

DEED IN LIEU OF FORECLOSURE

This agreement, made and entered into this \_\_\_\_ day of May, 1996, by and between Daniel Kolp and Robin B. Kolp, husband and wife, hereinafter referred to as "Debtor", and Vernon G. Ludwig and Ofelia Ludwig, husband and wife, hereinafter referred to as "Creditor";

WITNESSETH:

WHEREAS, the title to the real property hereinafter described is vested in Debtor subject to the lien of a Trust Deed recorded in the Official Records of Klamath County, Oregon, in Volume M95, page 12282 on May 11, 1995; and

WHEREAS, the notes and indebtedness secured by said instrument are now held by Creditor, concerning which there is now owing and unpaid the sum of \$58,500.00; Debtor now being in default and said instrument being now subject to immediate foreclosure; and

WHEREAS, Debtor is unable to pay same and has requested that Creditor accept this absolute deed of conveyance of said property in full satisfaction of the indebtedness secured by said instrument;

NOW THEREFORE, for good consideration, Debtor does hereby grant, bargain, sell, and convey unto Creditor all of the real property situated in Klamath County, State of Oregon described as:

That portion of the West 1/2 of the Southeast 1/4 lying Easterly of the Chiloquin Ridge Road as now located in Section 35, Township 34 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon.

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Mail Tax Statements to:

Vernon Ludwig  
580 Clover Lane  
Ashland OR 97520

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LAW OFFICES OF  
DAVIS, GILSTRAP, HARRIS, HEARN & WELTY  
A Professional Corporation  
515 EAST MAIN STREET  
ASHLAND, OREGON 97520  
(541) 482-3111 FAX (541) 488-4455

Debtor does hereby covenant to and with Creditor that Debtor is in title to the subject real property and title is free and clear of all encumbrances excepting the subject instrument and:

1. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads or highways.

2. Reservations as contained in Deed recorded in Volume 305, page 666, Records of Klamath County, Oregon.

3. Reservations as contained in Land Status Report recorded in Volume 305, page 668, Records of Klamath County, Oregon.

4. Trust Deed, subject to the terms and provisions thereof, given to secure an indebtedness with interest thereon and such future advance as may be provided therein, dated May 8, 1995, recorded May 11, 1995 in Volume M95, page 12284, Microfilm Records of Klamath County, Oregon in the amount of \$34,275. Grantor: Daniel Kolp and Robin B. Kolp, husband and wife, Trustee, Mountain Title Company and Beneficiary, Stephen J. Parsons.

Debtor does warrant and agrees to forever defend Creditor against the lawful claims and demands of all persons except as above-mentioned. It is agreed that this deed is intended as a conveyance, absolute in legal effect, and that it includes all redemption rights which Debtor may have in the subject real property. This deed is not a mortgage, trust deed, or security of any sort.

It is further agreed that possession of the subject real property is hereby surrendered and delivered unto Creditor and that Debtor is not acting under any misapprehension as to the effect of this agreement or under any duress, undue influence, or misrepresentation of any person. Neither is this deed given as a preference over any other creditors of Debtor and Debtor warrants that no person, partnership, or corporation holds any interest in the subject real property except as is mentioned herein.

This conveyance shall not constitute a merger, respecting the above instrument, nor adversely affect Creditor's priority with respect to junior lienholders, known or unknown, with reference to the subject real property.

This Deed was prepared on behalf of Creditor.

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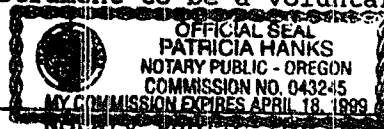
IN WITNESS WHEREOF, Debtor hereby executes this Deed  
on the date above-mentioned.

*Daniel Kolp*  
DANIEL KOLP

*Robin B. Kolp*  
ROBIN B. KOLP

STATE OF OREGON                    )  
  ) §  
COUNTY OF KLAMATH            )

Personally appeared the above-named ROBIN B. KOLP, and  
acknowledged the foregoing instrument to be a voluntary act.  
Before me:



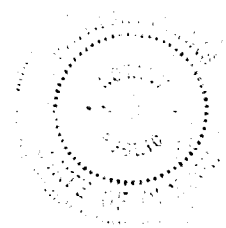
Notary Public for Oregon  
My Commission Expires: 4/18/99

STATE OF OREGON                    )  
  ) §  
COUNTY OF KLAMATH            )

Personally appeared the above-named DANIEL KOLP, and  
acknowledged the foregoing instrument to be a voluntary act.  
Before me:



Notary Public for Oregon  
My Commission Expires: 4/18/99



**DEED IN LIEU OF FORECLOSURE**  
STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Vernon Ludwig the 3rd day  
of May A.D., 19 96 at 11:54 o'clock PM, and duly recorded in Vol. M96  
of Deeds on Page 12727

FEE \$40.00

Return: Vernon Ludwig  
580 Clover Lane  
Aahland, Oregon 97520

By *Bernetha G. Letsch*  
Bernetha G. Letsch, County Clerk