

BARGAIN & SALE DEED  
(Grant of Option)

FOR VALUE RECEIVED, GARY T. CHEYNE and DENISE L. CHEYNE, individually and as husband and wife, herein referred to as GRANTORS, do hereby grant, bargain, sell and convey unto UNITED STATES NATIONAL BANK OF OREGON a national banking association, herein referred to as GRANTEE, the following described real property, with tenements, hereditaments, and appurtenances, to-wit:

A tract of land situated in the NW 1/4 NE 1/4 of Section 11, Township 40 South, Range 9 East of the Willamette Meridian, more particularly described as follows:

Beginning at a point on the North line of said Section 11, from which the North quarter corner of said Section 11 bears South 89 degrees 38' 26" West 498.37 feet; thence North 89 degrees 38' 26" East along the said section line, 318 feet; thence South 00 degrees 21' 34" East 80 feet; thence North 89 degrees 38' 26" East 14 feet; thence South 00 degrees 21' 34" East 580 feet; thence South 89 degrees 38' 26" West 332 feet; thence North 00 degrees 21' 34" West 660 feet to the Point of Beginning with the bearings based on Survey No. 3769 as recorded in the office of the Klamath County Surveyor.

That this Deed is intended as a conveyance, absolute in legal effect as well as in form, of the title to said premises to Grantee and not as a Mortgage, Trust Deed or security device of any kind and that possession of said premises is hereby surrendered to said Grantee. In executing this Deed the Grantor is not acting under any misapprehension as to the effect thereof nor under any duress, undue influence or misrepresentation by the Grantee or its agents or attorneys.

It is an express condition of this Deed that there shall not be a merger of the security interest, equitable title of interest, or the lien held by Grantee by virtue of that certain Mortgage held by United States National Bank of Oregon dated August 7, 1985 and recorded August 14, 1985 in Volume M85 at Page 12749 of the Official Record of Mortgages of Klamath County, Oregon, wherein Gary T. Cheyne and Denise Cheyne were the Mortgagors and U.S. National Bank of Oregon was the Mortgagee. The Grantee, by the recording of this Deed, does not merge its lien or equitable interest in the real property pursuant to said Mortgage with the legal interest in said real property acquired by this Deed.

Grantee, by the recordation of this Deed, grants to Grantor an

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unlimited option to rent, lease or purchase the above-described property, and further subordinates the lien of its Mortgage described above to this option to rent, lease or purchase the above-described property upon written request by Grantor held by CHEYNE, all in accordance with the terms and conditions of such option as more specifically set forth in that certain SETTLEMENT AGREEMENT dated the 11<sup>th</sup> day of MARCH, 1988.

True consideration for this conveyance are other promises as contained in a SETTLEMENT AGREEMENT between the parties dated the 11 day of MARCH, 1988.

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.

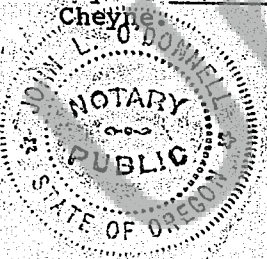
DATED this 11<sup>th</sup> day of MARCH, 1988.

Gary T. Cheyne  
GARY T. CHEYNE

Denise L. Cheyne  
DENISE L. CHEYNE

STATE OF OREGON )  
                                  ) ss.  
County of Klamath)

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of MARCH, 1988, by Gary T. Cheyne and Denise L. Cheyne.



John L. O'Donnell  
Notary Public for Oregon  
My Commission Expires: 8/14/89

AFTER RECORDING, RETURN TO:

Giacomini, Jones & Trotman  
Attorneys at Law  
635 Main Street  
Klamath Falls, OR 97601

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_ the 31<sup>st</sup> day  
of Aug. A.D., 19 88 at 2:58 o'clock P. M., and duly recorded in Vol. M88  
of \_\_\_\_\_ Deeds on Page 14166.

FEE \$13.00

Evelyn Biehn  
By Quentin Mullendore County Clerk