

STATUTORY WARRANTY DEED

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

Lots 1300 – 1301 within the plat of Tract 1444, Running Y Resort Phase 4, 4th Addition recorded March 22, 2006 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 6 of Eagles Landing to Running Y Ranch Resort recorded April _____, 2006, 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 \$780,000.00.

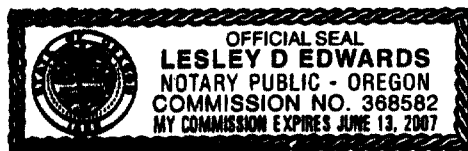
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

“GRANTOR” RUNNING Y RESORT, INC., an Oregon corporation

BY J. D. C. Andrews
Its G. M.

STATE OF OREGON)
) ss.
COUNTY OF DESCHUTES)

The foregoing instrument was acknowledged before me this 21st day of April, 2006 by Todd Andrews, the General Manager of RUNNING Y RESORT, INC., an Oregon corporation.



WITNESS my hand and official seal

Lesley D Edwards
NOTARY PUBLIC FOR OREGON
My commission expires: 4/13/2007

GRANTOR

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

GRANTEE

The Pennbrook Company
250 NW Franklin Avenue, Suite 204
Bend, OR 97701

AFTER RECORDING RETURN TO:

The Pennbrook Company
250 N.W. Franklin Ave., Suite 204
Bend, OR 97701

Until a change is requested, all tax
statements shall be sent to:
The Pennbrook Company
250 N.W. Franklin Ave., Suite 204
Bend, OR 97701

2/07
o/c Michelle