

WTZ 90916

2011-008232

Klamath County, Oregon



00104619201100082320050058

When Recorded Return To:

Joseph E. Kellerman
Hornecker, Cowling Hassen & Heysell, L.L.P.
717 Murphy Road
Medford, OR 97501

07/13/2011 03:38:08 PM

Fee: \$57.00

Send Tax Statements To:

PremierWest Bank
2920 Bechelli Lane
Redding, CA 96002

SPECIAL WARRANTY DEED IN LIEU

KNOW ALL MEN BY THESE PRESENTS that Frank J. Gallagher aka Francis J. Gallagher, Grantor, conveys and specially warrants to PremierWest Bank, Grantee, the following described real property free of encumbrances created or suffered by the Grantor except as specifically set forth herein, that real property situated in Klamath County, Oregon, being more particularly described on Exhibit "A", attached hereto and by this reference incorporated herein and made a part hereof.

This deed is absolute in effect and conveys fee simple title of the premises described on Exhibit A hereto 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 those matters set forth in Exhibit A hereto.

The consideration for this conveyance is Grantee's covenant and agreement to forever forbear seeking to collect on the obligations contained in these certain promissory notes and trust deeds pledged as security therefore, which trust deeds were originally recorded on 1) the 31st day of August 2007 at Volume 2007, page 015434; 2) the 28th of March, 2008 at Volume 2008, page 04551; and 3) the 28th of March 2008 at Volume 2008, Page 04553 all in the Microfilm Records of Klamath County, Oregon and as modified thereafter. All of such indebtedness is in default.

Unless there shall be liens upon the real property junior to the trust deed above described, the acceptance by Grantee of this deed effects the satisfaction of said note and trust deed, the beneficial interest of which is held by Grantee described above.

This deed does not effect a merger of the fee ownership and the lien of the trust deed described above. If there shall be liens against said property junior to the lien of the trust deed described above, this deed shall not effect the satisfaction of the promissory note(s) secured thereby or the trust deed terms nor merger of the fee ownership and the lien of the trust deed described above. Rather, the fee and the lien shall hereafter remain separate and distinct.

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By acceptance of this deed, Grantee covenants and agrees that it shall forever forebear taking any action to collect against Grantor on the promissory note(s) given to secure the trust deed(s) described above, other than by foreclosure of that trust deed(s) and that in any proceeding to foreclose the trust deed, Grantee shall not seek, obtain or permit a deficiency judgment against Grantor or Grantor's heirs, assigns, such rights and remedies being hereby waived.

Grantor waives, surrenders, conveys and relinquishes any equity of redemption and any statutory rights of redemption concerning the real property and the trust deed described above, including any right of reinstatement should the trust deed hereafter be foreclosed by advertisement and sale.

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, Grantee's agent or attorney, or any other person.

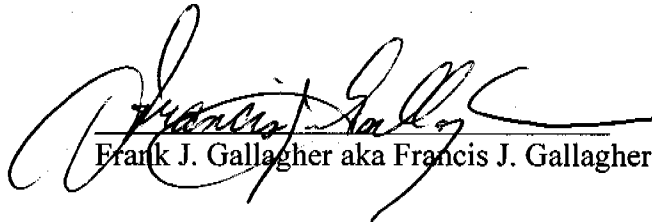
Grantor and each of them, in consideration of Grantee's acceptance of this deed in lieu and other good and valuable consideration hereby releases, acquits and discharges Grantee and all other persons, firms, agents of and from any and all actions, causes of action, suits or demands for compensation of any kind or nature, now existing or hereafter occurring, contingent or vested, liquidated or unliquidated.

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. 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.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. THE PROPERTY DESCRIBED

IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. 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 EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

DATED this 22nd day of June, 2011.


Frank J. Gallagher aka Francis J. Gallagher

STATE OF _____) *Please see attached Notary Certificate*
) *(Morgan Merritt, Notary Comm: exp 01/08/2015)*
) ss.
County of _____)

On this _____ day of _____, 2011, personally appeared before me Frank J. Gallagher aka Francis J. Gallagher and acknowledged the foregoing instrument to be his voluntary act and deed.

Notary Public for _____
My Commission Expires: _____

Exhibit A
Legal Description

PARCEL 1:

Lot 92, RUNNING Y RESORT, PHASE 1, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2:

A.) Parcel 2 of Land Partition Plat 49-09, a replat of Lot 94 RUNNING Y RESORT, PHASE 1, located in the SW1/4 of Section 9, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon. The unit of land in the foregoing description was created or established by a final land decision recorded April 19, 2010 in Volume 2010-004635, Microfilm Records of Klamath County, Oregon

B.) Lot 95 RUNNING Y RESORT, PHASE 1, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

PARCEL 3:

Parcel 2 of Land Partition 53-06 a replat of Lots 85 and 93 of TRACT 1319 RUNNING Y RESORT, PHASE 1, located in the S1/2 of Section 9, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 4:

An undivided 91% interest in:

Parcel 2 of Land Partition No. 33-07 being a replat of Parcel 1 of Land Partition 53-06, located in the S1/2 of Section 9, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Sonoma

On 06/22/2011 before me, Morgan Merritt (Notary Public)
(Here insert name and title of the officer)

personally appeared Francis Joseph Gallagher

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Morgan Merritt
Signature of Notary Public



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Special Warranty Deed in Lieu
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 4 Document Date 06/22/2011

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document