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AFTER RECORDING, RETURN TO:

John L. Shama
P.O. Box 180
Walterville, OR 97489

SEND TAX STATEMENTS TO:

John L. Shama
P.O. Box 180
Walterville, OR 97489

TRUE AND ACTUAL CONSIDERATION: The true and actual consideration paid for this conveyance is other than cash and consists of the release of Grantor from any liability for further payment under the trust deed

**DEED IN LIEU OF FORECLOSURE
(NONMERGER-Trust Deed)**

Stephen King and Cathy King, Grantors, conveys and warrants to Washington Mutual Bank, dba Western Bank Custodian for John L. Shama Rollover IRA, subsequently acquired by South Valley Bank & Trust on April 2, 1999, Grantee, it successors and assigns the following described real property situation in Lane County, Oregon, to-wit:

See Attached Exhibit "A"

together with all improvements, fixtures hereditaments and appurtenances belonging or in any way appertaining thereto (Property).

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

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

Grantor is the owner of the property free of all encumbrances except the trust deed executed to Grantee dated October 22, 1998, and recorded on October 27, 1998, Volume M98, page 39349, Microfilm Records of Klamath County, Oregon, and the trust deed executed to Grantee dated October 22, 1998 and recorded October 27, 1998, Volume M98, page 39347, Microfilm Records of Klamath County, Oregon and the trust deed executed to Grantee dated October 22, 1998 and recorded on October 27, 1998, Volume M98, page 39345, Microfilm Records of Klamath County, Oregon; beneficial easements, reservations and restrictions of record.

The trust deed is in default and subject to immediate foreclosure. By acceptance of this deed, Grantee agrees that Grantee shall not take any action to collect against Grantor on the remaining obligations due on the trust deeds executed to Grantee dated October 22, 1998, other than by foreclosure of that trust deed and in any such proceeding, Grantee shall not seek, obtain or permit a deficiency judgment against Grantor or Grantor's successors or assigns. In consideration of said agreement by Grantee and the benefit received by Grantor of being able to remain in possession of the property until relinquished

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at the time of this conveyance, Grantee may retain all payments previously made on the trust deed with no duty to account therefor.

Grantor waives, surrenders, conveys and relinquishes and equity of redemption and statutory rights of redemption concerning the property and the trust deed. 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 or Grantee's agent or attorney or any other person.

Grantee shall be deemed to have accepted this deed only when Grantee records this deed.

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 8th of June, 2000 Stephen King

Dated this 17th of April, 2000 Cathy King

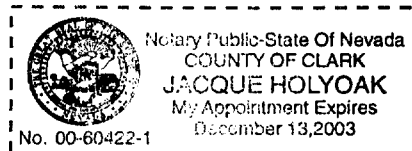
STATE OF OREGON)
County of Klamath)

This instrument was acknowledged before me this 8th day of June, 2000 by Stephen King.

Kristi L. Redd
Notary Public of Oregon
My Commission Expires: 11/16/2003

This instrument was acknowledged before me this 17 day of April, 2000 by Cathy King.

Jacque Holyoak
Notary Public of Clark Co. NV
My Commission Expires:



2063 (SK)

EXHIBIT "A"

Lots 1, 5 and 20 of EVERGREEN MEADOWS - TRACT 1302, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 07/03/00, at 11:23 a. m.
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Linda Smith,
County Clerk Fee \$ 31⁰⁰