

NON-MERGER DEED IN LIEU OF FORECLOSURE

Non-Merger Deed in Lieu of Foreclosure made and executed by PHILIP G. BLOHM and VIRGINIA E. BLOHM, husband and wife, (Grantor), to FARM CREDIT BANK OF SPOKANE, successor to The Federal Land Bank of Spokane, a corporation organized and existing under the Farm Credit Act of the Congress of the United States, as amended, (Grantee);

W I T N E S S E T H:

WHEREAS, Grantor is indebted to Grantee under Promissory Note secured by Mortgage; and

WHEREAS, Grantor is unable to pay the amount presently owing and unpaid under the Promissory Note and Mortgage; and

WHEREAS, the Mortgage is in default and subject to immediate foreclosure and Grantor has requested Grantee to accept an absolute deed of conveyance of The Property in lieu of foreclosure;

NOW, THEREFORE, Grantor, for good and valuable consideration, conveys to Grantee, all of The Property.

The acceptance of this Deed by Grantee is conditioned upon there being no liens against The Property, except for real property taxes owing, the easements and rights of way described in this conveyance, and the Mortgage.

This Deed does not effect a merger of the fee ownership of The Property and the lien of the Mortgage. The fee and the mortgage lien shall hereafter remain separate and distinct. The parties do not intend to affect the subrogation rights of any third parties.

By acceptance of this Deed, Grantee covenants and agrees with Grantor that Grantee shall not enforce any judgment against Grantor for any indebtedness evidenced by the Promissory Note or the Mortgage except by action to enforce the Mortgage by judicial foreclosure and sale. This Deed shall not operate to preclude Grantee from proceeding in any action to enforce the Mortgage, but shall be construed to preclude Grantee from obtaining any deficiency judgment against Grantor.

The true and actual consideration paid for this Deed is Grantee's covenant to forbear obtaining any deficiency judgment against Grantor.

This Deed is absolute in effect and conveys fee simple title of The Property to Grantee and does not operate as a mortgage, trust conveyance, or security of any kind.

RETURN AND MAIL TAX STATEMENTS TO:
FARM CREDIT BANK OF SPOKANE
900 KLAMATH AVE.
KLAMATH FALLS, OREGON 97601

Grantor waives, surrenders, conveys, and relinquishes any equity of redemption and statutory rights of redemption concerning The Property and the Mortgage.

Grantor declares this Deed is freely and fairly made, and there are no agreements, oral or written, other than contained in this Deed, between Grantor and Grantee with respect to The Property.

Grantor is not acting under any misapprehension as to the legal effect of this Deed, nor under any duress, undue influence or misrepresentation by Grantee, its agent, or attorney, or any other person.

Grantor surrenders and delivers to Grantee immediate possession of The Property.

In construing this Deed the following shall apply: pronouns shall be construed in accordance with appropriate gender, as either singular or plural, as the context requires; "Promissory Note" means Promissory Note dated February 22, 1979, payable to the order of The Federal Land Bank of Spokane in the face amount of \$190,000.00 and Promissory Note dated July 5, 1983, payable to the order of The Federal Land Bank of Spokane in the face amount of \$140,000.00; "Mortgage" means Mortgage dated February 22, 1979, recorded March 5, 1979, in Vol. M-79, page 4848, Mortgage Records of Klamath County, Oregon, amended by Memorandum of Variable Interest Rate Agreement recorded April 1, 1991, in Vol. M-91, page 5747, Mortgage Records of Klamath County, Oregon, and Mortgage dated July 5, 1983, recorded July 18, 1983, in Vol. M-83, page 11430, Mortgage Records of Klamath County, Oregon, amended by Memorandum of Variable Interest Rate Agreement recorded April 1, 1991, in Vol. M-91, page 5749, Mortgage Records of Klamath County, Oregon; "The Property" means the following described real property situated in Klamath County, Oregon, together with the tenements, hereditaments, rights, easements, privileges, appurtenances thereunto belonging or in any wise appertaining, improvements thereon, the reversions, remainders, rents, issues and profits thereof, and all water rights and/or shares of stock or shares of water in any ditch or irrigation company which, in any manner, entitles Grantor to water, to-wit:

Township 41 South, Range 12, EWM:

Section 9: S½SW½, SAVING AND EXCEPTING THEREFROM that portion thereof conveyed to the United States of America by deed recorded in Vol. 91, page 553, Deed Records of Klamath County, Oregon.

SUBJECT TO: Unpaid taxes; terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes in the event said use should be changed, which obligations Grantee assumes and agrees to pay and perform;

reservations, restrictions, rights of way and easements of record and apparent thereon.

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.

Philip J. Blohm joins in this Non-Merger Deed in Lieu of Foreclosure for the purpose of quit claiming to Grantee any right, title or interest in and to The Property.

IN WITNESS WHEREOF, Grantor has executed this Deed as of the date set opposite the signature of the Grantor.

DATE

SIGNATURES

9/9/93

Philip G. Blohm
Philip G. Blohm

9/9/93

Virginia E. Blohm
Virginia E. Blohm

9-9-93

Philip J. Blohm
Philip J. Blohm

STATE OF OREGON)
) ss.
COUNTY OF KLAMATH)

On this 9th day of September, 1993, personally appeared before me the above named PHILIP G. BLOHM, VIRGINIA E. BLOHM and PHILIP J. BLOHM and acknowledged the foregoing instrument to be their voluntary act and deed.

(SEAL)

Eda Gilbert
Notary Public
My Commission Expires: 6-1-94



STATE OF OREGON, ss.
County of Klamath

Filed for record at request of:

Klamath County Title co
on this 16th day of Sept. A.D. 19 93
at 2:41 o'clock P.M. and duly recorded
in Vol. M93 of Deeds Page 23940
Evelyn Biehn County Clerk
By *[Signature]*