

AFTER RECORDING RETURN TO:

South Valley State Bank  
5212 South Sixth  
Klamath Falls, OR 97603

SEND TAX STATEMENTS TO:

South Valley State Bank  
5212 South Sixth  
Klamath Falls, OR 97603

NONMERGER DEED IN LIEU OF FORECLOSURE  
(Trust Deed Lien Preserved)

GRANTOR: VINCENT O. CHEYNE

GRANTEE: SOUTH VALLEY STATE BANK

TRUE AND ACTUAL CONSIDERATION: Grantee's agreement not to pursue any deficiency judgment, costs, or attorney fees, and other good and valuable consideration.

DATE: \_\_\_\_\_, 1996

Grantor bargains, sells, and conveys to Grantee the following described real property (the "Property"):

See attached Exhibit "A"

together with any interest therein which Grantor may hereafter acquire.

This deed is absolute in effect and conveys fee simple title to the Property to Grantee and does not operate as a mortgage, trust conveyance, or security of any kind. Grantee shall not be deemed to have accepted this deed until and unless Grantee causes this deed to be recorded. Grantee shall be entitled to immediate possession of the Property upon recordation of this deed, Grantor shall be a tenant at sufferance, and Grantee shall be entitled to all rents from the Property, if any.

This deed does not constitute a merger of the fee ownership and the lien of that certain trust deed dated June 22, 1993, and recorded June 30, 1993 in Volume M93 at page 15572, Klamath County Official Records, or any other lien or interest held by the grantee. The fee and lien shall hereinafter remain separate and distinct until Grantee merges those interests with a separate instrument. Grantee does not assume any prior liens or obligations secured by the Property. Grantee may retain all prior payments received on the obligation secured by the Property.

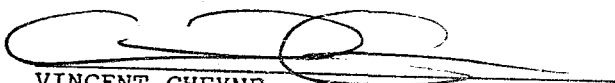
By recording this deed, Grantee agrees that it will forever forbear taking any action whatsoever to collect against the Grantor on the indebtedness secured by the Property other than by foreclosure of any lien which Grantee may have, and that in any proceeding, Grantee will not seek or obtain a deficiency

judgment, costs, or attorney fees against Grantor.

Grantor hereby waives, surrenders, conveys, and relinquishes any equity of redemption and statutory rights of redemption in respect to the Property. The true consideration for this instrument is Grantee's agreement not to pursue any deficiency judgment, costs, or attorney fees, and other good and valuable consideration.

Grantor is not acting under any misapprehension as to the legal effect of this deed, not under any duress, undue influence, or misrepresentation of Grantee, Grantee's agent or attorney, or any other person.

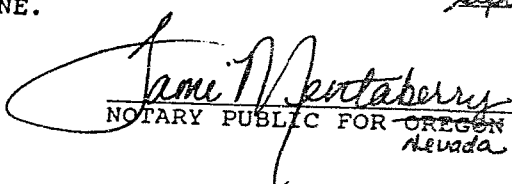
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

  
VINCENT CHEYNE

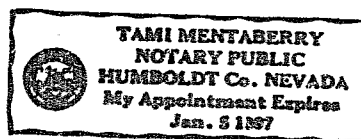
*Nevada*  
STATE OF ~~OREGON~~

County of *Humboldt* ) ss.

This instrument was acknowledged before me on *September 26, 1996*  
19\_\_\_\_, by VINCENT CHEYNE.

  
NOTARY PUBLIC FOR ~~OREGON~~  
*Nevada*

3535\DEEDLIEU.FCL/GCJ



## EXHIBIT "A"

That portion of the S1/2 SW1/4 of Section 16, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, as described as follows:

Beginning at the intersection of the Northeasterly line of the Great Northern Railroad right of way, 300 feet wide, as described in deed recorded in Volume 96, page 109, of Deed Records of Klamath County, Oregon, with the Northwesterly line of the Depot Road, 80 feet wide, as described in Deed recorded in Volume 96, page 173, of Deed Records of said County; thence North 71 degrees 45' East along said Depot Road a distance of 263.29 feet to the true point of beginning of this description; thence North 165.23 feet; thence West 549.60 feet to the Northeasterly line of said Railroad right of way; thence following the boundary line of said Railroad right of way to its intersection with the North line of the South half of the Southwest Quarter of Section 16; thence East along the North line of the Northeast corner of the Southeast quarter of the Southwest Quarter; thence South along the East line of said Southeast Quarter of the Southwest Quarter 277.90 feet, more or less, to its intersection with the Northwesterly line of the Depot Road; thence Southwesterly along the Northwesterly line of the Depot Road to the point of beginning.

EXCEPTING THEREFROM an additional portion conveyed to the Great Northern Railway by deed recorded in Volume 105 of Deed, page 209, Records of Klamath County, Oregon.

3535\PRODESC.DEED/gc]

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of South Valley Bank the 2nd day  
of October A.D., 19 96 at 3:33 o'clock P. M., and duly recorded in Vol. M96  
of Deeds on Page 31315.

FEE \$40.00

Bernetha G. Letsch County Clerk

By Kathleen Ross