

UNTIL A CHANGE IS REQUESTED ALL TAX STATEMENTS SHALL BE
 SENT TO AND AFTER RECORDING RETURN TO:
 WASHINGTON MUTUAL FINANCE
 61535 S HIGHWAY 97, SUITE 18
 BEND OR 97702

K58238

'02 FEB 20 PM3:22

DEED IN LIEU OF FORECLOSURE

Gerald K. Mendenhall, Jr. and Lorraine S. Mendenhall, Grantor, conveys and warrants unto Western Credit Services, Co., an Oregon Corporation, doing business as Washington Mutual Finance, Grantee, the following described real property, free of encumbrances except as specifically set forth herein:

Lot 27 in Block 3 of LITTLE RIVER RANCH, PLAT 1204, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon (tax account number 23-09-002BO-01200-000, Key No. 699729)

Grantor covenants that:

This deed is absolute in effect 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.

Grantor is the owner of the premises free of all encumbrances except the Trust Deed in favor of Grantee from Grantor dated on or about June 23, 2000 and recorded in Volume M00, Page 25487 of the Real Property Records of Klamath County, Oregon, taxes for the year 2001-2002 in the sum of \$515.40 plus interest, if any, easement dated May 29, 1963 and recorded July 31, 1963 in Volume 347, Page 76, Deed Records of Klamath County, Oregon in favor of Fred L. Mahn, Declaration, restrictions, protective covenants and conditions recorded May 28, 1981 in Volume M81, Page 9488, Deed Records of Klamath County, Oregon, easements as contained on the official plat, Electric Line Right of Way Easement dated May 2, 1981, and recorded August 23, 1982 in Volume M82, Page 10889, Deed Records of Klamath County, Oregon in favor of Midstate Electric Cooperative, Inc., and any unpaid charges or assessments of Little River Ranch Property Homeowners Association.

By acceptance of this deed Grantee covenants and agrees that Grantee shall forever forbear taking any action whatsoever to collect against Grantor on the aforementioned trust deed, other than by foreclosure of that trust deed, and that in any proceeding to foreclose the contract shall not seek,

PAGE 1 - DEED IN LIEU OF FORECLOSURE

State of Oregon, County of Klamath
 Recorded 02/20/2002 3:22 P m.
 Vol M02, Pg 10269-270
 Linda Smith, County Clerk
 Fee \$ 26 # of Pgs 2

Michael B. McCord
 65 N.W. Greeley
 Bend, Oregon 97701
 Phone (541)388-4434
 Fax (541)388-5089

K26

obtain or permit a deficiency judgment against Grantor, Grantors 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 and contract of sale described above.

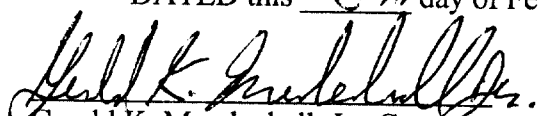
Grantor is not acting under any misapprehension as to the legal effect of this deed, nor under any duress, undue influence or misrepresentation of Grantee, Grantees agent or attorney or any other person.

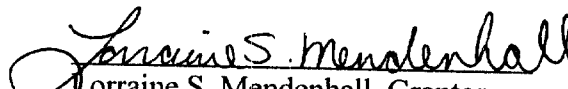
This deed does not effect a merger of the fee ownership and the lien of the Trust Deed described above. The fee and lien shall hereafter remain separate and distinct.

THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. PURCHASER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

The consideration for this transfer is in lieu of foreclosure.

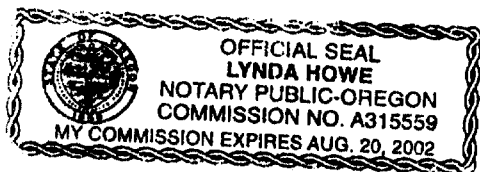
DATED this 5th day of February, 2002.


Gerald K. Mendenhall, Jr., Grantor

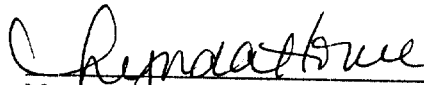

Lorraine S. Mendenhall, Grantor

STATE OF OREGON)
) ss.
County of Deschutes

Personally appeared this 5 day of February, 2002, the above named Gerald K. Mendenhall, Jr. and Lorraine S. Mendenhall and acknowledged the foregoing instrument to be their voluntary act and deed.



Before me:


Notary Public for Oregon
My commission expires: 8/20/2002

PAGE 2 - DEED IN LIEU OF FORECLOSURE

Michael B. McCord
65 N.W. Greeley
Bend, Oregon 97701
Phone (541)388-4434
Fax (541)388-5089