

m9e 1396-8640  
 STATUTORY WARRANTY DEED

RUNNING Y RESORT, INC., an Oregon corporation, Grantor, conveys and warrants to THE PENNBROOK COMPANY, an Oregon corporation, Grantee, the following described real property, free of encumbrances except as specifically set forth herein:

Lots 289 - 308 within the plat of Running Y Resort, Phase 4 recorded September 24, 1997 in the office of the County Recorder, Klamath County, Oregon.

SUBJECT TO:

Non-delinquent real property taxes and assessments for the current fiscal year and all later years; and to all covenants, conditions, restrictions, reservations, exceptions, limitations, uses, rights, rights-of-way, easements and other matters of record on the date hereof, including, without limitation, the Declaration of Protective Covenants, Conditions, Restrictions, and Easements for Running Y Ranch Resort recorded August 2, 1996, and the Declaration Annexing Phase 1 of Eagles Landing to Running Y Ranch Resort recorded October 17, 1997, all of which are hereby incorporated by reference into the body of this instrument as if the same were fully set forth herein.

The true consideration for this conveyance is \$700,000.

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 AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

"GRANTOR" RUNNING Y RESORT, INC., an Oregon corporation

BY Lauri Miller

Its Asst. Secretary

STATE OF OREGON )  
 ) ss.  
 COUNTY OF KLAMATH )

The foregoing instrument was acknowledged before me this 17 day of October, 1997 by Lauri Miller, the Asst. Secretary of RUNNING Y RESORT, INC., an Oregon corporation.



WITNESS my hand and official seal

Terri L. Brown  
 NOTARY PUBLIC FOR OREGON  
 My commission expires: 3/27/98

**GRANTOR**  
 Running Y Resort, Inc.  
 5119 Running Y Road  
 Klamath Falls, OR 97601

**GRANTEE**  
 The Pennbrook Company  
 869 N.W. Wall St., Suite 204  
 Bend, OR 97701

**AFTER RECORDING RETURN TO:**  
 The Pennbrook Company  
 869 N.W. Wall St., Suite 204  
 Bend, OR 97701

Until a change is requested, all tax statements shall be sent to:  
 The Pennbrook Company  
 869 N.W. Wall St., Suite 204  
 Bend, OR 97701

AMERITITLE, has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

STATE OF OREGON,  
 County of Klamath ss.

Filed for record at request of:

Amerititle  
 on this 23rd day of October A.D., 1997  
 at 10:40 o'clock A. M. and duly recorded  
 in Vol. M97 of Deeds Page 34864

Bernetha G. Letsch, County Clerk

By Kathleen Brown  
 Fee, \$30.00 Deputy.