTRUMENT DOES NOT CONSTITUTE THE
...RIGHT OF THE PROPERTY DESCRIBED IN
...CHECK WITH THE APPROPRIATE CITY
...TO VERIFY THE USES.

...WITNESS WHEREOF, the grantor, above named, have
...this instrument this _____ day of _____

MARION K. MACGREGOR

"Grantors"

STATE OF OREGON
(ss.)
County of Klamath

...of the County of Klamath, Oregon, and Marion K.
...and acknowledged the foregoing instrument to be
...voluntary act and deed.

Notary Public for Oregon
My Comm. Expires _____

...IN THE COUNTY OF KLAMATH