

DEED IN LIEU OF FORECLOSURE

KNOW ALL MEN BY THESE PRESENTS, that VIRGIL JUNIOR TREADWAY and CAROL ANN TREADWAY, hereinafter Grantors, for the consideration hereinafter stated, do hereby grant, bargain, sell and convey unto GEORGE K. CANEY, hereinafter Grantee, and unto Grantee's heirs, successors and assigns, all of that certain real property which the tenements, any-wise appertaining, situate in the County of Klamath, State of Oregon, described as follows, to wit:

Sections 27 and 33 in Township 37 South, Range
15 East of the Willamette Meridian

TAX ASSESSOR NO:

Grantors hereby covenant to and with said Grantee and Grantee's heirs, successors and assigns that said real property is free from all encumbrances created or suffered thereon by Grantors and that Grantors will warrant and defend the same and every part and parcel thereof against the lawful claims and demand of all persons claiming by, through or under Grantors.

This deed is given in lieu of foreclosure or sale of that certain Contract of Sale dated April 10, 1987, as disclosed in Memorandum of Sale dated April 10, 1987, and recorded in Klamath County Deed Records at _____, wherein the above-named Grantors are the Purchasers and the above-named Grantee is Seller, which instrument was given to secure Grantors' obligation to Grantee in the amount of \$220,000.00, which obligation Grantors acknowledge is in default and further acknowledge that the true and actual consideration for this transfer is Grantee's forbearance to foreclose said instrument, sue on said obligation and forbear taking any other action whatsoever to collect the balance owing on said obligation, except the sum of \$10,146.42, to be evidenced by a promissory note executed simultaneously herewith.

Grantors further acknowledge that Grantee shall retain all payments made under said instrument by Grantors as reasonable rent for their occupancy of said property and Grantors do hereby waive, surrender, convey and relinquish any equity of redemption and statutory rights of redemption concerning said real property and the instrument described above.

Grantors further warrant and covenant that this deed is absolute in effect and conveys fee simple title to the premises described above to the Grantee and does not operate

89 JUL 25 AM 11 20

as a mortgage, trust conveyance, or security of any kind and further does not effect a merger of the fee ownership and the lien of the contract described above. The fee and lien shall hereafter remain separate and distinct.

By acceptance of this deed the Grantee satisfied in full any and all obligations under said contract by the Grantors and waives any further rights under said contract, it being expressly understood that this deed expressly terminates all of the rights and obligations arising between the parties pursuant to said instrument.

DATED this May 20 day of May, 1989.

Virgil Treadway
VIRGIL JUNIOR TREADWAY

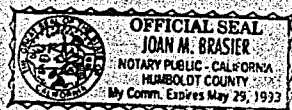
Carol Treadway
CAROL ANN TREADWAY

STATE OF CALIFORNIA)
County of YUBA) ss:

Personally appeared the above-named VIRGIL JUNIOR TREADWAY and CAROL ANN TREADWAY, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me: JOAN M. BRASIER

Joan M. Brasier
Notary Public for CALIFORNIA
My Commission Expires: MAY 29, 1993



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of George K. Caney the 25th day
of July A.D. 19 89 at 11:20 o'clock A M. and duly recorded in Vol. M89
of Deeds on Page 13537

FEE \$13.00

Return: George K. Caney
Rt. 1, Box 90, Haines, Or. 97833

Evelyn Biehn County Clerk
By Pauline Mullendore