

AFTER RECORDING RETURN TO:

Mr. Lane P. Shetterly
Shetterly, Irick & Ozias
PO Box 105
Dallas, OR 97338

SEND TAX STATEMENTS TO:

Mr. Michael C. Fresh
Ms. Cheri L. Scheelar
PO Box 738
Dallas, OR 97338

2012-011759

Klamath County, Oregon



00126144201200117590040045

10/23/2012 10:27:59 AM

Fee: \$52.00

Grantors:

Frederick K. Farner
Patricia A. Farner
152908 Stirrup Dr.
La Pine, OR 97739

Grantees:

Michael C. Fresh	Cheri L. Scheelar
PO Box 738	16975 SE Walnut Hill Dr.
Dallas, OR 97338	Amity, OR 97101

DEED IN LIEU OF FORECLOSURE

Frederick K. Farner and Patricia A. Farner ("Grantors"), convey to Michael C. Fresh and Cheri L. Scheelar ("Grantees"), all of Grantors' right, title and interest, in and to the following described real property (the "Property"):

Lot 6, in Block 4, Plat No. 1056, WAGON TRAIL ACREAGES NO.1, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Grantors are the owner of the Property free and clear of all encumbrances, except for:

1. Taxes for the fiscal year 2012-2013 a lien due, but not yet payable.
2. Taxes for the year 2011-2012
Tax amount \$1,383.77
Unpaid Balance: \$1,383.77, plus interest and penalties, if any
Code No.: 051
Map & Tax Lot No.: R-2309-001A0-06400
Property ID No.: R127810
3. Taxes for the current fiscal year are reduced by reason of Disabled Veteran Exemption. If the exempt status is terminated under the statute prior to July 1, said property will be taxed at 100% of the assessed value.
4. Easements for utilities and fire protection as shown on the plat of Wagon Trail Acreages No. One, Tract 1056, and reservations shown on said plat as follows: "...that fee title to all common areas, streets, private ways, roads, private recreational areas, semi-public recreational or

service areas, leased scenic areas shall remain in Brook Resources Corporation, to be conveyed to the Wagon Trail Ranch Homeowners Association under such terms and conditions as the Master Plan may provide."

5. Liens and assessments of Wagon Trail Ranch Property Owners Association.
6. Covenants, conditions, restrictions and/or easements; but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, family status, or national origin to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes:
Recording Information: August 30, 1972 in Volume M72, Page 9766, Records of Klamath County, Oregon
Modification and/or amendment by instrument:
Recording Information: January 05, 1977 in Volume M77, Page 207 and 210, Deed Records of Klamath County, Oregon

-- and the Trust Deed described below.

Grantors executed and delivered to Larry Fresh a Trust Deed, recorded on December 17, 2007, Klamath County, Oregon, Document No. 2007-021031, to secure payment of a Promissory Note in the sum of \$325,000. Grantees herein are the heirs and successors of Larry Fresh, as shown by that Assignment of Trust Deed and Promissory Note recorded October 3, 2011, Klamath County, Oregon, Document No. 2011-010989. 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 (this "Deed") and waiver of the right to collect against Grantors on the 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, including the manufactured structure affixed thereto as shown by that Application and Certification Exempting a Manufactured Structure From Ownership Document recorded January 4, 2008, Klamath County, Oregon, Document 2008-000149, to Grantees and this Deed is not intended as security of any kind. Grantors waive, surrender, and relinquish any equity of redemption and statutory rights of redemption that Grantors may have in connection with the Property and the Trust Deed.

By acceptance of this deed, Grantees agree to forbear taking any action to collect against Grantors on the secured debt, other than to foreclose the secured debt. Grantees shall not seek, obtain, or permit a deficiency judgment against Grantors or Grantors' heirs or assigns.

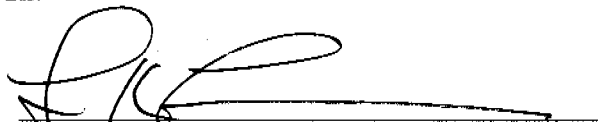
This Deed does not effect a merger of the fee ownership and the lien of the Trust Deed described above. The fee and the lien shall hereafter remain separate and distinct. Grantees reserve their right to foreclose their Trust Deed at any time as to any party with any claim, interest, or lien on the Property.

Grantors have read and fully understand the above terms and are not acting under misapprehensions regarding the effect of this Deed, nor are Grantors under any duress, undue influence, or misrepresentations of Grantees, Grantees' agents, lawyers, or any other person.

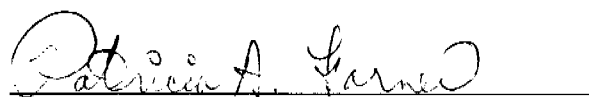
Grantees do not expressly or impliedly agree to assume or pay any contract balances, debts, liens, charges, or obligations that relate or attach to the property.

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, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. 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, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

DATED this 18 day of October, 2012.



Frederick K. Farner



Patricia A. Farner

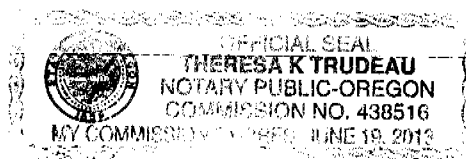
Notaries on page following.

STATE OF OREGON,)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me this 18 day of October, 2012,
by Frederick K. Farner.

Theresa K Trudeau
NOTARY PUBLIC FOR OREGON
My Commission Expires: 6-19-2013

STATE OF OREGON,)
) ss.
County of Deschutes)



The foregoing instrument was acknowledged before me this 18 day of October, 2012,
by Patricia A. Farner.

Theresa K Trudeau
NOTARY PUBLIC FOR OREGON
My Commission Expires: 6-19-2013

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