

1st American
200 SW Market St
Ste 250
Portland OR 97201

2009-016103

Klamath County, Oregon



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Fee: \$112.00

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Heating and Cooling Water Supply Agreement

This Heating and Cooling Water Supply Agreement (this "Agreement") is made and entered into effective as of this 23rd day of December, 2009 (the "Effective Date"), between PFRS Crystal Terrace Corp., a Michigan corporation ("Seller") and Marquis Companies I, Inc. ("Marquis") and Plum Ridge Care Community, LLC, an Oregon limited liability company ("PRCC") (Marquis and PRCC are collectively referred to herein as "Buyers").

- A. Seller is currently in the process of acquiring, through a deed in lieu of foreclosure, the retirement facility located on the real property described in Exhibit A hereto (the "Crystal Terrace Property") and commonly known as 1000 Town Center Drive, Klamath Falls, Oregon (the "Crystal Terrace Facility").
- B. The current owner of the Crystal Terrace Facility is providing hot water solution, used for heating, and cold water solution used for cooling (the "Thermal Energy") to Buyers' adjacent skilled nursing facility known as Plum Ridge ("Plum Ridge"), located immediately adjacent to the Crystal Terrace Facility on the real property described in Exhibit B hereto (the "Plum Ridge Property") and commonly known as 1401 Bryant Williams Drive, Klamath Falls, Oregon. PRCC leases Plum Ridge from Sky Lakes Hospital. Marquis subleases Plum Ridge from PRCC.
- C. Plum Ridge is currently dependent upon the Crystal Terrace Facility's hot water boilers and cold water chillers to provide the Thermal Energy, yet no written agreement currently requires the current owner of Crystal Terrace, or Seller, to supply the Thermal Energy to Buyers. The Thermal Energy supplied to Plum Ridge is supplied in a closed loop, meaning that only Thermal Energy is transferred to or from the supplied water within the Plum Ridge facility. None of the hot or chilled water through which the Thermal Energy is supplied in the loop is used directly for drinking water, or domestic hot or cold water. It contains anti-freeze, and is undrinkable.
- D. Buyers desire an agreement with Seller for the supply of the Thermal Energy while they assess options, install equipment and/or transition to another source. Seller is willing to supply the Thermal Energy, for a limited period of time, subject to the conditions contained herein.

Agreement

In consideration of the matters described above, and the mutual benefits and obligations set forth in this Agreement, the parties agree as follows:

1. Agreement to Supply Thermal Energy:

1.1 Subject to the terms, conditions and limitations set forth in this Agreement, Seller shall sell and deliver to Buyers, and Buyers shall purchase and receive from Seller, all Thermal Energy (as defined above) required or desired by Buyers to supply Plum Ridge Care Center. However, in no event shall Seller be obligated to deliver Thermal Energy to Buyers at a higher rate of delivery, or in a greater amount, or at different periods, than as provided in this Agreement.

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2. Term:

2.1 This Agreement is to take effect on the date that Seller takes title to the Crystal Terrace Facility (the "Commencement Date") and, unless renewed or extended in writing, in the exercise of the sole and absolute discretion of Seller, shall continue in force for only one (1) year from the Commencement Date (the "Term"), subject to earlier termination as provided in this Agreement. **Seller and its successors in interest are under no obligation to renew this Agreement upon expiration of the Term.**

3. Price:

3.1 Buyers agree to pay Seller for the Thermal Energy consumed by Buyers, according to the following formula: Total Monthly Price = (Hot Water Energy Price pursuant to § 3.1.1.) + (Chilled Water Energy Price pursuant to § 3.1.2.) + (Maintenance Price pursuant to § 3.1.3.) + (Capital Expense Price pursuant to § 3.1.4.).

3.1.1 Hot Water Energy. Price = (Therms consumed) x (the price per Therm of natural gas, as published by Avista Utilities)/(.75 to account for inefficiency of Seller's boiler). If Avista Utilities ceases to provide natural gas to the Klamath Falls area, then Seller shall set hot water energy rates with reference to the rates of the largest utility provider of natural gas in Klamath Falls.

3.1.2 Chilled Water Energy. Price = (Ton-Hours consumed) x (1.2) x (the price per kWh charged by largest electrical utility provider in Klamath Falls).

3.1.3 Maintenance. Based on the 2007 ASHRAE HVAC Applications Handbook, Chapter 36, the Mean HVAC system maintenance cost for office buildings was \$0.32 /sf/year, in 1983 dollars. Assuming that 50% of normal maintenance is associated with the heating and cooling plants, and a 1.25 adjustment for extended operating hours. Price for Maintenance = (\$.32) x (50%) x (1.25) x (55,917 sq ft) x (2.17 inflation factor to 2009 dollars) / 12 = \$2,022.33 per month.

3.1.4 Capital Expenses. Based on the 2009 Means Mechanical Cost Data, the median cost per square foot for total HVAC for Nursing Homes is: \$15.10. Assuming that heating and cooling plant is 50% of total HVAC system costs, and a 20 year service life, then the capital cost of the heating and cooling facilities would be calculated as follows: (\$15.10) x (50%) x (55,917 sq ft) = \$422,173.35. The amortized monthly cost of that capital expense, over its 20 year life, at 6% interest, is \$3,024.58 per month.

3.1.5 Buyers and Seller agree that the formula for the total monthly price is a reasonable calculation of the fair value of the Thermal Energy provided by Seller to Buyers. This section 3.1 shall survive termination of the Agreement.

4. Billing Procedure:

4.1 Seller shall bill Marquis on or before the 15th day of each month for all Thermal Energy delivered under the terms of this Agreement for the preceding calendar month or the meter-reading period ending during the preceding calendar month. Payment shall be made by Marquis on or before the 30th day of each billing month.

5. Thermal Energy Water Pressure:

5.1 Seller will endeavor to maintain a pressure sufficient to supply Thermal Energy to Plum Ridge at consistent and reasonable rates and pressures of delivery, but Seller assumes no responsibility or obligation to maintain such pressure during any period that the system components render it impractical to do so; provided, however, Seller shall be required to restore the system to an operational status consistent with its obligations under Section 8.1.

6. Thermal Energy Water Temperatures:

6.1 The quality of hot water Thermal Energy delivered by Seller to Plum Ridge under the terms of this Agreement may generally be expected to be within the temperature range of 100° F to 200° F, but Seller assumes no responsibility or obligation to maintain this temperature range during any period that the system components render it impractical to do so; provided, however, Seller shall be required to restore the system to an operational temperature, consistent with its obligations under Section 8.1.

6.2 The quality of chilled water Thermal Energy delivered by Seller to Plum Ridge under the terms of this Agreement may generally be expected to be within the temperature range of 43° F to 55° F, but Seller assumes no responsibility or obligation to maintain this temperature range during any period that the system components render it impractical to do so; provided, however, Seller shall be required to restore the system to an operational temperature, consistent with its obligations under Section 8.1.

7. Delivery Point:

7.1 The Thermal Energy to be furnished under the terms of this Agreement shall be delivered by Seller to Plum Ridge via the currently existing underground pipes originating at Seller's facilities located at 1000 Town Center Drive, Klamath Falls, in the County of Klamath, State of Oregon and connecting to the Plum Ridge facility located at 1401 Bryant Williams Drive, Klamath Falls, in the County of Klamath, State of Oregon, at the point where the underground pipes cross the property line.

8. Facilities:

8.1 Seller, at its expense, shall furnish, and operate and maintain its facilities for the purpose of delivering Thermal Energy under this Agreement.

8.2 Buyers, at their expense, shall furnish and operate and maintain their own facilities and heat exchangers to utilize the Thermal Energy provided by the Seller. Furthermore, Buyers agree to find or install or acquire an alternative source of Thermal Energy (whether it by on-site or off-site) before the end of the Term, such that Buyers are no longer dependent upon Seller for Thermal Energy at the end of the Term.

9. Excusable Delay or Interruption/Injunctive Relief:

9.1 Seller shall not be liable to Marquis or PRCC for any loss, cost or damages arising out of, or resulting from, any failure to perform in accordance with the terms of this Agreement where such failure shall be beyond the reasonable control of Seller, which as employed, shall be deemed to mean, but shall not be limited to, acts of God, strikes, lockouts, governmental action, explosions, fire, flood, earthquakes, power outage, lack of pressure, unanticipated equipment failures or any other cause not within the reasonable control of Seller (force majeure event). Should such a force majeure event render the Crystal Terrace Facility impractical to operate and should Seller elect, as a result thereof not to repair or rebuild the Crystal Terrace Facility and to cease its operations at the Crystal Terrace Facility for the remainder of the Term, then Seller may on written notice to Buyers terminate this Agreement, in which case such termination shall be effective as of the date on which such force majeure event occurs.

9.2. Seller may curtail or temporarily interrupt Plum Ridge's service upon reasonable notice (defined as no less than 24 hours) when it shall become necessary to make repairs, replacements or changes in its equipment on or off the premises of Plum Ridge. Seller agrees to work in good faith with Buyers to schedule such interruptions to occur at times that will minimize the disruption in the operations at Plum Ridge.

9.3. Seller acknowledges and agrees that a breach of this Agreement by Seller before the end of the Term, which is not excused under Section 9.1 or permitted by Section 9.2, would result in irreparable harm to Buyers for which monetary damages may not be adequate. Accordingly, in the event of a breach or threatened breach Buyers shall have the right to seek to enjoin any such breach or threatened breach.

10. Maintenance of Equipment:

10.1 Seller agrees to maintain in a condition satisfactory for the provision of the Thermal Energy, the necessary pipes and equipment from its point of origin at 1000 Town Center Drive until it reaches its property line with the Plum Ridge Care Center.

10.2 PRCC and Marquis agree to maintain, in a condition satisfactory for the use and safe return of the Thermal Energy, the necessary pipes and equipment from the point that the supply lines enter the real property at Plum Ridge Care Center, to the point that the water return lines exit the Plum Ridge Care Center property.

11. Third Party Beneficiaries:

11.1 This Agreement shall inure to the benefit of and be binding on the parties, and their successors in interest. It does not confer any rights or benefits upon third parties.

12. Resale of Thermal Energy:

12.1 All Thermal Energy delivered under the terms of this Agreement is intended to be used solely for the benefit of the Plum Ridge Care Center facility located at 1401 Bryant Williams Drive, Klamath Falls, County of Klamath, State of Oregon and shall be used for no other purpose and may not be used or resold by Buyers for any other purpose.

General Provisions

13. Assignment:

13.1 Without the prior written consent of Seller, which consent shall not be unreasonably withheld, neither this Agreement nor any interest in this Agreement nor any claim arising under the terms of this Agreement shall be transferred or assigned by Buyers. Seller may assign this Agreement without the consent of Buyers.

13.2 Subject to the foregoing, this Agreement shall bind and inure to the benefit of the successors and assigns of the parties to this Agreement.

14. Limitations on Liability/Indemnification:

14.1 SELLER MAKES NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

14.2 SELLER SHALL NOT BE LIABLE TO BUYERS FOR INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES. SELLER'S SOLE LIABILITY AND BUYERS' SOLE REMEDY FOR ANY BREACH OF THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO BREACH RESULTING FROM SELLER'S FAILURE TO DELIVER THERMAL ENERGY SHALL BE LIMITED TO THE REFUND OF ANY PURCHASE PRICE PAID FOR ENERGY NOT DELIVERED AND BUYERS ACTUAL OUT OF POCKET COSTS AND EXPENSES INCURRED AS A RESULT OF SAID BREACH AND/OR SEEKING TO ENJOIN SAID BREACH AS CONTEMPLATED BY SECTION 9.3 HEREOF. THE LIMITATIONS CONTAINED IN THIS SECTION SHALL APPLY REGARDLESS OF WHETHER THE CLAIM FOR DAMAGES IS BASED ON BREACH OF CONTRACT, BREACH OF WARRANTY, TORT OR OTHERWISE, AND SHALL APPLY EVEN WHERE SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART, BY THE NEGLIGENCE, GROSS NEGLIGENCE OR ACTS AND OMISSIONS OF THE PARTY CLAIMING DAMAGES OR THE PARTY FROM WHOM DAMAGES ARE SOUGHT.

14.3 Each of the entities comprising the Buyers shall, solely on behalf of itself and not on behalf of the other entity, defend, save, hold harmless, and indemnify the Seller and its officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities, costs and expenses of any nature whatsoever arising from or related to such Buyer's use of Thermal Energy under this Agreement.

15. Termination of Agreement:

15.1 This Agreement may be terminated without cause by Buyers upon thirty (30) days' written notice to Seller delivered in accordance with the notice provisions of this Agreement. Except as set forth in Sections 9.1 and 15.2, Seller shall have no right to terminate this Agreement during the Term.

15.2 Nothing within this Agreement shall be construed as prohibiting any party from terminating this Agreement in the event of a material breach of the terms or conditions hereof by the other party unless the breach is curable and is cured within ten (10) days following notice.

15.3 Except as specifically set forth in this Section 15, neither Seller nor any successor in interest to Seller shall have the right to terminate this Agreement at anytime during the Term.

16. Notice:

16.1 All notices given under this Agreement shall be in writing, and shall be sent by certified mail, overnight delivery or facsimile transmission to the parties at their respective addresses as given beneath the signature blocks at the end of this Agreement, with copies to those as follows:

If to Seller:

PFRS CRYSTAL TERRACE CORP.
Attn. Facility Administrator
1000 Town Center Drive,
Klamath Falls, OR, 97601
Fax No: (541) 882-8882

With copies to:

MMA Realty Capital Advisors, Inc.
Attn: Edie Loughlin
621 E Pratt Street, Suite 300
Baltimore, MD 21202
Fax No.: (410) 727-5387

Grace Management, Inc.
Attn. Eugene W. Grace
6225 42nd Ave N
Minneapolis, MN 55422
Fax No.: (763) 544-9858

Joseph E. Turner, Esq.
Clark Hill PLC
500 Woodward Avenue, Suite 3500
Detroit, MI 48228
Fax No.: (313) 309-6895

F. Logan Davidson, P.C.
28 West Adams, Suite 300
Detroit, MI 48226
Fax No.: (313) 963-3263

Ronald Zajac, P.C.
28 West Adams, Suite 300
Detroit, MI 48226
Fax No.: (313) 963-3263

If to PRCC:

PLUM RIDGE CARE COMMUNITY, LLC
3723 Fairview Industrial Drive SE
Salem, OR 97302
Fax No.: (503) 485-1191

With a copy to:

Clyde A. Hamstreet & Associates, LLC
One SW Columbia Street, Suite 1000
Portland, OR 97258
Fax No.: (503) 546-6579

If to Marquis:

MARQUIS COMPANIES I, INC.
Attn. Steve Fogg, CFO
4560 SE International Way, Suite 1000
Milwaukie, OR 97222
Fax No.: (971) 206-5201

With a copy to:

Randi S. Nathanson
The Nathanson Group PLLC
One Union Square
600 University Street, Suite 2000
Seattle, WA 98101
Fax No.: (206) 299-9335

17. Severability:

17.1 It is understood and agreed by the parties that if any part, term or provision of this Agreement is held by a court to be illegal or in conflict with any law of the State where made, the validity of the remaining portions or provisions shall not be affected; and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular part, term or provision held to be invalid.

18. Jurisdiction:

18.1 This Agreement is executed in, and shall be construed under the laws of, the State of Oregon. The parties agree that any action relating to this Agreement shall be instituted and prosecuted by the courts of the State of Oregon; and each party waives the right to change of venue.

19. Preparation of Agreement:

19.1 This instrument shall be construed as though prepared by Seller and Buyers.

20. Attorney Fees:

20.1 In the event that court proceedings are initiated by either party to enforce or interpret any covenant, condition or term of this Agreement, or this Agreement in its entirety, the prevailing party shall be entitled to such attorney fees and costs of suit, including costs of accountants or other experts, as the court may adjudge reasonable at trial or on appeal, or in any bankruptcy proceeding.

21. Authority to Enter into Agreement:

21.1 Each of the parties to this Agreement represents and warranties on behalf of itself and not on behalf of any of the other parties hereto that it has full power and authority to enter into this Agreement and to fulfill the obligations imposed on it under this Agreement, that this Agreement is the valid, binding and enforceable obligation of such party, that the execution, delivery and performance of

this Agreement by such party does not conflict with any document, instrument, agreement, rule, regulation or order, including any order of any court of competent jurisdiction, to which such party may be bound or by which the assets of such party may be affected. Notwithstanding the foregoing, any limitation on the authority of PRCC to enter into this Agreement shall not affect the Seller's obligations of the rights of Marquis under this Agreement.

22. Modification of Agreement/Waiver/Entirety:

22.1 Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced by a writing signed by both parties and appended hereto.

22.2. No provision of this Agreement may be waived except by written instrument signed by the party granting the waiver.

22.3. This Agreement represents the entire and final agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations, discussions or agreements between the parties hereto. On the Commencement Date, this Agreement shall supersede any understandings in effect as of the date hereof with respect to the provision of the Thermal Energy from the Crystal Terrace facility to the Plum Ridge facility. In the event Seller fails to acquire title to the Crystal Terrace facility for any reason whatsoever, then this Agreement shall be null and void and of no force and effect.

23. Counterparts:

23.1 This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement binding on all parties.

24. Recording:

24.1 The parties declare that this Agreement shall be a covenant that runs with the land as to the property interests of both Buyers and Seller, throughout the Term. Buyers shall be free to record this Agreement in the land records of Klamath County, Oregon.

Signatures on Following Page

The parties have executed this Agreement on the day and year first above-written.

BUYERS: PLUM RIDGE CARE COMMUNITY, LLC 3723 Fairview Industrial Drive SE Salem, OR 97302 Facsimile No: _____	SELLER: PFRS CRYSTAL TERRACE CORP. 1000 Town Center Drive, Klamath Falls, OR, 97601 Facsimile No: <u>(541) 882-8882</u>
By: _____ Darryl E. Fisher, Manager	By: <u>[Signature]</u> Its: <u>Secretary</u>
By: _____ Clyde A. Hamstreet Chief Restructuring Officer	_____ _____
MARQUIS COMPANIES I, INC. 4560 SE International Way, Suite 1000 Milwaukie, OR 97223 Facsimile No: 971-206-3201 By: <u>[Signature]</u> Its: <u>CFO/Secretary</u>	

ACKNOWLEDGEMENTS

STATE OF MICHIGAN)
)ss.
COUNTY of Wayne)

This instrument was acknowledged before me on the 17th day of December, 2009 by Paul Stewart, as Secretary of PFRS Crystal Terrace Corp., a Michigan corporation.

Cynthia A Thomas
Notary Public in and for the State of Michigan
My Commission Expires: May 30, 2011

STATE OF OREGON)
)ss.
COUNTY of _____)

This instrument was acknowledged before me on the _____ day of _____, 2009 by _____ Darryl E. Fisher, Manager, and Clyde A. Hamstreet, Chief Restructuring Officer, of Plum Ridge Care Community, LLC.

Notary Public in and for the State of Oregon
My Commission Expires: _____


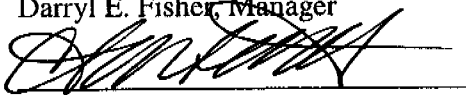
STATE OF OREGON)
)ss.
COUNTY of Clatsop)

This instrument was acknowledged before me on the 10 day of December, 2009 by Steve Fogg, as CFO of Marquis Companies I, Inc.

Christine Huston
Notary Public in and for the State of Oregon
My Commission Expires: 2/5/12



The parties have executed this Agreement on the day and year first above-written.

BUYERS: PLUM RIDGE CARE COMMUNITY, LLC 3723 Fairview Industrial Drive SE Salem, OR 97302 Facsimile No: _____ 	SELLER: PFRS CRYSTAL TERRACE CORP. 1000 Town Center Drive, Klamath Falls, OR, 97601 Facsimile No: _____
By: _____ Darryl E. Fisher, Manager  By: _____ Clyde A. Hamstreet Chief Restructuring Officer MARQUIS COMPANIES I, INC. 4560 SE International Way, Suite 1000 Milwaukie, OR 97222 Facsimile No.: 971-206-5201 By: _____ Its: _____	By: _____ Its: _____ _____ _____

ACKNOWLEDGEMENTS

STATE OF MICHIGAN)
)ss.
COUNTY of _____)

This instrument was acknowledged before me on the _____ day of _____, 2009 by _____, as _____ of PFRS Crystal Terrace Corp., a Michigan corporation.

Notary Public in and for the State of _____
My Commission Expires: _____

STATE OF OREGON)
)ss.
COUNTY of Marion)

This instrument was acknowledged before me on the 17th day of December, 2009 by ~~Darryl E. Fisher, Manager, and~~ Clyde A. Hamstreet, Chief Restructuring Officer, of Plum Ridge Care Community, LLC.



Kristine Bernard

Notary Public in and for the State of Oregon
My Commission Expires: 6-12-2010

STATE OF OREGON)
)ss.
COUNTY of _____)

This instrument was acknowledged before me on the _____ day of _____, 2009 by _____, as _____ of Marquis Companies I, Inc.

Notary Public in and for the State of Oregon
My Commission Expires: _____

ACKNOWLEDGEMENTS

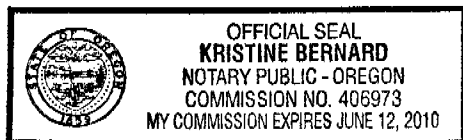
STATE OF MICHIGAN)
)ss.
COUNTY of _____)

This instrument was acknowledged before me on the _____ day of _____, 2009 by _____
_____, as _____
_____ of PFRS Crystal Terrace Corp., a Michigan corporation.

Notary Public in and for the State of _____
My Commission Expires: _____

STATE OF OREGON)
)ss.
COUNTY of Marion _____)

This instrument was acknowledged before me on the 22nd day of December, 2009 by
_____ Darryl E. Fisher, Manager, and ~~Clyde A. Hamstreet, Chief Restructuring Officer,~~
of Plum Ridge Care Community, LLC.



Kristine Bernard

Notary Public in and for the State of Oregon
My Commission Expires: 6-12-2010

STATE OF OREGON)
)ss.
COUNTY of _____)

This instrument was acknowledged before me on the _____ day of _____, 2009 by
_____, as _____ of Marquis Companies I, Inc.

Notary Public in and for the State of Oregon
My Commission Expires: _____

**EXHIBIT A
THE CRYSTAL TERRACE PROPERTY
LEGAL DESCRIPTION**

Real property in the City of Klamath Falls, County of Klamath, State of Oregon, described as follows:

PARCEL A:

A parcel of land situated in the SE 1/4 NE 1/4 of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Parcel 1 of Land Partition 62-00 filed in Klamath County, Oregon

PARCEL B:

Easement as disclosed in Agreement for Reciprocal Access Easement, recorded June 8, 2001 in Volume M-01 on page 27242, records of Klamath County, Oregon.

APN: R428059

**EXHIBIT B
THE PLUM RIDGE PROPERTY
LEGAL DESCRIPTION**

ADKINS

27314

**CONSULTING
ENGINEERS, INC.**

Engineers



Planners



Surveyors

**PROPERTY DESCRIPTION FOR PLUM RIDGE CARE CENTER
EXCLUDING PORTION OF MPMC PARKING LOT
AND INCLUDING SIDEWALK ENCROACHMENT**

A tract of land situated in the SW¼ NE¼ of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being a portion of Blocks 6, 7 and 8 and vacated Hilltop Street and vacated Foothill Boulevard, McLoughlin Heights subdivision, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, and more particularly described as follows:

Commencing at the northeast corner of McLoughlin Heights; thence South 0°46'00" West along the east boundary of McLoughlin Heights 100.00 feet to the true point of beginning of this description; thence continuing South 0°46'00" West along the east boundary of McLoughlin Heights 572.30 feet to the north boundary of vacated Foothill Boulevard; thence 40.57 feet along the arc of a 20.00 foot radius curve to the right (the long chord of which bears South 58°53' West 33.97 feet); thence North 63°00'00" West along the north boundary of Foothill Boulevard 104.35 feet; thence 482.81 feet along the arc of a 774.83 foot radius curve to the left (the long chord of which bears North 80°51'03" West 475.03 feet); thence leaving said road boundary North 20°39'40" East 504.11 feet; thence South 89°21'00" East 420.87 feet to the true point of beginning, TOGETHER WITH the northerly one-half of vacated Foothill Boulevard abutting the southerly boundary of the above described parcel;

ALSO INCLUDING Lots 8, 9, 10, 11, 12, 13, 14 and 15 of Block 6 of McLoughlin Heights subdivision, TOGETHER WITH the southerly one-half of vacated Foothill Boulevard abutting the northerly boundary of said Lots 8, 9, 10, 11, 12, 13, 14 and 15 of Block 6;

EXCEPTING THEREFROM Lots 8, 9, 10, 11, 12, 13, 14 and 15 of Block 6 of McLoughlin Heights subdivision, TOGETHER WITH the southerly one-half of vacated Foothill Boulevard abutting the northerly boundary of said Lots 8, 9, 10, 11, 12, 13, 14 and 15 of Block 6;

ALSO EXCEPTING THEREFROM the following described parcel: Commencing at the NE 1/16 corner of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being the northeast corner of McLoughlin Heights subdivision; thence along the east boundary of said McLoughlin Heights and the east line of the SW¼ NE¼ of said Section 20 South 0°46'00" West 100.00 feet to the northeast corner of that parcel described as Parcel 1 in Deed Volume M91, Page 13596, Records of Klamath County, Oregon; thence along the northerly boundary of said parcel North 89°21'00" West 420.87 feet to the northwest corner of said parcel; thence South 20°39'40" West 504.11 feet to the southwest corner of that parcel described in Deed

Exhibit B

2950 Shasta Way • Klamath Falls, Oregon 97603 • (541) 884-4666 • FAX (541) 884-5335

Klamath Falls • Medford • Alluras



27315

Pg. 2

Volume M75, Page 8321, Records of Klamath County, Oregon and the True Point of Beginning for this description; thence South 08°42'06" East 25.00 feet to the centerline of vacated Foothill Boulevard; thence following said centerline along the arc of a 749.83 foot radius non-tangent curve to the right 82.06 feet, the long chord of which bears South 84°26'01" West 82.02 feet; thence leaving said centerline North 09°10'20" West 12.82 feet; thence South 80°17'48" West 17.62 feet; thence North 09°32'02" West 17.40 feet; thence South 80°54'52" West 63.92 feet to the point of beginning;

ALSO EXCEPTING THEREFROM the following described portion of Parcel 1 of Deed Volume M91, Page 13596, Records of Klamath County, Oregon,: Beginning at a point on the east boundary of McLoughlin Heights which bears South 0°46'00" West 100.00 feet from the northeast corner thereof, said point being the northeast corner of said Parcel 1 of Deed Volume M91, Page 13596; thence North 89°21'00" West along the north line of said parcel 420.87 feet to the northwest corner thereof; thence South 20°39'40" West along the westerly line of said parcel 173.00 feet to a point; thence along the southerly line of said parcel South 86°54'35" East 274.87 feet; thence leaving said southerly line North 15°01'01" East 28.90 feet; thence North 72°20'55" East 13.09 feet; thence South 69°41'02" East 99.96 feet; thence South 24°30'18" East 3.74 feet to the southerly line of said Parcel 1; thence South 86°54'35" East to a point on the east line of said parcel; thence North 0°46'00" East along said east line 183.00 feet to the point of beginning;

1047-28
March 7, 2001

Exhibit B
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