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06/01/2010 03:03:44 PM

Fee: \$52.00

1st 1562761

WHEN RECORDED RETURN TO:

PremierWest Bank
 Attention: Steve Grden
 PO Box 40
 Medford, OR 97501

UNTIL A CHANGE IS REQUESTED ALL TAX STATEMENTS SHALL BE SENT TO THE FOLLOWING ADDRESS:

PremierWest Bank
 Attention: Steve Grden
 PO Box 40
 Medford, OR 97501

NO MERGER DEED IN LIEU OF FORECLOSURE

Allan D. Murray ("**Grantor**") conveys to PremierWest Bank ("**Grantee**") the real property (the "**Property**") commonly known as 13.7 acres on Lake Shore Drive, Klamath Falls, OR, which is legally described on Exhibit A herein incorporated by reference.

1. Grantee is the owner and holder of the following:

1.01 Promissory Note (the "**Note**") dated February 2, 2005, with principal amount \$88,169.00, on which Grantor and his wife, Florence K. Murray (the "**Co-Borrower**") are borrowers.

1.02 Deed of Trust recorded on February 7, 2005 in the records of Klamath County, Oregon in Volume M05 Page 08471-78 (the "**Trust Deed**").

2. Grantor is in default under the Note and the Trust Deed, because (a) Grantor and the Co-Borrower failed to pay the entire amount owing pursuant to the Note on the maturity date thereof, and (b) on May 22, 2009, Grantor and Co-Borrower filed a voluntary petition under Chapter 11 the United States Bankruptcy Code, Case No. 09-62706-fra11 in the United States Bankruptcy Court for the District of Oregon (the "**Bankruptcy Case**").

3. Pursuant to an agreement between the debtors in the Bankruptcy Case and Grantee, which has been the subject of notice and an opportunity for hearing as provided in the Bankruptcy Code, Grantor has agreed to convey his interest to the Property to Grantee by Deed in Lieu of Foreclosure.

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

5. The Grantee by accepting and recording this Deed does not intend a merger of the fee title herein conveyed with its interests under the Trust Deed. Rather, it is the intention of the

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parties that the Property shall remain subject to the lien of the Trust Deed, and the fee ownership of the Property and the lien of the Trust Deed shall remain separate and distinct.

6. The consideration for this No Merger Deed in Lieu of Foreclosure consists of Grantor's benefit from remaining in possession of the Property until relinquished at the time of this conveyance, and Grantee's covenant described in paragraph 7 below.

7. By accepting this No Merger Deed in Lieu of Foreclosure, Grantee covenants and agrees that it shall forever forbear from taking any action whatsoever to collect from the Grantor or from the Co-Borrower any amounts owing on the Note or on any promissory note or other obligation secured by the Trust Deed, other than by foreclosure of the Trust Deed, and that in any proceeding to foreclose the Trust Deed Grantee shall not seek, obtain, or permit any deficiency judgment against Grantor or the Co-Borrower, whether for any amount of any debt secured by the Trust Deed, costs, attorney fees, or any other.

8. Grantee may retain all payments previously made on the debts secured by the Trust Deed, with no duty to account therefore.

9. Grantor waives, surrenders, conveys, and relinquishes to Grantee any equity of redemption and statutory rights of redemption concerning the Property and the Trust Deed.

10. Grantor is not acting under any misapprehension as to the effect of this No Merger Deed in Lieu of Foreclosure, nor under any duress, undue influence, or misrepresentation of Grantee, Grantee's agent or attorney, or any other person. Grantor declares that he is executing this No Merger Deed in Lieu of Foreclosure voluntarily, in good faith, and without duress or undue influence. Grantor has consulted with legal counsel and accountants of his own choice regarding the meaning, interpretation and effect hereof, and Grantor fully understands that his execution hereof will extinguish his entitlement to foreclosure, and his right to exercise redemption rights and other rights available generally to debtors. Grantor further understands that the execution and delivery of this Deed may result in income or other tax liability to Grantor.

11. Grantor is in possession of the Property, and Grantor does not have any knowledge of facts indicating that any other person or entity is in possession of the Property.

12. Grantor hereby authorizes Grantee to dispose of any personal property of Grantor remaining on the Property, with no duty on the part of Grantee to account therefor.

13. This No Merger Deed in Lieu of Foreclosure shall be accepted by Grantee only when it is actually recorded.

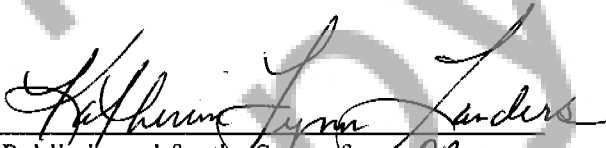
BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, 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 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.


Allan D. Murray

STATE OF OREGON)
) ss.
County of Jackson)

On this day personally appeared before me Allan D. Murray, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned. Given under my hand and official seal this 26th day of April, 2010.


Notary Public in and for the State of Oregon
My commission expires December 7th 2012

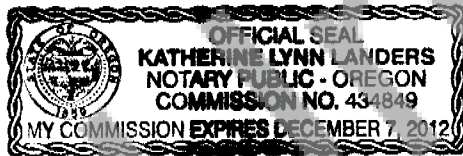


Exhibit A

Lot 2, Lot 58 and that portion of Lot 59 of LAKE SHORE GARDENS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the Northeast corner of said Lot 59; thence North $84^{\circ} 24' 1/2''$ West 213.6 feet; thence South parallel to East line of said Lot 59 to the Southerly line of said Lot 59; thence Northeasterly along the Southerly line of said Lot 59 to the East line of said Lot 59; thence North along the East line of said Lot 59, 546.5 feet, more or less, to the point of beginning.

Also that portion of Lot 59 of LAKE SHORE GARDENS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the Southwesterly corner of Lot 59; thence North 731.5 feet to the Northwesterly corner of said Lot 59; thence North $84^{\circ} 09'$ East 455.5 feet; thence South $84^{\circ} 24' 1/2''$ East, 1.4 feet, more or less; thence South to the Southerly line of said Lot 59; thence Southwesterly along the Southerly line of said Lot 59 to the point of beginning.

SAVING AND EXCEPTING THEREFROM that portion thereof more particularly described as follows: Beginning at the Southwesterly corner of Lot 59; thence Northerly 731.5 feet to the Northwesterly corner of said Lot 59; thence Northerly $84^{\circ} 09'$ East along the Northerly line of said Lot 59, a distance of 120 feet; thence Southerly parallel to the Westerly line of said Lot 59 to the Southerly line of Lot 59; thence Southwesterly along the Southerly line of said Lot 59 to the point of beginning.

Tax Account No:	3808-025DA-00300-000	Key No:	424295
Tax Account No:	3808-025DA-00400-000	Key No:	424302
Tax Account No:	3808-025DA-00500-000	Key No:	424311
Tax Account No:	3808-025DA-02001-000	Key No:	886891