

WARRANTY DEED

(Statutory Form)

MTC 32003

GRANTOR: RONALD W. HOLADAY AND DONNA M. HOLADAY

CONVEYS AND WARRANTS TO

GRANTEE: FH VENTURES, L.L.C.

the following described real property free of encumbrances except as specifically set forth herein:
See attached legal description

SUBJECT TO:

1. Reserving without improvement all right and privileges of all existing utility facilities within the vacated alley as disclosed by Vacation Ordinance recorded July 12, 1963 in Book 346 at page 463.
2. Covenants, conditions and restrictions as shown on the recorded plat.
3. An easement created by instrument recorded August 7, 1963 in Volume 347, Page 247, Microfilm Records of Klamath County, Oregon.
4. Mortgage dated September 18, 1969 and recorded September 29, 1969 in Volume M69, page 8359, Microfilm Records of Klamath County, Oregon. Amendment to Mortgage and Promissory Note, was recorded on December 28, 1984 in Volume M84, page 21502, Microfilm Records of Klamath County, Oregon. HEREIN GRANTEE AGREES TO ASSUME AND PAY HEREIN REFERENCED MORTGAGE.
5. An easement created by instrument recorded March 3, 1993 in Volume M93, page 4389, Microfilm Records of Klamath County, Oregon.

THIS INSTRUMENT WILL 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.

The true and actual consideration for this transfer stated in terms of dollars is \$ 121,000.00. However, if the actual consideration consists of or includes other property or other value given or promised, such other property or value was part of the / the whole of the (indicate which) consideration.

If grantor is a corporation, this has been signed by authority of the Board of Directors.

GRANTOR: Ronald W. HoladayDonna M. HoladayDATED: January 25th, 1994

Until a change is requested, all tax statements shall be sent to the following address:

Grantee at: 2040 Main St. #129, Santa Clara CA 95050

STATE OF OREGON, County of _____ ss.

Date: _____

Personally appeared the abovenamed _____

and acknowledged the foregoing instrument to be _____ voluntary act and deed. Before me:

NOTARY PUBLIC FOR OREGON

MY COMMISSION EXPIRES: _____

STATE OF OREGON, County of Deschutes ss.Date: 1-25-94Personally appeared Ronald W. & Donna M. Holaday who beingsworn, stated that in their joint

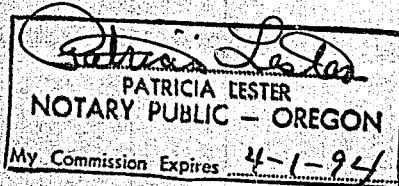
and acknowledged the foregoing instrument to be voluntarily signed and sealed in their joint presence Before Me:

NOTARY PUBLIC FOR OREGON

MY COMMISSION EXPIRES: _____

(DON'T USE THIS SPACE:
RESERVED FOR RECORDING
LABEL IN COUNTIES WHERE USED.)

NOTARY SEAL



NOTARY SEAL

AFTER RECORDING RETURN TO:

Key Title Co. #27-20148K
P.O. Box 6178, Bend, OR 97708

LEGAL DESCRIPTION

The Easterly 80 feet of Lots 23 and 24, in Block 30 and Lots 1 and 2 in Block 30, CRESCENT, and also the vacated alley between said lots, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXCEPTING any part of the Easterly 80 feet of Lot 23 and 24, Block 30, if any, contained in the Deeds to the State of Oregon, by and through its State Highway Commission by Ray Clinton Campbell and Lillian Pearl Campbell, recorded April 19, 1943 in Volume 154 at page 479 and Volume 154, page 477, Deed Records of Klamath County, Oregon.

Tax account no: 2409-030DB-08900

Business Clauses:**1. Background Statement:**

Ron and Donna Holaday currently own a business in Crescent, Oregon, which sells wine, beer, soft drinks and some fast foods. The business also has five (5) Oregon lottery machines, two (2) pool tables, and one (1) blackjack table. This sales agreement applies only to this business located in Crescent, Oregon.

The buyers are four (4) single individuals in the process of forming a Limited Liability Company in the State of Oregon to purchase and operate this business.

2. Disclosure of all outstanding liabilities such as contracts with service providers, vendors/suppliers, and business creditors is required. Sellers agree to indemnify, defend and hold buyers harmless for any liabilities not disclosed to buyers. Examples of disclosures required are:

Taxes owed
Pending lawsuits
Claims by potential creditors
License/permit violations
Leases for property or equipment

Seller will provide personal warranties agreeing to pay any liabilities not disclosed to buyers, thus complying with Bulk Sales Statutes.

3. Sellers represent and warrant that items listed in Exhibit A are included in the sale as assets of the business. In addition, the telephone numbers of the business, and right to use the business name "Crescent Tavern" are included as assets. Seller will cease using that name on day of closing.

4. Except as otherwise specified in this agreement, buyer is not assuming responsibility for any liabilities of the business. Seller will remain responsible for all pre-closing liabilities of the business not specified in this agreement, and will indemnify buyer and save buyer harmless from and against such liabilities. These would include utilities, taxes of all kinds and types, insurance, supplies, etc.

5. Inventory:

The buyers will pay full wholesale value for inventory of food, liquor, and supplies up to a maximum value of \$7,500.00. The following further conditions apply:

Items with freshness expiration dates must have dates good thru 30 days beyond close of sale.

Maximum quantity of any single item is limited to one month's supply as verified by prior sales history.

Minimum quantity of any single item is a one-week supply.

*RMF RJA
Rt 1/9*

Read and approved by:

Date: 1-25-94

Ronald W. Holaday
Ronald W. Holaday

Donna M. Holaday
Donna M. Holaday

Date: _____

FM VENTURES, L.L.C.

Rebecca D. Fullerton

Hilda Joyce Fullerton

Phyllis M. Fullerton

Robert J. Hamilton Jr.

6. The sellers have provided the buyers with a covenant not to compete. It is attached as Exhibit B.
7. Adjustments; The buyers agree to adjust the sales price to account for payments seller has made in advance to cover expenses such as salaries, utilities or insurance (if same policy is transferred to new owners) for the period after the close of escrow. Seller must maintain all existing insurance policies through the close of escrow.
8. Seller's representations and warranties;
 - a.. Crescent Tavern is in good standing under the laws of the State of Oregon.
 - b.. Ron & Donna Holaday are the sole parties authorized to sell the business.
 - c.. Ron & Donna Holaday hold good and marketable title to the assets in exhibit A.
 - d. Financial documents given buyers by Ron & Donna Holaday accurately reflect the income, expenses, cash flow and balance sheets for the periods covered.
 - e. Between contract date and closing of escrow Ron & Donna Holaday will continue to operate the business as usual and will take no action out of the ordinary.
 - f. There are no lawsuits or claims pending or threatened against Crescent Tavern or Ron & Donna Holaday other than those listed in response to item 3 above.
 - g. Ron & Donna Holaday have disclosed to buyers all material facts that would reasonably affect a prudent investor's decision to purchase the assets covered by this agreement.
 - h. The representations and warranties of the parties to this agreement shall survive the closing. The act of closing shall not bar either party from bring an action based upon a representation or warranty of the other party.
9. Ron and/or Donna Holaday, as an independent contractor, will provide free consultation of 40 hours during the first week after close of escrow, 20 hours during the second week after close of escrow, and be available for reasonable phone consultation for the following six weeks.
10. All Broker fees are to be paid by seller from sellers' proceeds out of escrow.
11. Notices are to be given by first class mail to the following addresses

Ron and Donna Holaday
P.O. Box 76
Crescent, Oregon 97733

F.H. Ventures
c/o Robert K. Winger
851 S.W. Sixth Avenue, Suite 1500
Portland, Oregon 97204 - 1357

PMF
RH
HJS
VJH

Read and approved by:

Date: 1-25-84

Ronald W. Holaday
Ronald W. Holaday

Donna M. Holaday
Donna M. Holaday

Date: _____

FH VENTURES, L.L.C.

Rebecca D. Fullerton

Hilda Joyce Fullerton

Phyllis M. Fullerton

Robert J. Hamilton Jr.

Business Clauses
Page 3

12. Close of Escrow is contingent upon issuance of the following licenses/permits to F.H. Ventures:

- Restaurant License by Klamath County
- Liquor License by Klamath County

13. Sellers agree to make available to Buyers all prior business records for the purpose of review and/or copying within 5 days of the close of Escrow.

14. Should Sellers fail to deliver property as outlined in this Sales Agreement, and/or Buyers determine that one or more of the contingencies cannot be satisfied, all deposits and earnest money shall be refunded to Buyers.

15. Both real property assets and Crescent Tavern business assets shall be placed in escrow and processed by the title company. Compliance with both Buyers' and Sellers' clauses of this agreement shall be monitored and verified by the title company.

16. Closing Date: The closing date for the sale will be January 27, 1994.

*Paul
Rt* *HJ
Rt*

Read and approved by:

Date: 1-25-94

Ronald W. Holaday
Ronald W. Holaday

Donna M. Holaday
Donna M. Holaday

Date: _____

FH VENTURES, L.L.C.

Rebecca D. Fullerton

Hilda Joyce Fullerton

Phyllis M. Fullerton

Robert J. Hamilton Jr.

- 1 - 6 foot Tyler Bottle Cooler - up right glass 40"
- 1 - keg draft cabinet
- 1 - 6x6 foot walk-in cooler
- 2 - standing ash trays
- 1 - refrigerator
- 2 - Valley pool tables
- 1 - upright deep freeze
- 1 - 30 foot bar and 15 stools
- 1 - portable bar
- 2 - Formica top tables
- 1 - flavor-criep chicken fryer
- 1 - cash register
- 1 - Hobart glass washer
- Pool cues and 2 racks
- 1 - Ponderosa table with 6 benches
- 1 - Ponderosa table with 4 stools
- 1 - ~~Pruney fireplace~~
- 1 - Microwave oven
- 1 - Card table
- 1 - folding chairs, *stackable*
- 1 - Crescent Tavern sign
- 1 - toaster
- 1 - tap keg cover
- 1 - plaque (Frankie Smith)
- 1 - intercom
- 1 - clock
- 1 - fire extinguisher
- 1 - smoke detector
- 1 - juke box and 4 speakers
- 1 - Television (Smith) 20" and antenna system
- 1 - U line ice maker

Plus all incidentals and small items, including, but not limited to glasses.

EXHIBIT A

Read and approved by:

Date: 1-25-94

Ronald W. Holaday
Ronald W. Holaday

Donna M. Holaday
Donna M. Holaday

Date:

FH VENTURES, L.L.C.

Rebecca D. Fullerton

Hilda Joyce Fullerton

Phyllis M. Fullerton

Robert J. Hamilton Jr.

*4 changes
Hd
RJ
y*

*RJA
PMT
RJT
HJ*

EXHIBIT B:

Sellers shall not establish, engage in, or become interested in, directly or indirectly as employees, owners, partners, agents, shareholders, or otherwise, within a radius of 12 miles from the town of Crescent, Oregon, any business, trade, or occupation similar to the business covered by this sales agreement for a period of five years.

Read and approved by:

Date: 1-25-94

Ronald W. Holaday
Ronald W. Holaday

Donna M. Holaday
Donna M. Holaday

Date: _____

FH VENTURES, L.L.C.

Rebecca D. Fullerton

Hilda Joyce Fullerton

Phyllis M. Fullerton

Robert J. Hamilton Jr.

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The buyers are four (4) single individuals in the process of forming a Limited Liability Company in the State of Oregon to purchase and operate this business.

2. Disclosure of all outstanding liabilities such as contracts with service providers, vendors/suppliers, and business creditors is required. Sellers agree to indemnify, defend and hold buyers harmless for any liabilities not disclosed to buyers. Examples of disclosures required are:

Taxes owed
Pending lawsuits
Claims by potential creditors
License/permit violations
Leases for property or equipment

Seller will provide personal warranties agreeing to pay any liabilities not disclosed to buyers, thus complying with Bulk Sales Statutes.

3. Sellers represent and warrant that items listed in Exhibit A are included in the sale as assets of the business. In addition, the telephone numbers of the business, and right to use the business name "Crescent Tavern" are included as assets. Seller will cease using that name on day of closing.

4. Except as otherwise specified in this agreement, buyer is not assuming responsibility for any liabilities of the business. Seller will remain responsible for all pre-closing liabilities of the business not specified in this agreement, and will indemnify buyer and save buyer harmless from and against such liabilities. These would include utilities, taxes of all kinds and types, insurance, supplies, etc.

5. Inventory:

The buyers will pay full wholesale value for inventory of food, liquor, and supplies up to a maximum value of \$7,500.00. The following further conditions apply:

Items with freshness expiration dates must have dates good thru 30 days beyond close of sale.

Maximum quantity of any single item is limited to one month's supply as verified by prior sales history.

Minimum quantity of any single item is a one-week supply.

*RMF 1/24/94
Rt 1/24/94*

Read and approved by:

Date: _____

Ronald W. Holaday

Donna M. Holaday

Date: January 25, 1994

FM VENTURES, L.L.C.

Rebecca D. Fullerton
Rebecca D. Fullerton

Hilda Joyce Fullerton
Hilda Joyce Fullerton

Phyllis M. Fullerton
Phyllis M. Fullerton

Robert J. Hamilton Jr.
Robert J. Hamilton Jr.

6. The sellers have provided the buyers with a covenant not to compete. It is attached as Exhibit B.
7. Adjustments; The buyers agree to adjust the sales price to account for payments seller has made in advance to cover expenses such as salaries, utilities or insurance (if same policy is transferred to new owners) for the period after the close of escrow. Seller must maintain all existing insurance policies through the close of escrow.
8. Seller's representations and warranties;
- Crescent Tavern is in good standing under the laws of the State of Oregon.
 - Ron & Donna Holaday are the sole parties authorized to sell the business.
 - Ron & Donna Holaday hold good and marketable title to the assets in exhibit A.
 - Financial documents given buyers by Ron & Donna Holaday accurately reflect the income, expenses, cash flow and balance sheets for the periods covered.
 - Between contract date and closing of escrow Ron & Donna Holaday will continue to operate the business as usual and will take no action out of the ordinary.
 - There are no lawsuits or claims pending or threatened against Crescent Tavern or Ron & Donna Holaday other than those listed in response to item 3 above.
 - Ron & Donna Holaday have disclosed to buyers all material facts that would reasonably affect a prudent investor's decision to purchase the assets covered by this agreement.
 - The representations and warranties of the parties to this agreement shall survive the closing. The act of closing shall not bar either party from bring an action based upon a representation or warranty of the other party.
9. Ron and/or Donna Holaday, as an independent contractor, will provide free consultation of 40 hours during the first week after close of escrow, 20 hours during the second week after close of escrow, and be available for reasonable phone consultation for the following six weeks.
10. All Broker fees are to be paid by seller from sellers' proceeds out of escrow.
11. Notices are to be given by first class mail to the following addresses
- Ron and Donna Holaday
P.O. Box 76
Crescent, Oregon 97733
- P.H. Ventures
c/o Robert K. Winger
851 S.W. Sixth Avenue, Suite 1500
Portland, Oregon 97204 - 1357

RMF
Rt 1/25/94

Read and approved by:

Date: _____

Ronald W. Holaday

Donna M. Holaday

Date: ✓ January 25, 1994

FH VENTURES, L.P.C.

Rebecca D. Fullerton

Hilda Joyce Fullerton

Phyllis M. Fullerton

Robert J. Hamilton Jr.

Business Clauses

Page 3

12. Close of Escrow is contingent upon issuance of the following licenses/permits to P.B. Ventures:

- Restaurant License by Klamath County
- Liquor License by Klamath County

13. Sellers agree to make available to Buyers all prior business records for the purpose of review and/or copying within 5 days of the close of Escrow.

14. Should Sellers fail to deliver property as outlined in this Sales Agreement, and/or Buyers determine that one or more of the contingencies cannot be satisfied, all deposits and earnest money shall be refunded to Buyers.

15. Both real property assets and Crescent Tavern business assets shall be placed in escrow and processed by the title company. Compliance with both Buyers' and Sellers' clauses of this agreement shall be monitored and verified by the title company.

16. Closing Date: The closing date for the sale will be January 27, 1994.

PMF
Rt
HJ
KPA

Read and approved by:

Date: _____

Ronald W. Holaday

Donna M. Holaday

Date: ✓ January 25, 1994

PB VENTURES, L.L.C.

Rebecca D. Fullerton
Rebecca D. Fullerton

Hilda Joyce Fullerton
Hilda Joyce Fullerton

Phyllis M. Fullerton
Phyllis M. Fullerton

Robert J. Hamilton Jr.
Robert J. Hamilton Jr.

- 1 - 6 foot Tyler Bottle Cooler - up right glass '40'
- 1 - 1/2 keg draft cabinet
- 1 - 6X6 foot walk-in cooler
- 2 - standing ash trays
- 1 - refrigerator
- 2 - Valley pool tables
- 1 - upright deep freeze
- 1 - 30 foot bar and 15 stools
- 1 - portable bar
- 2 - Formica top tables
- 1 - flavor-crisp chicken fryer
- 1 - cash register
- 1 - Hobart glass washer
- Pool cues and 2 racks
- 1 - Ponderosa table with 6 benches
- 1 - Ponderosa table with 4 stools
- 1 - ~~Pruney fireplace~~
- 1 - Microwave oven
- 1 - Card table
- 12 - folding chairs, ~~attachable~~
- 1 - Crescent Tavern sign
- 1 - toaster
- 1 - tap keg cover
- 1 - plaque (Frankie Smith)
- 1 - intercom
- 1 - clock
- 1 - fire extinguisher
- 1 - smoke detector
- 1 - juke box and 4 speakers
- 1 - television (Zenith) 20" and antenna system
- 1 - U line ice maker

plus all incidentals and small items, including, but not limited to glasses.

4 changes
YH
PMF
RF
Y

EXHIBIT A

YH
PMF
RF
Y

Read and approved by:

Date: _____

Ronald W. Holaday

Donna M. Holaday

Date: January 25, 1994

FH VENTURES, L.P.C.
X Rebecca D. Fullerton
Rebecca D. Fullerton

Hilda Joyce Fullerton
Hilda Joyce Fullerton

X Phyllis M. Fullerton
Phyllis M. Fullerton

X Robert J. Hamilton Jr.
Robert J. Hamilton Jr.

EXHIBIT B:

Sellers shall not establish, engage in, or become interested in, directly or indirectly as employees, owners, partners, agents, shareholders, or otherwise, within a radius of 12 miles from the town of Crescent, Oregon, any business, trade, or occupation similar to the business covered by this sales agreement for a period of five years.

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

Mountain Title Co

on this 28th day of Jan A.D., 19 94
at 11:33 o'clock A.M. and duly recorded
in Vol. M94 of Deeds Page 3118

Evelyn Biehn County Clerk

By Cauline Mendenhall Deputy.

Fee, \$85.00

Date: ✓ January 25, 1994

FH VENTURES, L.L.C.

Rebecca D. Fullerton

Rebecca D. Fullerton

Hilda Joyce Fullerton

Hilda Joyce Fullerton

Phyllis M. Fullerton

Phyllis M. Fullerton

Robert J. Hamilton Jr.

Robert J. Hamilton Jr.