

MT- 22329  
DEED IN LIEU OF MORTGAGE FORECLOSURE

WAYNE CUNNINGHAM, Grantor, for and in consideration of the covenants contained herein and the release from certain personal indebtedness arising from a promissory note dated August 17, 1984, in the amount of \$210,000.00, of which \$297,743.95 is unpaid as of September 20, 1989, hereby assigns, transfers, sets over, and conveys to FARM CREDIT BANK OF SPOKANE, successor in interest to The Federal Land Bank of Spokane, Grantee, all of the Grantor's right, title, and interest in and to the following described real property, also known as the Algoma Property, situated in Klamath County, Oregon:

SEE ATTACHED EXHIBIT A, which by this reference is incorporated herein.

Grantor covenants that:

This deed is an absolute conveyance in effect as well as in form and conveys fee simple title of the premises above described to the Grantee and does not operate as a mortgage, trust conveyance, or security of any kind, and is not now or ever intended as a mortgage, trust conveyance or security of any kind.

Grantor is the owner of the premises, free of all encumbrances, excepting only those encumbrances of record and the Mortgage executed to Grantee, dated August 17, 1984, and recorded on September 28, 1984, at Volume M84, Page 16838 in the Official Records of Klamath County, Oregon.

This deed does not effect a merger of the fee ownership and the lien of the Mortgage described above. The fee and lien shall hereafter remain separate and distinct, and the Grantee shall not be prohibited from proceeding to foreclose the lien of the Mortgage described above to clear title.

By acceptance of this deed, Grantee covenants and agrees that it shall forever forbear taking any action whatsoever to collect against the Grantor on the promissory note secured by the Mortgage above described, other than by foreclosure of that Mortgage and that in any proceeding to foreclose the Mortgage, it shall not seek, obtain, or permit a deficiency judgment against the Grantor, or the Grantor's successors or assigns, such rights and remedies being waived. Grantee

AFTER RECORDING, RETURN TO:  
CHURCHILL, LEONARD,  
BROWN & DONALDSON  
Attorneys at Law  
P.O. Box 804  
Salem, OR 97308

UNTIL A CHANGE IS REQUESTED, ALL  
TAX STATEMENTS SHALL BE SENT TO:  
Farm Credit Services  
PO Box 607  
Redmond, OR 97756

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Exhibit 4

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expressly reserves its rights and remedies in all other proceedings and suits now filed or pending or to be filed, if any, either in equity or at law.

The Grantor does hereby waive, surrender, convey, and relinquish any equity of redemption concerning the real property and Mortgage described above.

The 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, the Grantee's agents or attorneys, or any other person.

The Grantor agrees that Grantee shall retain all payments made on the promissory note and Mortgage by the Grantor. The Grantee does not assume any responsibility for any liabilities incurred by the Grantor or by any other person.

This Deed is made by the Grantor as a result of the Grantor's own request and as the Grantor's free and voluntary act.

The Grantor was represented by counsel, and it is the intention of the Grantor to convey, set over, transfer, and assign by said Deed and did convey, set over, transfer, and assign to the Grantee, all of the Grantor's right, title, and interest absolutely in and to the premises described in this Deed, including after acquired title.

These recitals are made for the protection and benefit of the Grantee, the Grantee's successors and assigns, and all of the parties hereafter dealing with or who may acquire an interest in the property described therein, and shall bind the respective successors, executors, administrators, and assigns of the undersigned.

It is understood that the Grantor and/or the Grantee may be more than one person and that if context so requires, the singular includes the plural, the masculine includes the feminine and the neuter, and generally all grammatical changes shall be made to make the provisions hereof apply equally to corporations and other entities and to individuals.

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 20 day of October, 1989.

  
WAYNE CUNNINGHAM

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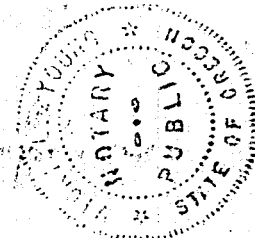
22221

STATE OF OREGON           )  
                              )  
County of Klamath       ) ss.

The foregoing instrument was acknowledged before me this 20 day of October, 1989, by Wayne Cunningham.

Jack L. Young  
Notary Public for Oregon  
My commission expires: 9-21-92

TLH7:pk3  
0613006.26



3 - DEED IN LIEU OF MORTGAGE FORECLOSURE

Exhibit 4

In Township 37 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

Section 12: Lot 4;

Section 13: Lot 1, N1/2 of Lot 2, NE1/4 NE1/4, N1/2 SE1/4 NE1/4;

EXCEPT those portions of the above described properties heretofore conveyed to the State of Oregon for highway purposes in Deed Volume 224, page 139, Deed Records of Klamath County, Oregon.

ALSO EXCEPTING those portions of the above described properties heretofore conveyed to the Oregon Eastern Railway Company, an Oregon Corporation, for railroad right-of-way in Deed Volume 26, page 396, Deed Records of Klamath County, Oregon.

In Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Section 7: Lot 4, SE1/4 SW1/4, SW1/4 SE1/4;

Section 18: N1/2 NW1/4, Portions of the S1/2 NW1/4, more particularly described as follows:

Beginning at the Northeast corner of the SE1/4 NW1/4 of Section 18; thence Southwesterly along the center of the dredger cut to a point 10 chains North of the quarter section corner on the West line of said Section 18; thence North to the Northwest corner of SW1/4 NW1/4 of said Section 18, thence East along the North line of the S1/2 NW1/4 of Section 18 to the place of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 16th day  
of Nov. A.D., 19 89 at 3:03 o'clock P.M., and duly recorded in Vol. M89,  
of Deeds on Page 22219.

FEE \$23.00

Evelyn Biehn County Clerk

By Charles Neulander