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K-38916

NON-MERGER SPECIAL WARRANTY DEED IN LIEU OF FORECLOSURE

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CURTIS L. UNDERWOOD and DELLA A. UNDERWOOD, husband and wife, Grantors, convey and specially warrant to CALIFORNIA LIVESTOCK PRODUCTION CREDIT ASSOCIATION, a corporation, Grantee, the following described real and personal property, free of encumbrances, liens, and security interests of any kind made, suffered or permitted by Grantors on or after September 25, 1986, save and except unpaid real property taxes:

Township 39 South, Range 12 East of the Willamette Meridian: Section 20: That portion of the W 1/2 and W 1/2 SE 1/4 lying Southwesterly of Lost River and Northeasterly of the East Langell Valley Road, Klamath County, Oregon.

TOGETHER WITH the easements appurtenant to said property over and across the following described property:

NE 1/4 of the NE 1/4 of Section 30, Township 39 South, Range 12 E.W.M.; the NW 1/4 of the NW 1/4 of Section 29, Township 30 South, Range 12 E.W.M., and the SW 1/4 of the SW 1/4 of Section 20, Township 39 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

TOGETHER WITH the mineral rights pertaining to said property to the extent they are owned by the Seller.

And Grantors warrant and will defend said premises and every part and parcel thereof against the claims and demands of all persons claiming under any such encumbrances, liens, and security interests.

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

The acceptance of this conveyance by Grantee is conditioned upon their being no liens, encumbrances or security interests within the warranty stated above.

Grantors covenant to and with Grantee that this conveyance is an absolute conveyance in fact as in form and is made to extinguish the interest of the Grantors in the above-described property and that certain Sale Agreement by and between Grantors and Grantee dated September 25, 1986, a memorandum of which was recorded October 22, 1986 in Volume No. 86, Page 19199, Deed Records of Klamath County, Oregon; that Grantors are in default of their performance under said sale agreement; that this conveyance is given in lieu of foreclosure of said sale agreement; that Grantors are not insolvent; that this conveyance does not constitute a preference of creditors; that Grantee shall retain all payments heretofore made by Grantors pursuant to said sale agreement; and that said sale agreement is terminated and cancelled upon acceptance of this conveyance by Grantee.

Possession of the above-described property shall be surrendered and delivered to Grantee immediately upon Grantees acceptance of this deed.

This conveyance is made contemporaneously with a transfer from Grantors to Grantee of all personal property, including a promissory note, described in a security agreement entered into by and between Grantors and Grantee under date of September 25, 1986, the transfer of said personal property also being in lieu

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SHERMAN BRYAN & SHERMAN  
LAWYERS  
687 Court Street N.E. / Post Office Box 2247  
SALEM, OREGON 97308-2247

101/364-2281

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of foreclosure of said security agreement.

The consideration for this conveyance, stated in terms of dollars, is none; however, the whole consideration is other value given and the termination of the above described sale agreement and the forbearance of the Grantee in exercising its remedies pursuant to said sale agreement.

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. (O.R.S. 93.040(1))

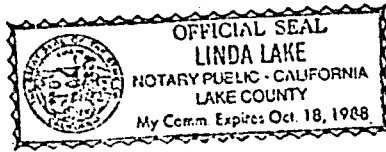
IN WITNESS WHEREOF, the parties have set their hands the day and year first hereinabove written.

CALIFORNIA LIVESTOCK PRODUCTION CREDIT ASSOCIATION

By  
its

CURTIS L. UNDERWOOD

DELLA A. UNDERWOOD



STATE OF California ) ss.:  
County of Lake )

On this 14 day of July, 1987, personally appeared the within-named CURTIS L. UNDERWOOD and DELLA A. UNDERWOOD, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

Linda Lake  
Notary Public for California  
My Commission Expires:

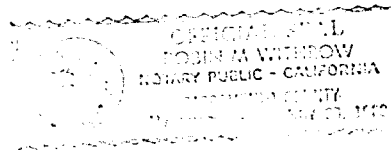
STATE OF California ) ss.:  
County of Sacramento )

On this 7 day of July, 1987, personally appeared the within-named John W. Withrow for CALIFORNIA LIVESTOCK PRODUCTION CREDIT ASSOCIATION, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

John W. Withrow  
Notary Public for California  
My Commission Expires: Nov. 29, 1988

After recording, please return to:  
Tennant, Parshall, Read & Dutra  
350 University Ave, Suite 110  
Sacramento, Ca. 95825



STATE OF OREGON: COUNTY OF KLAMATH: ss.  
Filed for record at request of Klamath County Title Company the 14th day of July A.D. 19 87 at 10:55 o'clock AM, and duly recorded in Vol. M87 on Page 12397  
of Deeds Evelyn Biehn, County Clerk  
By [Signature]  
FEE \$14.00

SHERMAN, BRYAN, SHERMAN & MURCH  
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