

DEED IN LIEU OF FORECLOSURE

THIS DEED IN LIEU OF FORECLOSURE made this _____ day of
September _____, 19 91, between ROBERT GRAY and DINA HAMPTON
_____, hereinafter called "Grantor(s)" and
JOHN W. GARRETT & MARIE D. GARRETT, husband and wife, hereinafter called
"Grantee(s)",

WITNESSETH:

This Deed is absolute in effect and conveys fee simple title
of the premises hereinafter described to the Grantees and does not
operate as a mortgage, trust conveyance or security of any kind.

Grantor(s) are the owners of the hereinafter described premises
subject to a Trust Deed executed to Grantee(s) dated October 22
_____, 1990, and recorded on October 24
_____, 19 90,
in book/reel/volume No. M90 at page 21,417 thereof or as
fee/file/instrument/microfilm/reception No. _____ of the
Klamath County Recorder's office. Said Trust Deed is
now in default and subject to immediate foreclosure. Grantor(s),
being unable to pay the same have requested Grantee(s) to accept a
Deed of Conveyance of the hereinafter described property in satis-
faction of the indebtedness secured by said Trust Deed.

This Deed does not effect a merger of the fee ownership and the
lien of the Trust Deed described above. The fee and the lien shall
hereinafter remain separate and distinct.

By acceptance of this Deed Grantee(s) covenant and agree that:

1. They shall forever forebear taking any action whatsoever to
collect against Grantor(s) on the Promissory Note given to secure the
Trust Deed above described, other than by foreclosure of that Trust
Deed, and that in any proceeding to foreclose the Trust Deed, they shall
not seek, obtain or permit a deficiency judgment against Grantor(s),
their heirs or assigns, such rights and remedies hereby being waived;
and

2. They shall cancel the Promissory Note and indebtedness
secured by said Trust Deed and surrender it marked "Paid in Full" to
the Grantor(s).

Grantor(s) hereby waive, surrender, convey and relinquish any
equity of redemption and statutory rights of redemption concerning
the real property and Trust Deed described above.

NOW, THEREFORE, for the consideration above-stated Grantor(s)
do hereby grant, bargain, sell and convey to Grantee(s), their heirs,
successors and assigns, all of the following described real property

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PARCEL 1:

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Beginning at the Southwest corner of Lot 1, Block 1, PINNEY'S ACRES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, said point being a 5/8 inch iron rod; thence North 40 degrees 38' 35" East, 311.99 feet to a 5/8 inch iron rod, being the true point of beginning; thence along the arc of a 485.00 foot radius curve to the left, 192.21 feet to a 5/8 inch iron rod, (the long chord of said curve bears North 29 degrees 17' 23" East, 190.96 feet); thence North 17 degrees 56' 10" East, 197.81 feet to a 5/8 inch iron rod on the North line of said Lot 1; thence South 89 degrees 20' 00" East along said North line of Lot 1, 286.90 feet to a 5/8 inch iron rod; thence South 00 degrees 39' 00" West, 335.04 feet to a 5/8 inch iron rod; thence along the arc of a 207.78 foot radius curve to the left 96.03 feet to a 5/8 inch iron rod (the long chord of said curve bears South 42 degrees 39' 51" West, 95.18 feet); thence South 89 degrees 21' 15" East 265.84 feet to a 5/8 inch iron rod; thence North 00 degrees 38' 45" East 49.39 feet to a 5/8 inch iron rod; thence South 89 degrees 21' 15" East 107.50 feet to the point of beginning.

PARCEL 2:

Beginning at the Southwest corner of Lot 1, Block 1, PINNEY'S ACRES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, said point being a 5/8 inch iron rod; thence North 40 degrees 38' 35" East, 311.99 feet to a 5/8 inch iron rod; thence along the arc of a 485.00 foot radius curve to the left, 192.21 feet to a 5/8 inch iron rod, (the long chord of said curve bears North 29 degrees 17' 23" East, 190.96 feet); thence North 17 degrees 56' 10" East, 197.81 feet to a 5/8 inch iron rod on the North line of said Lot 1; thence North 89 degrees 20' 00" West along said North line of Lot 1, 128.97 feet to the Northwest corner of Lot 1, lying on the East line of U.S. Highway 97; thence North 23 degrees 57' East, 32.3 feet along the East line of said Highway 97 to a 5/8 inch iron rod; thence North 21 degrees 45' 21" East along said East line of Highway 97, 431.16 feet to a 5/8 inch iron rod; thence North 18 degrees 48' 08" East, 235.95 feet along said East line of Highway 97, to the point of beginning.

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situate in Klamath

County, State of Oregon, to-wit:

As more particularly described in Exhibit "A" attached hereto and made a part hereof.

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.

Robert H. Gray
ROBERT GRAY

Dina J. Hampton
DINA HAMPTON

STATE OF OREGON

County of Marion

) ss.

September 17 19 91

Personally appeared before me Robert Gray

and acknowledged the foregoing instrument to be his voluntary act and deed.

BEFORE ME:

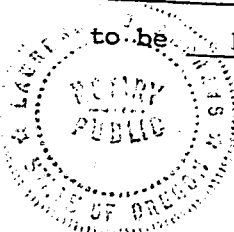
William W. Chebur
Notary Public for Oregon

My Commission expires

10-4-91

After recording, return to:
William D. McDonald, Attorney at Law
10851 SE Main Street
Milwaukie, OR 97222

-2-DEED IN LIEU OF FORECLOSURE



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STATE OF OREGON

) ss.

September 12, 1991

County of Marion

Personally appeared before me DINA HAMPTON and
acknowledged the foregoing instrument to be her voluntary act
and deed.

PUBLIC
BEFORE ME:

[Signature]
NOTARY PUBLIC FOR OREGON
My commission expires: 10-4-91

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Wm. D. McDonald the 19th day
of Dec. A.D., 19 91 at 12:25 o'clock P. M., and duly recorded in Vol. M91,
of Deeds on Page 26474.

FEE \$43.00

Evelyn Biehn . County Clerk

By *[Signature]*