

THIS INDENTURE between REX E. LOUGH, hereinafter called the "First Party," and BEVERLY NADINE HATCHER, hereinafter called the "Second Party;"

W I T N E S S E T H:

WHEREAS, the title to the real property hereinafter described is vested in fee simple in the First Party, subject to the lien of a mortgage or trust deed recorded in the mortgage records of Klamath County, at book M-78, at page 5415, and further subject to the lien of a mortgage or trust deed recorded in the mortgage records of Klamath County, at book M-79, at page 10233, reference to said records hereby being made, and the notes and indebtedness secured by said encumbrance are now owned by the Second Party, on which notes and indebtedness there is now owing and unpaid the sum of SIX THOUSAND NINE HUNDRED FIFTY AND 32/100THS DOLLARS (\$6,950.32), together with interest at the rate of eight percent (8%) thereon from July 6, 1982, the same being now in default and said encumbrance being now subject to immediate foreclosure, and whereas the First Party, being unable to pay the same, has requested the Second Party to accept an absolute deed of conveyance of said property in satisfaction of the indebtedness secured by said encumbrance and the Second Party does now accede to said request.

NOW, THEREFORE, for the consideration hereinafter stated (which includes the cancellation of the notes and indebtedness secured by said encumbrance and the surrender thereof marked "Paid in Full" to the First Party), the First Party does convey and warrant unto the Second Party, his heirs, successors, and assigns, all of the following described real property situated in Klamath County, State of Oregon, to-wit:

PARCEL 1:

All of Lot 21, Block 4, in the City of Chiloquin, in the County of Klamath, State of Oregon.

PARCEL 2:

The Southwesterly 1/2 of Lot 20, Block 4 in the City of Chiloquin, in the County of Klamath, State of Oregon.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING AND 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.

FIRST PARTY covenants with the Second Party, his heirs, successors and assigns, that the First Party owns in fee simple the property, free and clear of encumbrances except said mortgage or trust deed and further except none other; that the First Party will warrant and forever defend the above granted premises, and every part and parcel thereof against the lawful claims and demands of all persons whomsoever, other than the liens above expressly excepted; that this deed is intended as a conveyance, absolute in legal effect as well as in form, of the title to said premises to the Second Party and all redemption rights which the First Party may have therein, and not as a mortgage, trust deed or security of any kind; that possession of said premises hereby is surrendered and delivered to said Second Party; that in executing this deed the First Party is not acting under any misapprehension as to the effect thereof or under any duress, undue influence, or misrepresentation by the Second Party, or Second Party's representatives, agents or attorneys; that this deed is given as a preference over other creditors of the First Party and that at this time there is no person, co-partnership or corporation, other than the

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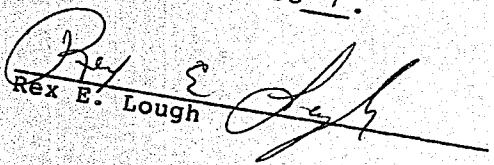
Second Party, interested in said premises directly or indirectly, in any manner whatsoever, except as aforesaid.

THE TRUE AND ACTUAL CONSIDERATION paid for this conveyance is \$-0-. However, the actual consideration consists of or includes other property or value given or promised which is the whole consideration, being in lieu of foreclosure.

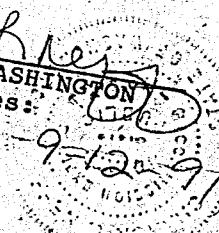
IN CONSTRUING THIS INSTRUMENT, it is understood and agreed that the First Party as well as the Second Party may be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural; that the singular pronoun means and includes the plural, the masculine, 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 individuals.

IN WITNESS WHEREOF, the First Party above named has executed this instrument; if First Party is a corporation, it has caused its corporate name to be signed hereto and its corporate seal affixed by its officers duly authorized thereunto by order of its Board of Directors.

DATED this 21st day of December, 1987.


Rex E. Lough

STATE OF WASHINGTON/County of Sussex) ss.
THE FOREGOING INSTRUMENT was acknowledged before me this 21st day of December, 1987, Rex E. Lough.


NOTARY PUBLIC FOR WASHINGTON
My Commission expires: 9-12-99

STATE OF OREGON)
County of Klamath) ss.

I certify that the within instrument was received for record on the 29th day of December, 1987, at 8:44 o'clock A.M., and recorded in Book M87 on Page 23059 or as File Reel Number 82945, Record of Deeds of said County.

WITNESS my hand and seal of County affixed.

Evelyn Biehn, County Clerk
Recording Officer
By: Beverly Nadine Hatcher
Deputy
Fee \$15.00

GRANTORS NAME AND ADDRESS:
REX E. LOUGH
3923 Apache Drive
Mt. Vernon WA 98273

GRANTEE'S NAME AND ADDRESS:
Beverly Nadine Hatcher
P O Box 564
Chiloquin OR 97624

AFTER RECORDING, RETURN TO:
NFAI G. BUCHANAN
601 Main Street, Suite 215
Klamath Falls, Oregon 97601

Until a Change is Requested,
Tax Statements Should be Sent
To:
Beverly Nadine Hatcher
P O Box 564
Chiloquin OR 97624

ESTOPPEL DEED - Page Two