RETURN TO: Michael P. Rudd 411 Pine Street Klamath Falls, OR 97601

TAX STATEMENT TO William C. and Kay Knudtsen P. O. Box 307 Beatty, OR 97621

2009-001952

Klamath County, Oregon



02/11/2009 03:39:23 PM

Fee: \$26.00

THIS INDENTURE between Anthony S. Agueda III, hereinafter called Grantor, and Kathleen W. Knudtsen, trustee of the Bill Knudtsen Trust, hereinafter called Grantee:

1St 1336800

The West one-half of Lot 40 and all of Lots 47, 42, 43 and 44 in/Block 4 of SIXTH STREET ADDITION, according to the official plat thereof on the in the office of the County Clerk of Klamath County, Oregon EXCEPTING THERETROM that parcel conveyed to State Richway Compassion by William Hunt, et us, recorded in Volume 149, page 159 Records of Klamath County, Oregon.

Grantor covenants that:

DEED IN LIEU OF FORECLOSURE - NO MERGER

This deed is absolute in effect and conveys fee simple title of the premises described above to grantees 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 May 11, 2007, and recorded on May 18, 2007, in Volume 2007, Page 009143, official records of Klamath County, Oregon, and except: None.

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.

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, grantees covenant and agree that they shall forever forbear taking any action whatsoever to collect against grantor on the promissory note given to secure the trust deed described above, other than by foreclosure of that trust deed, and that in any proceeding to foreclose the trust deed they shall not seek, obtain, or permit a deficiency judgment against grantor, or his 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 trust deed 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 grantees, grantees' agent or attorney, or any other person.

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, 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

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

DATED this 281 day of January, 2009.

Anthony . Agueda la

STATE OF CALIFORNIA) ss.
County of San Luis Obispo)

Personally appeared before me this 28th day of January acknowledged the foregoing instrument to be his voluntary act and deed.

, 2009, the above named Anthony S. Agueda III and

Notar Public for California
My Commission expires:

6-16-11



EXHIBIT A

LEGAL DESCRIPTION: Real property in the County of Klamath, State of Oregon, described as follows:

The West one-half of Lots 40 and all of Lots 41, 42, 43 and 44 in block 4 of Sixth Street Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

SAVING AND EXCEPTING THEREFROM that portion thereof conveyed to the State of Oregon, acting by and through the State Highway Commission, for highway purposes, by deeds recorded in Volume 148 page 391 and Volume 149 page 159, deed records of Klamath County, Oregon.

NOTE: This legal description was created prior to January 1, 2008