



AFTER RECORDING, RETURN TO:
William M. Ganong
Attorney at Law
514 Walnut Avenue
Klamath Falls OR 97601
SEND TAX STATEMENTS TO:
Robert L. Smith
Gloria J. Smith
Post Office Box 13
Garberville CA 95542

09/07/2007 08:57:43 AM

Fee: \$26.00

DEED IN LIEU OF FORECLOSURE

Manuel Ortega, Grantor, conveys to Robert L. Smith and Gloria J. Smith, Trustees of the Robert and Gloria Smith Family Trust, dated July 11, 2002, Grantees, the following-described real property:

Lot 6, Block 1, JUNIPER ACRES, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Klamath County Tax Assessor's Parcel No.
R-3510-034AO-04500-000

Key No. R273082

together with all Grantor's right, title, and interest in any land sale contract or lease option agreement involving the property. Grantor is the owner of the property free and clear of all encumbrances except for the Trust Deed lien described below.

Grantor executed and delivered to Grantees a Trust Deed, recorded on March 2, 2005 in Volume M05 at Page 13835 of the Official Records of Klamath County, Oregon, to secure payment of a Promissory Note in the sum of \$13,500. The Note and Trust Deed are in default and the Trust Deed is subject to foreclosure. In consideration of Grantees' acceptance of this deed in lieu of foreclosure and waiver of the right to collect against Grantor on Note, Grantees may retain all payments previously made on the Note, with no duty to account therefor.

This Deed is intended as a conveyance absolute in legal effect, as well as in form, of the title to the Property to Grantees and this Deed is not intended as security of any kind. Grantor waives, surrenders, and relinquishes any equity of redemption and statutory rights of redemption that Grantor may have in connection with the Property and the Trust Deed.

Grantor warrants that during the time period that the Property was owned by Grantor, the Property was never used for the generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous substance, as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), as amended, 42

USC § 9601 et seq., the Superfund Amendments and Reauthorization Act (SARA), other applicable state or federal laws, or regulations adopted pursuant to any of the foregoing. Grantor agrees to indemnify and hold Grantees harmless against any and all claims and losses resulting from a breach of this warranty.

This Deed does not effect a merger of the fee ownership and the lien of the Trust Deed described above. The fee and the lien shall hereafter remain separate and distinct. Grantees reserve their right to foreclose their Trust Deed at any time as to any party with any claim, interest, or lien on the property.

Grantor has read and fully understands the above terms and is not acting under misapprehensions regarding the effect of this Deed, nor is Grantor under any duress, undue influence, or misrepresentations of Grantees, Grantees' agents, lawyers, or any other person.

Grantees do not expressly or impliedly agree to assume or pay any contract balances, debts, liens, charges, or obligations that relate or attach to this property.

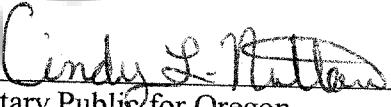
BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING 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 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

Dated this 31 day of July, 2007.


Manuel Ortega

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on the 31 day of July, 2007 by Manuel Ortega.


Cindy L. Nutter
Notary Public for Oregon

My Commission Expires: May 30th 2011

