



WARRANTY DEED

ASPEN TITLE ESCROW NO. 01048576

AFTER RECORDING RETURN TO:
K. MARK NELSON, TRUSTEE12211 Pear Lane
Williston, CA 95623UNTIL A CHANGE IS REQUESTED ALL TAX
STATEMENTS TO THE FOLLOWING ADDRESS:
SAME AS ABOVE

JAMES H. CONNELLY and MARY HELEN CONNELLY, TRUSTEES UNDER THE CONNELLY LOVING TRUST DATED MAY 29, 1990, hereinafter called GRANTOR(S), convey(s) and warrants to K. MARK NELSON, TRUSTEE OF THE K. MARK NELSON TRUST, hereinafter called GRANTEE(S), all that real property situated in the County of Klamath, State of Oregon, described as:

SEE LEGAL DESCRIPTION MARKED EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF AS THOUGH FULLY SET FORTH HEREIN

RESERVING UNTO GRANTORS HEREIN IN THEIR INDIVIDUAL ENTITIES, A LIFE ESTATE IN THE HOME, GARAGE, ADJACENT UTILITY BUILDING, YARD AND GARDEN ALL APPURTENANT TO THE HOME, FOR THE REMAINDER OF THEIR LIVES OR UNTIL GRANTORS VOLUNTARILY RELINQUISH THIS LIFE ESTATE. SHOULD THE GRANTORS AS INDIVIDUALS, (JAMES H. CONNELLY AND MARY HELEN CONNELLY) NOT RESIDE IN RESIDENCE AS DESCRIBED HEREIN, FOR SIX CONTINUOUS MONTHS, THIS LIFE ESTATE SHALL TERMINATE AFTER THE EXPIRATION OF THE SIX MONTHS, UNLESS PREVIOUSLY AND OTHERWISE AGREED IN WRITING BETWEEN CONNELLYS AND GRANTEE. THIS LIFE ESTATE MAY NOT BE TRANSFERRED AND ANY SUCH TRANSFER SHALL CONSTITUTE A TERMINATION OF THIS LIFE ESTATE.

"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 30.390."

and covenant(s) that grantor is the owner of the above described property free of all encumbrances except covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, if any, and apparent upon the land, contracts and/or liens for irrigation and/or drainage,

and will warrant and defend the same against all persons who may lawfully claim the same, except as shown above.

The true and actual consideration for this transfer is \$325,000.00. THE EXECUTION OF THIS DEED DIRECTLY TO THE GRANTEE NAMED IS DONE AT THE DIRECTION OF OLD REPUBLIC EXCHANGE FACILITATOR COMPANY AS PART OF A TAX DEFERRED EXCHANGE FOR THE BENEFIT OF SAID GRANTEE.

In construing this deed and where the context so requires, the singular includes the plural.

IN WITNESS WHEREOF, the grantor has executed this instrument this 9th day of November, 1998.

THE CONNELLY LOVING TRUST DATED MAY 29, 1990

BY: James H. Connelly, Trustee
JAMES H. CONNELLY, TRUSTEEJames H. Connelly
JAMES H. CONNELLY, INDIVIDUALLYBY: Mary Helen Connelly, Trustee
MARY HELEN CONNELLY, TRUSTEEMary Helen Connelly
MARY HELEN CONNELLY, INDIVIDUALLY

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STATE OF OREGON, County of Klamath)ss.

The foregoing instrument was acknowledged before me this 11th
day of November, 1998, by James H. Connelly and Mary Helen
Connelly, both as individuals and as Trustees of The Connelly
Loving Trust dated May 29, 1990.

Before me: Marlene T. Addington
Notary Public for Oregon
My Commission Expires: March 22, 2001

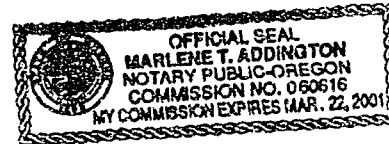


EXHIBIT "A"

The SE 1/4 SE 1/4 of Section 4, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM the following; Beginning at a point on the North line of the said SE 1/4 SE 1/4 and the centerline of said existing road, from which the Southeast corner of said Section 4 is South 23 degrees 43' 30" East 701.00 feet and South 38 degrees 01' 20" East 807.44 feet; thence Westerly to the Northwest corner of said SE 1/4 SE 1/4; thence Southerly to the Southwest corner of said SE 1/4 SE 1/4; thence Easterly along the South line of said Section 4 to a point on the centerline of said existing road; said point being Westerly 11 feet, more or less, from the Southeast corner of said Section 4; thence Northwesterly along the centerline of said existing road to the point of beginning, with bearings based on Survey No. 1547 as recorded in the office of the Klamath County Surveyor.

ALSO INCLUDING the S 1/2 SW 1/4 of Section 3, The N 1/2 NW 1/4, N 1/2 SW 1/4 NW 1/4 and SE 1/4 NW 1/4 of Section 10, all in Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM that portion described as follows:
The following tract of land located in the NW 1/4 of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at the Southwest corner of the N 1/2 SW 1/4 NW 1/4 Section 10; thence North along the West boundary line of said section, 730 feet to a point; thence East 730 feet; thence South 730 feet, more or less, to a point on the South line of the N 1/2 SW 1/4 NW 1/4; thence West to the point of beginning.

Continued on next page

EXHIBIT "A" CONTINUED

ALSO EXCEPTING THEREFROM that portion described as follows: A parcel of land situated in the SW 1/4 NE 1/4 and SE 1/4 NW 1/4 of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Beginning at the iron pin marking the center of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, said pin being also the Northwest corner of East Bonanza Addition to the City of Bonanza, Klamath County Oregon; thence North along the West right of way of West Avenue 30.0 feet; thence East along the North right of way of Morine Avenue 137.9 feet; thence North 110.0 feet; thence West 217.95 feet to the centerline of a drain; thence South 11 degrees 56' West along the centerline of said drain 143.1 feet to the East-West centerline of said Section 10; thence East along the said centerline of said Section 10, 109.64 feet to the point of beginning.

ALSO EXCEPT a tract of land situate in the SE 1/4 NW 1/4 of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the North-South center section line of said Section 10, from which the North quarter corner of said Section 10 bears North 00 degrees 02' 06" West 1997.28 feet; thence South 19 degrees 16' 22" West, along the drain ditch 530.67 feet to the Northwestern corner of parcel described in Deed Volume 353 at Page 253, as recorded in the Klamath County Deed Records; thence South 80 degrees 30' 16" East, along the North line of said parcel, 20.44 feet to a 1/2 inch iron pipe; thence continuing along said line 155.03 feet to the North-South center section line of said Section 10; thence north 00 degrees 02' 06" West 443.91 feet to a 5/8 inch iron pin; thence continuing North 00 degrees 02' 06" West 58.53 feet to the point of beginning.

TOGETHER WITH an easement for ingress and egress as recorded August 7, 1997 in Book M-97 at Page 25957.

CODE 37 MAP 3911-300 TL 1600
CODE 37 MAP 3911 TL 1400
CODE 11 MAP 3911-1080 TL 100
CODE 11 & 56 MAP 3911-1000 TL 600
CODE 56 & 11 MAP 3911-1000 TL 600

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 13th day
of November A.D., 19 98 at 3:24 o'clock P. M., and duly recorded in Vol. M98
of Deeds on Page 41549

FEE \$45.00

By Bernetha G. Letsch, County Clerk
Kathleen Rosen