

STATUTORY WARRANTY DEED

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

Lots 764 - 780 within the plat of Running Y Resort, Phase 6 - 2nd Addition recorded May 21, 2001 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 Amended and Restated Declaration Annexing Phase 3 of Pelican Springs to Running Y Ranch Resort recorded May 22, 2001, 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 \$595,000.

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.

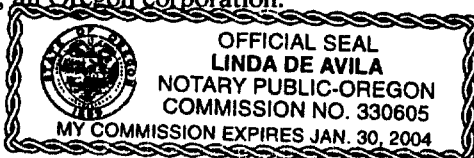
"GRANTOR" RUNNING Y RESORT, INC., an Oregon corporation

BY Lance Miller

Its Asst. Secretary

STATE OF OREGON)
) ss.
COUNTY OF DESCHUTES)

The foregoing instrument was acknowledged before me this 30th day of May, 2001 by Lance Miller, the Asst. Secretary of RUNNING Y RESORT, INC., an Oregon corporation.



WITNESS my hand and official seal

Linda De Avila
NOTARY PUBLIC FOR OREGON

My commission expires:

GRANTOR

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

GRANTEE

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

AFTER RECORDING RETURN TO:

Sun Forest Construction, LTD.

P.O. Box 3396

Sunriver, OR 97707

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

Sun Forest Construction, LTD.

P.O. Box 3396

Sunriver, OR 97707

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
Recorded 06/01/01, at 11:12 a.m.
In Vol. M01 Page 25810
Linda Smith,
County Clerk Fee \$ 21.00