

01 DEC 31 PM 2:01

Brenda Rush, Grantor

Lee Smith and Deloris Smith, as tenants by the entirety, Grantee

After Recording return to:
Lee and Deloris Smith
2650 Aurora
Klamath Falls, OR 97603

Vol M01 Page 67154

State of Oregon, County of Klamath
Recorded 12/31/01 2:01 p m.
Vol M01, Pg 67154-55
Linda Smith, County Clerk
Fee \$ 26⁰⁰ # of Pgs 2

DEED IN LIEU OF FORECLOSURE

THIS INDENTURE between Brenda L. Rush hereinafter called Grantor, and Lee and Deloris Smith, as Tenants by the Entirety, hereinafter called Grantee; WITNESSETH:

Whereas, this deed is absolute in effect and conveys to Grantee, his heirs, successors and assigns forever, fee simple title of the real property at hereinafter described together with all of the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and does not operate as a mortgage, trust conveyance or security of any kind;

The real property situated in Klamath County, in the State of Oregon is described as:
Lot 11, Block 3, of COUNTRY GREEN Tract No. 1085, according to the official plat thereof on file in the office of the County Clerk of Klamath County, State of Oregon.
Tax Account # 3909-13AB-1000

Grantor covenants that:

Grantor is the owner of the premises free of all encumbrances except the Trust Deed executed to Grantee dated December 20, 2000 and recorded on January 3, 2001 at Volume No. M01, page 295 of the official records of Klamath County, foreclosure of which has motivated this conveyance, and except the Trust Deed executed to Forest Products Federal Credit Union dated March 12, 1996 and recorded on March 12, 1996 at Volume No. M96 page 12245 of the official records of Klamath County;

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

In consideration of Grantee not proceeding to foreclosure, Grantee's waiver of the right to claim reasonable attorney fees and costs in that action; and Grantor's benefit in remaining in possession of the premises until relinquished at the time of this conveyance, Grantee may retain all payments previously made on the secured debt with no duty to account therefor

By acceptance of this deed, Grantee covenants and agrees that he 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 shall not seek, obtain or permit a deficiency judgment against Grantor, or her heirs or assigns, such rights and remedies being hereby waived.

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

Grantor is not acting under any misapprehension as to the legal effect of this deed, nor under any duress, undue influence, or misrepresentation of the Grantee, the Grantee's attorney, or any other person.

There is now owing and unpaid a sum of money on the notes and indebtedness secured by the mortgage or trust deed to Grantee, which notes and indebtedness being now in default and said mortgage or trust deed in Grantee being now subject to foreclosure, and whereas Grantor, being unable to pay the same, has agreed to this conveyance.

NOW, THEREFORE, for the consideration hereinafter stated, Grantor does hereby grant, bargain, sell and convey unto Grantee, his heirs, successors and assigns, all of the above described real property.

The true and actual consideration paid for this transfer, stated in terms of dollars, is other than money.

In construing this instrument, it is understood and agreed that Grantor as well as Grantee may be more than one person; that if the context so required, the singular shall be taken to mean and include the plural; that the singular pronoun means and includes the plural, the masculine, the feminine and the neuter and that, generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and individuals.

IN WITNESS WHEREOF, the Grantor above named has executed this instrument; if Grantor is a corporation, it has caused its corporate name to be signed hereto and its corporate seal affixed by its officers duly authorized thereunto by order of its Board of Directors.

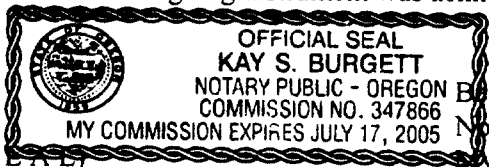
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED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

Brenda L. Rush

Brenda L. Rush

STATE OF Oregon)
) ss.
County of Klamath)

The foregoing instrument was acknowledged before me this 28th day of Dec., 2001 by Brenda L. Rush.


 Before me: Kay S. Burgett
 Notary Public for State of Oregon
 My Commission Expires: 7/17/05

STATE OF OREGON, County of Klamath)ss.

I certify that the within instrument received for record on the ____ day of _____, 200__, at ____ o'clock __ M., and recorded in book/reel/ volume no. ____ on page ____ or as fee/file/instrument/microfilm/reception No. ____, Recorded of Deeds of said County.

Witness my hand and seal of County affixed.

Name _____ Title _____
 By _____ Deputy

Ocl TO Scott MacArthur