

NONMERGER WARRANTY DEED IN LIEU OF FORECLOSURE

FLB Loan No. 193983-4

Lee S. Hopper and Melinda J. Hopper

Until a change is requested,  
all tax statements shall be  
sent to the following address:

Return to:  
Farm Credit Services -  
Klamath Falls  
Box 148  
Klamath Falls, Oregon 97601

THIS DEED, made this 12 day of January, 1987,  
between LEE S. HOPPER and MELINDA J. HOPPER, husband and wife, the  
Grantor, and THE FEDERAL LAND BANK OF SPOKANE, a corporation whose  
mailing address is West 601 First Avenue, P.O. Box 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 consider-  
ation, does by these presents grant, convey and warrant, unto the  
Grantee, and to its successors and assigns, forever, all the property  
described as follows:

All in Section 13, Township 40 South, Range 9 East of the  
Willamette Meridian, Klamath County, Oregon, as follows:

Parcel 1: The N1/2SW1/4 and that portion of the S1/2SW1/4  
lying northerly of the U.S.B.R. "C" Canal.

Parcel 2: All that portion of the S1/2SW1/4 lying southerly  
of the U.S.B.R. "C" Canal.

ALL SITUATE IN county of Klamath, state of Oregon,  
subject to: Rights of way and easements for roads,  
utilities and irrigation ditches as same exist or  
appear of record; unpaid real property taxes; mort-  
gage to Grantee dated October 21, 1982, and recorded  
December 2, 1982, and also subject to reservations and restrict-  
ions of record, easements and rights of way of record and those apparent on the  
land, contracts, and/or liens for irrigation and/or drainage.  
TOGETHER WITH all water and water rights of every kind and  
description and however evidenced used upon or appurtenant  
to said property, which, in any manner, entitles Grantor to  
water.

TOGETHER WITH any and all tenements, hereditaments, ease-  
ments, rights, privileges and appurtenances thereunto  
belonging or used in connection therewith, and the rever-  
sions, 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 (except those set forth above);  
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

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the said property against every person lawfully claiming the same, except those claiming under the above exceptions.

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 liens against the property, except for those set forth above.

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

The true and actual consideration for this conveyance is that by acceptance of this deed, Grantee covenants and agrees that it shall not enforce any judgment against Grantor for the indebtedness evidenced by the promissory note secured by that certain mortgage executed by Lee S. Hopper and Melinda J. Hopper, husband and wife, to The Federal Land Bank of Spokane, dated October 21, 1982, recorded December 2, 1982, in Volume M82 of Mortgages at page 16759, records of Klamath County, Oregon. This deed shall not operate to preclude Grantee from proceeding in any action to enforce the mortgage, 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 mortgage described above.

Possession of the property is hereby surrendered and delivered to Grantee.

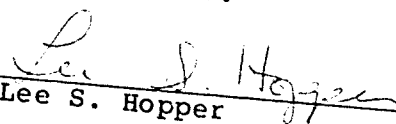
Grantor declares that this conveyance is freely and fairly made.


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 their 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.

Dated this 12 day of January, 1987.

  
Lee S. Hopper

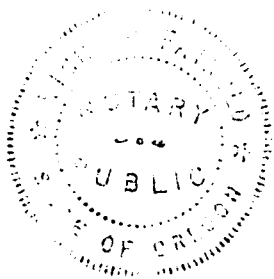
  
Melinda J. Hopper

STATE OF OREGON )  
County of Klamath ) : SS.

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On this 12 day of January, 1987, before me the undersigned, a Notary Public for the state of Oregon, personally appeared Lee S. Hopper, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same as his free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

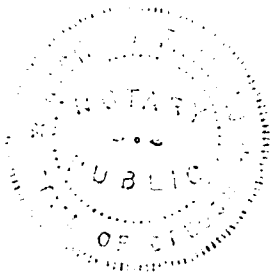


[Signature]  
Notary Public for the state of Oregon  
Residing at: Klamath Falls, OR  
My commission expires: 1/1/88

STATE OF OREGON )  
County of Klamath ) : SS.

On this 12 day of January, 1987, before me the undersigned, a Notary Public for the state of Oregon, personally appeared Melinda J. Hopper, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same as her free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



[Signature]  
Notary Public for the state of Oregon  
Residing at: Klamath Falls, OR  
My commission expires: 1/1/88

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_  
of January A.D., 19 87 at 4:21 o'clock P M., and duly recorded in Vol. M87 day  
of Deeds on Page 736

FEE \$18.00

Evelyn Bishn  
By Dorothy A. Detrich County Clerk