

STATUTORY WARRANTY DEED

SUN FOREST CONSTRUCTION, LTD., an Oregon corporation, Grantor, conveys and warrants to RUNNING Y RESORT, an Oregon corporation, Grantee, the following described real property, free of encumbrances except as specifically set forth herein:

Lots 387, 388, 395 and 396 within the plat of Running Y Resort, Phase 6 recorded May 18, 1998 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 Pelican Springs to Running Y Ranch Resort recorded May 22, 1998, as amended, 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 \$ 12.00.

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.

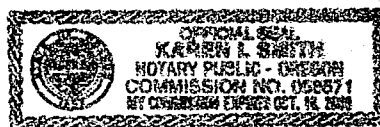
"GRANTOR" SUN FOREST CONSTRUCTION, LTD., an Oregon corporation

BY [Signature]

Its S.E. / + L.S.

STATE OF OREGON)
) ss.
COUNTY OF KLAMATH)

The foregoing instrument was acknowledged before me this 6th day of October, 1998 by E.D. Bradshaw, the Sec. Treasurer of SUN FOREST CONSTRUCTION, LTD., an Oregon corporation.



WITNESS my hand and official seal

[Signature]
NOTARY PUBLIC FOR OREGON

My commission expires: 10-16-2000

GRANTOR

Sun Forest Construction, LTD.
P.O. Box 3396
Sunriver, OR 97707

GRANTEE

Running Y Resort
5119 Running Y Road
Klamath Falls, OR 97601

AFTER RECORDING RETURN TO:

Running Y Resort
5119 Running Y Road
Klamath Falls, OR 97601

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

Running Y Resort
5119 Running Y Road
Klamath Falls, OR 97601

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

Amerititle

on this 8th day of October A.D., 1998
at 3:28 o'clock P. M. and duly recorded
in Vol. 1498 of Deeds Page 37128

Bernetha G. Litsch, County Clerk

By [Signature]

Fee: \$30.00

Deputy: