

'01 MAY 4 AM 11:14

MTC S3800-MS

WARRANTY DEED

Vol M01 Page 20468

NORTH HILLS, L.L.C., AN OREGON LIMITED LIABILITY COMPANY,
 Grantor(s) hereby grant, bargain, sell, warrant and convey to:
 DAVID J. MERCER and CAROL K. MERCER, husband and wife,
 Grantee(s) and grantee's heirs, successors and assigns the following described
 real property, free of encumbrances except as specifically set forth herein in
 the County of KLAMATH and State of Oregon, to wit:

LOT 1 IN BLOCK 4, TRACT 1152, NORTH HILLS, ACCORDING TO THE OFFICIAL PLAT
 THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY,
 OREGON.

3809-035AD-00200-000

447270

SUBJECT TO: all those items of record and those apparent upon the land, if
 any, as of the date of this deed and those shown below, if any:
 and the grantor will warrant and forever defend the said premises and every
 part and parcel thereof against the lawful claims and demands of all persons
 whomsoever, except those claiming under the above described encumbrances.

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.

The true and actual consideration for this conveyance is 175,000.00.

Until a change is requested, all tax statements shall be sent to Grantee at the
 following address: 785 HOMEDALE ROAD, KLAMATH FALLS, OR 97603

Dated this 2nd day of May, 2001

NORTH HILLS, L.L.C.

BY:

Kenneth K. Katsuda
 KENNETH K. KATSUDA, MANAGING MEMBER

BY:

Richard Robertson
 RICHARD ROBERTSON, MANAGING MEMBER

State of Oregon
 County of DESCHUTES

This instrument was acknowledged before me on May 2, 2001 by
 KENNETH K. KATSUDA AND RICHARD ROBERTSON, MANAGING MEMBERS OF NORTH HILLS,
 L.L.C..

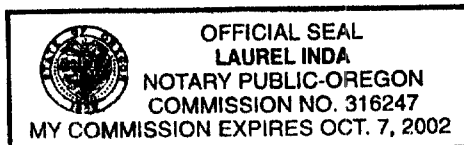
Laurel Inda
 (Notary Public for Oregon)

My commission expires 10/7/02

ESCROW NO. MT53800-MS

Return to:

DAVID J. MERCER
 785 HOMEDALE ROAD
 KLAMATH FALLS, OR 97603



State of Oregon, County of Klamath
 Recorded 05/04/01, at 11:14 a.m.
 In Vol. M01 Page 20468
 Linda Smith,
 County Clerk Fee \$ 21.00

21.00 m