

LUT 83741

2009-000753

Klamath County, Oregon



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01/22/2009 11:28:56 AM

Fee: \$36.00

RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:

Mr. Jonathon Wolf, Manager – Special Assets
Premier West Bank – Credit Administration
503 Airport Road
Medford, Oregon 97504-4159

UNTIL A CHANGE OF ADDRESS IS
REQUESTED, PLEASE SEND ALL
TAX STATEMENTS TO:

Mr. Jonathon Wolf, Manager – Special Assets
Premier West Bank – Credit Administration
503 Airport Road
Medford, Oregon 97504-4159

BARGAIN & SALE DEED (hereinafter, the "Deed")
[Non-Merger Deed in Lieu of Foreclosure]

FOR VALUABLE CONSIDERATION, sufficiency and receipt of which is hereby acknowledged, **THE PENNBROOK COMPANY**, an Oregon corporation whose address is 250 NW Franklin Avenue, Suite 204, Bend, Oregon 97701 ("**Grantor**"), conveys to **PREMIERWEST BANK**, an Oregon state chartered commercial bank whose address is Attn: Credit Administration Division, 503 Airport Road, Medford, Oregon 97504-4159 ("**Grantee**"), the real property and improvements in Klamath County, Oregon, legally described in Exhibit A attached hereto and more commonly known as Lots 1288, 1289, and 1290 Martingale Drive, Klamath Falls, Oregon 97601 (the "**Property**"), subject to all liens and encumbrances thereon. The true consideration of this conveyance consists of other property or other value given or promised.

This Deed is an absolute conveyance in effect and conveys fee simple title of the Property to Grantee and does not operate as a mortgage, trust conveyance or security of any kind. Grantor has conveyed the Property to Grantee for a fair and adequate consideration of reasonably equivalent value, in addition to that above recited, being the agreement by Grantee to take no action to enforce against Grantor under that certain line of credit instrument trust deed, security agreement, fixture filing, and assignment of rents dated as of October 25, 2005, and executed and delivered by Pennbrook Company, as grantor, to and in favor of Lender, granting to Lender perfected security interests in and liens against certain real property and improvements as more particularly and legally described therein, and recorded in the official real property records of Klamath County, State of Oregon on October 31, 2005, as instrument number M05-67877 (as amended and restated by those certain written and recorded modifications of trust deed dated January 25, 2007, August 2, 2007, November 30, 2007, and March 28, 2008, the "**Trust Deed**"). Grantor declares that this conveyance is freely and fairly made, and that there are no agreements, oral or written, other than this Deed between Grantor

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and Grantee with respect to the Property which affects the absolute nature of the conveyance hereby made.

IT IS THE EXPRESS INTENTION OF GRANTOR IN EXECUTING THIS DEED, AND GRANTEE IN ACCEPTING THIS DEED, THAT GRANTEE'S FEE INTEREST IN THE PROPERTY AND GRANTEE'S LIEN ON THE FEE INTEREST IN THE PROPERTY AS EVIDENCED BY THE TRUST DEED (TO WHICH GRANTEE IS THE SUCCESSOR BENEFICIARY) ARE AND SHALL AT ALL TIMES REMAIN DISTINCT AND SEPARATE AND THAT THERE SHALL BE NO MERGER OF GRANTEE'S INTEREST IN THE TRUST DEED, OR IN THE PROPERTY. UPON THE EXECUTION AND DELIVERY BY GRANTOR OF THIS DEED, THE TRUST DEED SHALL NOT BE RELEASED OR RECONVEYED, BUT SHALL REMAIN IN FULL FORCE AND EFFECT.

Grantor expressly represents and warrants that it has had fair and ample opportunity to seek the advice of legal counsel and accounting and financial advisors of Grantor's own choosing pertaining to the negotiations for the preparation of this Deed and that it has through its authorized officer read this Deed and is fully aware of its contents and legal effect and that it is not acting under any misapprehension as to the legal affect of this Deed, nor under any duress, undue influence, or misrepresentation of Grantee, Grantee's agents or attorneys or any other person.

Grantor does hereby waive, surrender, convey and relinquish any equity of redemption and any common law or statutory rights of redemption pertaining to the Property and the Trust Deed.

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 LIMITATIONS ON THE USE OF THE PROPERTY.

Dated as of this 31st day of December, 2008.

"GRANTOR"

THE PENNBROOK COMPANY, an active Oregon corporation in good standing

By: _____

Its: _____

STATE OF OREGON)

) ss.

County of Deschutes)

This instrument was acknowledged before me on December 31, 2008, by Donald R. Brainerd as President of and for The Pennbrook Company.

Laura L. Lynn
Notary Public for the State of Oregon

My commission Expires: Sept 23, 2010

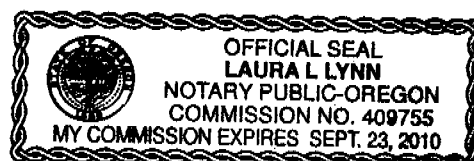


EXHIBIT A

LEGAL DESCRIPTION

LOTS 1288, 1289, and 1290, , tract 1443, a replat of Lots 595 – 602, 604 – 605, Falcon Drive and Red Tail Drive of Tract 1340 Running Y Resort Phase 7, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.