

DEED IN LIEU OF FORECLOSURE

WALTER M. BACA, Grantor, for and in consideration of the covenants contained herein and the release from certain personal indebtedness arising from a trust deed dated January 7, 2000, in the amount of \$11,299.00, recorded at Volume M00, page 1398, Microfilm Records of Klamath County, Oregon, of which 11,299.00 in principal is unpaid as of November 27, 2000, with interest thereon, hereby assigns, transfers, sets over, and conveys to WILLIAM K. KALITA, Grantee, all the Grantor's right, title, and interest in and to the following described real property situated in Klamath County, Oregon:

Lot 15 in Block 32 in Tract 1184—Oregon Shores Unit 2—First Addition, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon

Grantor covenants that:

This deed is an absolute conveyance in effect as well as in form 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, and is not now or ever intended as a mortgage, trust conveyance or security of any kind.

Grantor is the owner of the premises, free of all encumbrances, excepting only those encumbrances of record.

This deed does not affect 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, and the Grantee shall not be prohibited from proceeding to foreclose the lien or pursue other remedies of the trust deed described above to clear title.

By acceptance of this deed, Grantee covenants and agrees that they shall forever forbear taking any action whatsoever to collection against the Grantor on the trust deed above described, other than by foreclosure or trustee's power of sale of that trust deed and that in any proceeding pursuant to the trust deed remedies, it shall not seek, obtain or permit a deficiency judgment against the Grantor, or the Grantor's successors or assigns, such rights and remedies being waived. Grantee expressly reserves its rights and remedies in all other proceedings and suits now filed or pending or to be filed, if any, either in equity or at law.

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

The 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, the Grantee's agents or attorneys, or any other person.

The Grantor agrees that Grantee shall retain all payments made on the contract by the Grantor. The Grantee does not assume any responsibility for any liabilities incurred by Grantor or by any other person.

This Deed is made by the Grantor as a result of the Grantor's own request and as the Grantor's free and voluntary act.

Deed in Lieu of Foreclosure

Page -1-

WB

Richard Fairclo
Attorney at Law
280 Main Street
Klamath Falls OR 97601

The Grantor was represented by counsel, and it is the intention of the Grantor to convey, set over, transfer, and assign by said Deed and did convey, set over, transfer, and assign to the Grantee, all of the Grantor's right, title, and interest absolutely in and to the premises described in this Deed.

These recitals are made for the protection and benefit of the Grantee, the Grantee's successors and assigns, and all of the parties hereafter dealing with or who may acquire an interest in the property described therein, and shall bind the respective successors, executors, administrators, and assigns of the undersigned.

It is understood that the Grantor and/or the Grantee may be more than one person and that if context so requires, the singular includes the plural, the masculine includes the feminine and the neuter, and generally all grammatical changes shall be made to make the provisions hereof apply equally to corporations and other entities and to individuals.

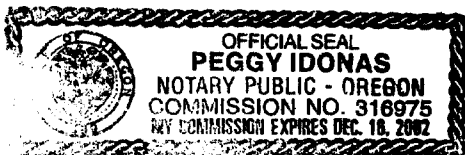
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

Dated this 5th day of December 2000.

Walter M. Baca

STATE OF OREGON]
] ss.
County of Klamath]

The foregoing instrument was acknowledged before me this 5th day of December 2000, by WALTER M. BACA.



Peggy Idonas

Notary Public for Oregon

My Commission expires: 12/16/2002

maile Tax Statements to: William K. Kalita
P.O. Box 431
Chiloquin, OR 97624

after recording return to: same as above

Deed in Lieu of Foreclosure
Page -2-

Richard Fairclo
Attorney at Law
280 Main Street
Klamath Falls OR 97601

State of Oregon, County of Klamath
Recorded 12/06/00, at 3:21 p. m.
In Vol. M00 Page 43893
Linda Smith,
County Clerk Fee\$ 26⁰⁰