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53027 TM

## DEED IN LIEU OF FORECLOSURE - NO MERGER

THIS INDENTURE between Brian S. Baxter and Kimi A. Rosterolla, hereinafter called Grantor(s), and South Valley Bank & Trust hereinafter called Grantee(s):

Grantor covenants that:

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

Grantor is the owner of the premises free of all encumbrances except the Trust Deed executed to grantee, dated April 9, 1999, and recorded on April 12, 1999, at Volume M99 page 12951, Microfilm Records of Klamath County, Oregon

The consideration of this transfer is the waiver of the grantee's right to collect costs, disbursements and attorney's fees, as well as any deficiency balance due from the grantor only.

By acceptance of this deed, grantee covenants and agrees that [he/she] shall forever forbear taking any action whatsoever to collect against grantor on the promissory note given to secure the mortgage described above, other than by foreclosure of that mortgage, and that in any proceeding to foreclose the mortgage [he/she] shall not seek, obtain, or permit a deficiency judgment against grantor, or [his/her] heirs or assigns, such rights and remedies being waived.

Grantor waives, surrenders, conveys, and relinquishes any equity of redemption and statutory rights of redemption concerning the real property and mortgage described above.

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, 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 AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

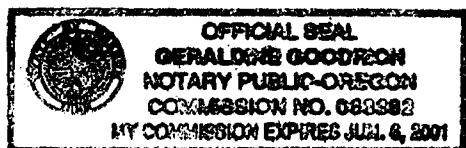
IN WITNESS WHEREOF the Grantor(s) above-named have executed this instrument.

DATED this 22 day of Sept, 2000.

*[Signature]*  
*[Signature]*

STATE OF OREGON )  
 ) ss.  
 County of Klamath )

Personally appeared before me this 22 day of Sept, 2000, the above named Brian S. Baxter and Kimi A. Rosterolla and acknowledged the foregoing instrument to be his/her voluntary act and deed.



*[Signature]*  
 Notary Public for Oregon  
 Commission expires: 6-6-2001

**Exhibit "A"**

**Lot 19 of OUSE KILA HOMESITES, 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 01/23/01, at 2:20 p. m.  
In Vol. M01 Page 2817  
**Linda Smith,**  
County Clerk Fee\$ 26<sup>00</sup>