

*K-41343*  
NONMERGER WARRANTY DEED IN LIEU OF FORECLOSURE  
 FCB Loan Nos. 183483-0 and 135210-0  
 Arthur E. Evans

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

Farm Credit Services  
 900 Klamath Avenue  
 P.O. Box 148  
 Klamath Falls, OR 97601

THIS DEED, made this 5<sup>th</sup> day of June, 1989, between ARTHUR E. EVANS, the Grantor, and FARM CREDIT BANK OF SPOKANE, a corporation chartered under the laws of the United States (FCB), successor by merger to The Federal Land Bank of Spokane, a corporation formerly chartered under the laws of the United States, whose mailing address is West 601 First Avenue, TAF-C5, Spokane, Washington 99220, the Grantee,

WITNESSETH, that for and in consideration of the covenants hereinafter contained, the avoidance of the costs and expense of foreclosure litigation, the payment by Grantee of all title insurance premiums and recording and transfer fees, costs and expenses, and other good and valuable consideration, the Grantor does by these presents grant, convey and warrant forever unto the Grantee, and to its successors and assigns, all of the following described real property:

PARCEL 1: The S½NE¼ of Section 11, Township 41 South, Range 12 E.W.M., EXCEPTING therefrom that portion conveyed to the Malin Irrigation District by Deed recorded March 27, 1948, in Volume 218 page 409, and that portion conveyed to Clarence R. Kolkaw, et ux, by deed recorded February 5, 1954, in Volume 265 page 243, Deed records of Klamath County, Oregon.

PARCEL 2: The NW¼SE¼ and that portion of the NE¼SE¼ of Section 11, Township 41 South, Range 12 E.W.M., lying Northerly of the Northerly right of way line of the High-Line Canal of the Malin Irrigation District.

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, and mortgages to Grantee dated May 13, 1968, recorded May 17, 1968, and dated April 18, 1980 and recorded April 28, 1980.

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 entitle Grantor to water, including but not limited to evidence of 24.4 acres assessed from Klamath Basin Irrigation District and evidence of 73 acres assessed from Malin Irrigation District.

TOGETHER WITH any and all tenements, hereditaments, easements, rights, privileges and appurtenances thereunto belonging or used in connection therewith, and the reversions, remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, all and singular, the said property, together 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 him will, on demand, execute and deliver to Grantee at Grantee's expense, any further assurance of the same that may be reasonably required; and that Grantor will warrant to Grantee all of 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 rescission or as a mortgage, trust conveyance, or security agreement of any kind.

Grantee's acceptance of this conveyance 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.

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 notes secured by that certain mortgage executed by Arthur E. Evans and Mae Jean Evans, husband and wife, Mortgagors, to The Federal Land Bank of Spokane, a corporation, Mortgagee, dated May 13, 1968, recorded on May 17, 1968, in Volume M68, Page 4479, in the Mortgage records of Klamath County, Oregon, and that certain mortgage executed by Arthur E. Evans and Shirley A. Evans, husband and wife, Mortgagors, to The Federal Land Bank of Spokane, a corporation, Mortgagee, dated April 18, 1980 and recorded April 28, 1980, in Volume M80, Page 7812, Mortgage records of Klamath County, Oregon. This deed shall not operate to preclude Grantee from proceeding in any action to enforce the mortgages, but shall preclude Grantee from obtaining a deficiency judgment against Grantor.

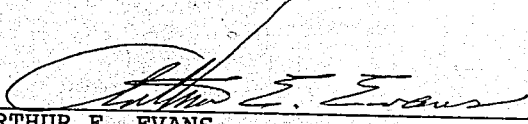
Grantor does hereby waive, surrender, convey, and relinquish any equity of redemption and statutory rights of redemption concerning the property and mortgages described above.

Grantor hereby surrenders and delivers possession of the property to Grantee.

Grantor declares that this conveyance is freely and fairly made, and 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 his hand the day and year first above written.

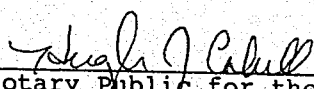
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

  
ARTHUR E. EVANS

STATE OF OREGON )  
County of Klamath ) ss.

On this 5th day of June, 1989, before me, the undersigned, a Notary Public for the State of Oregon, personally appeared ARTHUR E. EVANS, 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.

  
Notary Public for the State of Oregon  
Residing at Klamath Falls, OR  
My commission expires 6-16-89

STATE OF OREGON, ss.  
County of Klamath

Filed for record at request of:

Klamath County Title Co.  
on this 6th day of June A.D., 19 89  
at 11:09 o'clock AM and duly recorded  
in Vol. M89 of Deeds Page 9936  
Evelyn Biehn County Clerk  
By Orlene M. Melendore Deputy.  
Fee, \$18.00

Return: K.C.T.C.

81E3509.1/.3

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