

After recording, return to:

Jim N. Slothower
PO Box 111
Bend, OR 97701

Until a change is requested, tax statements shall be sent to Grantee at the following address:

Home Advantage Financial Services, Inc., PO Box 7, Bend, OR 97709

DEED IN LIEU OF FORECLOSURE

DONALD L. SAMPLES, Grantor, hereby conveys to HOME ADVANTAGE FINANCIAL SERVICES, INC., an Oregon corporation, Grantee, the following real property situated in Klamath County, Oregon, to-wit:

Lots 5, 6, 7 and 8, in Block 2, TRACT 1098 -
SPLIT RAIL RANCHOS, according to the official
plat thereof on file in the office of the County
Clerk of Klamath County, Oregon.

The true consideration for this conveyance is Grantee's forbearance of legal action to foreclose the trust deed previously executed by Grantor in favor of Grantee on the above referenced property recorded on April 18, 1994 in Book M94 at Page 11509, Mortgage Records, and the retention by Grantee of all payments already made by Grantor pursuant to said trust deed. Grantor acknowledges that he is in default of the aforesaid trust deed and is unable to pay same and has requested the Grantee to accept this deed in satisfaction of the indebtedness secured by the trust deed.

Grantor covenants that:

1. This deed is absolute in effect 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.

Page 1 - BARGAIN AND SALE DEED
IN LIEU OF FORECLOSURE

2. Grantor is the owner of the premises free of all encumbrances except for the installment note to Grantee dated April 11, 1994 and delinquent taxes.

3. This deed does not effect a merger of the fee ownership and the lien of the trust deed described above. The fee and lien shall hereafter remain separate and distinct.

4. By acceptance of this deed, Grantee covenants and agrees that it shall forever forbear taking any action whatsoever to collect against Grantor on the promissory note given to secure the trust deed above described, other than by foreclosure of the trust deed, and that in any proceeding to foreclose the trust deed it shall not seek, obtain or permit a deficiency judgment against grantor, his heirs or assigns, such rights and remedies being hereby waived. Grantee further agrees that it will only take action to foreclose the above described trust deed if encumbrances have been placed against the property while in Grantor's has which can only be removed through a foreclosure proceeding.

5. Grantor does hereby waive, surrender, convey and relinquish any equity of redemption and statutory rights of redemption concerning the real property and trust deed described above.

6. 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, his 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,

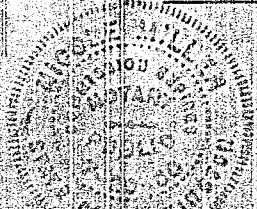
THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

DATED this 20 day of May, 1997.

Donald L. Samples
Donald L. Samples

STATE OF WASHINGTON)
County of Clark) ss:

This instrument was acknowledged by DONALD L. SAMPLES before me this 20th day of May, 1997.



Melvin Miller
Notary Public
My Commission Expires: 7-29-00

Address of Property:

Tax Account Number: 2310-035AC - 02500, 02400, 02300, 02200

Page 3 - BARGAIN AND SALE DEED
IN LIEU OF FORECLOSURE

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 20th day
of June A.D. 1997 at 3:09 o'clock P. M., and duly recorded in Vol. M97
of Deeds on Page 19121

FEE \$40.00

By Bernatha G. Letsch, County Clerk
Kathleen Ross