

**Until a change is requested,  
send tax statements:**

Northwest Resource Federal Credit Union  
P.O. Box 2788  
Portland, OR 97208-2788

**After recording, return to:**

Peter C. McCord  
Attorney at Law  
5410 SW Macadam Avenue  
Suite 100  
Portland, Oregon 97239

---

The consideration for this Deed is waiver of Grantee's rights to collect from Grantors on the indebtedness owing by Grantors to Grantee and secured by the Deed of Trust referenced in Paragraph 8 below, in the sum of not less than \$169,014.03, plus accrued interest payable to the order of Grantee.

---

**DEED IN LIEU OF FORECLOSURE**

**RICHARD H. BAILEY and ARLENE F. BAILEY, Grantors**, for the consideration stated herein, convey to **NORTHWEST RESOURCE FEDERAL CREDIT UNION, Grantee**, all of Grantors' interest in that certain real property located in Crescent Lake, County of Klamath, State of Oregon (the *Property*) and described as LOT 1, BLOCK 6, TRACT 1119, LEISURE WOODS #2, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, STATE OF OREGON.

Grantors represent and warrant that Grantors are the owners of the Property and that the Property is free of all encumbrances except the following:

1. Easement recorded July 24, 1973, Volume M73, page 9530, records of Klamath County, Oregon.
2. Subject to the levies and assessments of the Fire Patrol District
3. Conditions, Restrictions, Easements and Assessments, as shown on the recorded plat of Tract 1119, Leisure Woods #2.
4. Declarations of Conditions and Restrictions recorded January 2, 1990, Book M-90, page 30; as amended by instrument recorded November 10, 1992, Book M-92, page 26591; as amended by instrument recorded October 1, 1998, Book M-98, page 36239; as modified by instrument dated October 7, 1998, recorded October 9, 1998, Book M-98, page 37231; as modified by instrument recorded February 23, 2000, Book M-00, page 5556; as modified by instrument, dated April 25, 2000, recorded May 17, 2000, Book M-00, page 17884; as modified by instrument, recorded February 5, 2002, Book M-02, page 6873.
5. By-laws of The Diamond Peaks at Leisure Woods I & II Homeowners Association, Inc., recorded September 17, 2004, Book M04, page 62336.
6. Domestic Water Well Agreement, recorded February 5, 2002, Book M02, page 6884, re-recorded February 20, 2002, Book M02, page 9849.
7. Deed of Trust dated recorded November 12, 2003, Book M-03, page 83718, in the amount of \$227,700.00, CitiMortgage, Inc., beneficiary.
8. Deed of Trust dated recorded January 29, 2001, Book M-01, page 3447, in the amount of \$170,000.00, Northwest Resource Federal Credit Union, Grantee herein, beneficiary, which Deed of Trust was subordinated to the Deed of Trust referenced in Paragraph 7 above, by agreement recorded November 24, 2003 Book M03, page 86525.

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


The consideration for this Deed is waiver of Grantee's rights to collect from Grantors on the indebtedness owing by Grantors to Grantee and secured by the aforesaid Deed of Trust referenced in Paragraph 8 above, in the sum of not less than \$169,014.03, plus accrued interest payable to the order of Grantee. The obligations owing by Grantors are in default and are secured by Grantors' interest in the Property. Grantee may retain all payments previously made on the obligations, if any, including but not limited to, principal and interest payments, with no duty to account therefor.

This Deed does not effect a merger of the fee ownership and the Deed of Trust referenced above in Paragraph 8 in favor of Grantee. The fee and liens shall hereafter remain separate and distinct.

Grantors hereby waive, surrender, convey and relinquish any equity of redemption and statutory rights of redemption concerning the Property. Grantors understand the legal effect of this Deed and sign it freely and voluntarily. Grantors are not acting under any misapprehension as to the legal effect of this Deed or under any duress, undue influence or misrepresentation of Grantee, its agents, attorneys or any other person. Grantors agree that the consideration for this Deed is reasonably equivalent in value to Grantors' interest in the Property. In accepting this Deed, Grantee agrees that it will not take any action to collect from Grantors on the indebtedness described above, other than by foreclosure of its Deed of Trust.

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 12 day of August, 2005. *off*

  
Richard H. Bailey

*Arlene F. Bailey*  
Arlene F. Bailey

STATE OF OREGON                 )  
County of Multnomah          ) ss.

This instrument was acknowledged before me on June 12, 2005 by Richard H. Bailey.



Cody Hager  
Notary Public for Oregon  
My commission expires August 2, 2008

STATE OF OREGON )  
 ) ss.  
County of Multnomah )

This instrument was acknowledged before me on June 12, 2005 by Arlene F. Bailey.



Cody Hager  
Notary Public for Oregon  
My commission expires August 2, 2008