

M05-64036

Klamath County, Oregon

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Pages 5 Fee: \$41.00

AFTER RECORDING, RETURN TO:

Attn: Nancy Kyker, Sr. Legal Assistant
O'DONNELL & CLARK LLP
Attorneys at Law
Fremont Place II, Suite 302
1650 NW Naito Parkway
Portland, OR 97209-2534

**UNTIL A CHANGE IS REQUESTED, ALL TAX
STATEMENTS SHALL BE SENT TO THE
FOLLOWING ADDRESS:**

BHG K Falls, LLC
Attn: Bakulesh G. Patel
P.O. Box 409
Lake Oswego, OR 97034

JS 511596

STATUTORY SPECIAL WARRANTY DEED

RED LION HOTELS, INC., a Delaware corporation (hereinafter called "Grantor"), hereby conveys and specially warrants to BHG K FALLS, LLC, an Oregon limited liability company (hereinafter called "Grantee"), the real property located at 3612 South Sixth, Klamath Falls, Klamath County, Oregon and more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference. The said property is free from encumbrances created or suffered by the Grantor except the permitted exceptions described on Exhibit "B" attached hereto and incorporated herein by this reference.

The true consideration for the land and improvements being conveyed is \$1,975,000.00.

Disclaimer. Except for Grantor's express representations and warranties under the Purchase and Sale Agreement dated July 1, 2005, as amended, between Grantor and Grantee hereinafter referred to as the "Agreement" (or any document, affidavit or certificate executed or delivered in connection herewith) (collectively, the "**Express Representations**"), Grantor hereby specifically disclaims any warranty, guaranty, or representation, oral or written; past, present or future, of, as to, or concerning (i) the nature and condition of the Property, including but not by way of limitation, the water, soil, geology and the suitability thereof, for any and all activities and uses which Grantee may elect to conduct thereon, income to be derived therefrom or expenses to be incurred with respect thereto, or any obligations or any other matter or thing relating to or affecting the same; (ii) the manner of construction and condition and state of repair or lack of repair of any improvements located thereon; (iii) the nature and extent of any easement, right-of-way, lien, encumbrance or license reservation; and (iv) the compliance of the Property or the operation of the Property with any laws, rules, ordinances, or regulations of any government or other body. EXCEPT AS STATED HEREIN, IN CONNECTION WITH THE CONVEYANCE OF THE PROPERTY AS PROVIDED FOR HEREIN, GRANTOR HAS NOT MADE AND DOES NOT MAKE, ANY REPRESENTATIONS, WARRANTIES OR COVENANTS OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE QUALITY OR CONDITION OF THE PROPERTY, THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH GRANTEE MAY CONDUCT THEREON, COMPLIANCE BY THE PROPERTY WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY

APPLICABLE GOVERNMENTAL AUTHORITY OR HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND SPECIFICALLY, GRANTOR DOES NOT MAKE ANY REPRESENTATIONS REGARDING HAZARDOUS WASTE, AS DEFINED BY THE LAWS OF THE STATE IN WHICH THE HOTEL IS LOCATED AND ANY REGULATIONS ADOPTED PURSUANT THERETO OR THE U. S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., PART 261, OR THE DISPOSAL OF ANY HAZARDOUS WASTE OR ANY OTHER HAZARDOUS OR TOXIC SUBSTANCES IN OR ON THE PROPERTY. Except for the Express Representations, Grantee agrees to accept the Property at closing with the Property being in its present AS IS condition WITH ALL FAULTS.

Property Condition. GRANTEE ACKNOWLEDGES AND AGREES THAT EITHER GRANTEE IS, OR HAS ENGAGED AND IS RELYING ON PERSONS WHO ARE, EXPERIENCED IN THE OWNERSHIP, DEVELOPMENT AND/OR OPERATION OF PROPERTIES SIMILAR TO THE PROPERTY AND THAT GRANTEE PRIOR TO THE CLOSING WILL HAVE INSPECTED THE PROPERTY OR CAUSED THE PROPERTY TO BE INSPECTED TO ITS SATISFACTION AND IS QUALIFIED TO MAKE SUCH INSPECTION. GRANTEE ACKNOWLEDGES THAT IT IS FULLY RELYING ON GRANTEE'S (OR GRANTEE'S REPRESENTATIVES') INSPECTIONS OF THE PROPERTY AND EXCEPT FOR THE EXPRESS REPRESENTATIONS, NOT UPON ANY STATEMENT (ORAL OR WRITTEN) WHICH MAY HAVE BEEN MADE OR MAY BE MADE (OR PURPORTEDLY MADE) BY GRANTOR OR ANY OF ITS REPRESENTATIVES. GRANTEE ACKNOWLEDGES THAT GRANTEE HAS (OR GRANTEE'S REPRESENTATIVES HAD), OR PRIOR TO THE CLOSING WILL HAVE, THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY GRANTEE IN ORDER TO ENABLE GRANTEE TO EVALUATE THE CONDITION OF THE PROPERTY AND ALL OTHER ASPECTS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE ENVIRONMENTAL CONDITION OF THE PROPERTY); AND GRANTEE ACKNOWLEDGES THAT GRANTEE IS RELYING SOLELY UPON ITS OWN (OR ITS REPRESENTATIVES') INSPECTION, EXAMINATION AND EVALUATION OF THE PROPERTY, EXCEPT FOR THE EXPRESS REPRESENTATIONS. GRANTEE HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES AND COSTS (AND AGREES THAT GRANTOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER DAMAGES) RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR OR OPERATION OF THE PROPERTY ARISING OR ACCRUING FROM AND AFTER THE DATE OF CLOSING. GRANTEE EXPRESSLY WAIVES (TO THE EXTENT ALLOWED BY APPLICABLE LAW) ANY CLAIMS UNDER FEDERAL, STATE OR OTHER LAW THAT GRANTEE MIGHT OTHERWISE HAVE AGAINST GRANTOR RELATING TO THE USE, CHARACTERISTICS OR CONDITION OF THE PROPERTY EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED BY THIS AGREEMENT. ANY REPAIRS PAID FOR BY GRANTOR PURSUANT TO THIS AGREEMENT, IF ANY, SHALL BE DONE WITHOUT ANY WARRANTY OR REPRESENTATION BY GRANTOR, AND GRANTOR

HEREBY EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER IN CONNECTION WITH SUCH REPAIRS.

And Grantor hereby covenants to and with Grantee and Grantee's heirs, successors and assigns that, except for those described above, Grantor will warrant and defend the property and every part and parcel thereof against the lawful claims and demands of all persons claiming by, through, or under the Grantor.

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.

Dated this 8th day of September, 2005.

RED LION HOTELS, INC.
a Delaware corporation



Thomas L. McKeirnan, Vice President

STATE OF WASHINGTON)
) ss.
County of Spokane)

On September 8, 2005, before me the undersigned, a Notary Public in and for said State, personally appeared Thomas L. McKeirnan, as Vice President of Red Lion Hotels, Inc., a Delaware corporation, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the entity upon behalf of which the person acted, executed the instrument.



Notary Public for Washington
Reside at: Liberty Lake
My Commission Expires: 2/24/09



EXHIBIT A
LEGAL DESCRIPTION

Beginning at a ½ inch iron pin on the South line of the relocated right of way of the Klamath Falls Lakeview Highway (South Sixth Street) which bears South 80 degrees 45' West a distance of 290.3 feet and South 0 degrees 06'30" West a distance of 11.82 feet from the Northeast corner of the NW1/4 SE 1/4 of Section 3, Township 39 South, Range 9 East, Willamette Meridian; said iron pin also being the Northwest corner of parcel of land conveyed to the United States National Bank of Portland by deed recorded in Volume 293, page 435, Deed Records of Klamath County, Oregon; thence North 89 degrees 58'30" West along said relocated right of way line, a distance of 100.0 feet to an iron pin and the true point of beginning of this description; thence South 0 degrees 06'30" West parallel with the West line of said United States National Bank parcel a distance of 150.0 feet to an iron pin; thence South 89 degrees 58'30" East parallel to the South line of said relocated highway right of way a distance of 100.0 feet to an iron pin on the West line of said United States National Bank parcel; thence South 0 degrees 06'30" West along said West line a distance of 30.0 feet to a 5/8 inch iron pin marking the Southwest corner of said parcel; thence South 0 degrees 55'30" East a distance of 329.18 feet, more or less, to a 5/8 inch iron pin on the Northeasterly right of way line of the O.C. & E. Railroad; thence North 67 degrees 15' West along said right of way line a distance of 472.81 feet, more or less, to an iron pin on the Easterly right of way line of the U.S.R.S. Drain 1-C; thence North 29 degrees 11'00" West along said right of way line a distance of 65.47 feet to an iron pin; thence North 01 degrees 22'00" West along the West line of parcel of land conveyed to Johann L. Uherek et ux., by deed recorded September 20, 1950, in Deed Volume 242, page 201, Records of Klamath County, Oregon, a distance of 266.9 feet, more or less, to the South line of the said Klamath Falls Lakeview Highway (South Sixth Street); thence South 89 degrees 58'30" East along said relocated right of way line a distance of 367.8 feet, more or less, to the point of beginning.

Street Address: 3612 South Sixth
Klamath Falls, Oregon

Assessor's Parcel Number: R-3909-003DB-00500
R-3909-003DB-00600

EXHIBIT B
PERMITTED EXCEPTIONS

1. Taxes for 2005-2006 are now a lien, but not yet payable
2. Liens and assessments of Klamath Project and Klamath Irrigation District, and regulations, contracts, easements, water and irrigation rights in connection therewith.
3. Easement, including terms and provisions contained therein
Recording Information: Volume 69 on page 145, records of Klamath County, Oregon
In Favor of: The California Oregon Power Company
For: power line
4. Easement, including terms and provisions contained therein:
Recording Information: Volume 140 on page 475, records of Klamath County, Oregon
In Favor of: California Oregon Power Company
For: transmission line
5. Easement, including terms and provisions contained therein:
Recording Information: Volume 156 on page 514, records of Klamath County, Oregon
In Favor of: State of Oregon, by and through its State Highway Commission
For: slope easement
6. Easement, including terms and provisions contained therein:
Recording Information: Volume 189 on page 158, records of Klamath County, Oregon
In Favor of: California Oregon Power Company
For: easement for water main
7. Easement, including terms and provisions contained therein:
Recording Information: Volume 189 on page 162, records of Klamath County, Oregon
In Favor of: The California Oregon Power Company
For: easement for water main
8. Easement, including terms and provisions contained therein:
Recording Information: Volume 189 on page 167, records of Klamath County, Oregon
In Favor of: The California Oregon Power Company
For: easement for water main
9. Easement, including terms and provisions contained therein:
Recording Information: Volume 189 on page 169, records of Klamath County, Oregon
In Favor of: The California Oregon Power Company
For: easement for water main
10. Agreement, including the terms and provisions thereof, between Nyback's Flower Fair, a partnership consisting of Alrick Nyback and Hazel Ninon Nyback, co-partners, and Tod E. McClasky and Edward H. Pietz, second parties, dated May 20, 1971, in Volume M-71 on page 5236, Deed records of Klamath County, Oregon