

SOUTH VALLEY BANK & TRUST who took title as SOUTH VALLEY STATE BANK, AN OREGON BANKING CORPORATION, Grantor(s) hereby grant, bargain, sell, warrant and convey to: LON E. BAILEY & NANCY L. BAILEY, husband and wife, as to an undivided 1/2 interest and MARK R. TROTMAN & DAWN M. TROTMAN, husband and wife, as to an undivided 1/2 interest,

Grantee(s) and grantee's heirs, successors and assigns the following described real property, free of encumbrances except as specifically set forth herein in the County of KLAMATH and State of Oregon, to wit:

SEE EXHIBIT A WHICH IS MADE A PART HEREOF BY THIS REFERENCE

SUBJECT TO: all those items of record and those apparent upon the land, if any, as of the date of this deed and those shown below, if any: and the grantor will warrant and forever defend the said premises and every part and parcel thereof against the lawful claims and demands of all persons whomsoever, except those claiming under the above described encumbrances.

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.

The true and actual consideration for this conveyance is \$ 800,000.00.

Until a change is requested, all tax statements shall be sent to Grantee at the following address: P.O. Box 531, Merrill, OR 97633

Dated this 6th day of February, 1998

SOUTH VALLEY BANK & TRUST

BY: William E. Castle PRESIDENT
WILLIAM E. CASTLE

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on February 6, 1998

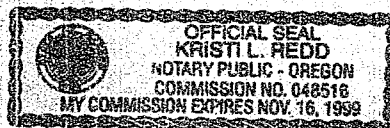
by WILLIAM E. CASTLE

as PRESIDENT

of SOUTH VALLEY BANK & TRUST

Notary Public of Oregon

My commission expires 11/16/99



ESCROW NO. NT43314-KR

Return to:

LON E. BAILEY et al
P.O. BOX 531
MERRILL OR 97633

EXHIBIT "A" **LEGAL DESCRIPTION**

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 Northwestern 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 Northwestern line of the Depot Road; thence Southwesterly along the Northwestern 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 Deeds, page 209, Records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Ameri title the 11th day
of February A.D. 19 98 at 9:14 o'clock A.M., and duly recorded in Vol. M98
of Deeds on Page 4401

FEE \$35.00

By Bernetha G. Letsch, County Clerk
Kathleen Rosal