



I, Christine Walker, County Clerk for Jackson County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.
Christine Walker - County Clerk

After recording return to:
Flywater, LLC, an Oregon limited liability company
PO Box 1004
Shady Cove, OR 97539

Until a change is requested, all tax statements shall be sent to the following address:
Flywater, LLC, an Oregon limited liability company
PO Box 1004
Shady Cove, OR 97539

STATUTORY WARRANTY DEED

City of Shady Cove, a municipal corporation, Grantor, conveys and warrants to Flywater, LLC, an Oregon limited liability company, Grantee, the following described real property free of encumbrances except as specifically set forth herein:

SEE ATTACHED EXHIBIT "A"

Tax Account No.

This property is free of encumbrances, EXCEPT:
SEE EXHIBIT "A" WITH EXCEPTIONS
The true consideration for this conveyance is \$575,000.00

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IN ANY , UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11 CHAPTER 424, OREGON LAWS 2007.

Dated 11 day of February, 2008

City of Shady Cove, a municipal corporation

Elise A. Smurzynski
Elise Smurzynski, City Administrator

STATE OF OREGON
COUNTY OF Jackson

The foregoing instrument was acknowledged before me this 11 day of February, 2008 by Elise Smurzynski as the City Administrator of City of Shady Cove, a municipal corporation on its behalf.

Channin Culley
Notary Public State of Oregon
My commission expires: 6/2/11

Order No. 42g0422470

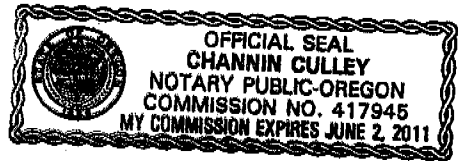


Exhibit "A" with Exceptions

PARCEL 1:

Beginning at a point on the south line of the property of Rachel E. Johnson, which point is approximately 330 feet South and 750 feet West of the northeast corner of Section 28, Township 34 South, Range 1 West of the Willamette Meridian in Jackson County, State of Oregon, and running thence West 1100 feet to the bank of the Rogue River; thence South 300 feet; thence East 1100 feet and thence North 300 feet to the Place of Beginning.

PARCEL 2:

Beginning at an intersecting point on the north line of the property belonging to Burnice Ida Dennis and the east edge of the gravel bar, which point is approximately 330 feet South and 1395 feet West of the northeast corner of Section 28, Township 34 South, Range 1 West, of the Willamette Meridian, Jackson County, Oregon, and running thence North 700 feet; thence West 340 feet; thence South 6° 30' West along the edge of the Rogue River a distance of 704.5 feet; thence East 420 feet to the Point of Beginning.

PARCEL 3:

A parcel of land lying in Government Lots 7 and 8 (Northeast quarter) of Section 28, Township 34 South, Range 1 West, of the Willamette Meridian, Jackson County, Oregon, and being a portion of the following described property: That tract of land which was conveyed by that certain deed to Lillian Shelton and Charles Shelton, recorded in Book 190 page 620 of Jackson County Record of Deeds, the said parcel being described as follows: Beginning at the southwest corner of the 7.57 acre tract now owned by the State of Oregon as described in Volume 186 page 120 of the Deed Records of Jackson County, said corner also being 630 feet South and 1850 feet West of the northeast corner of said Section 28; thence East along the south line of said tract a distance of 208.45 feet; thence South 9° 40' 15" East a distance of 650 feet; thence South 26° 28' West a distance of 587.43 feet; thence South 87° 40' 30" West a distance of 380 feet to the easterly bank of the Rogue River; thence North 18° 30' East along said river bank a distance of 516 feet; thence North 2° 40' East along said river bank a distance of 693.46 feet; thence East a distance of 127.85 feet to the place of beginning.

Account 10274695, Levy Code 9-15, Map 341W28 400
Account 10253641, Levy Code 9-06, Map 341W28 400

The Grantor is the owner of a strip of land commonly referred to as Brophy Lane, acquired by deeds recorded as No. 81-01350 and 81-01351, Jackson County, Oregon official records. The grantor covenants that this strip of land was acquired for the purpose of a public road and it will take the steps necessary to perfect the dedication of this strip of land to the public as a public road.

Subject to:

1. The subject property is under public, charitable, fraternal, or religious organization ownership and is exempt from ad valorem taxation. Any change in ownership prior to delivery of the assessment roll may result in tax liability.
Tax Identification : 10274695
2. The subject property is under public, charitable, fraternal, or religious organization ownership and is exempt from ad valorem taxation. Any change in ownership prior to delivery of the assessment roll may result in tax liability.
Tax Identification : 10253641
3. The assessment roll and the tax roll disclose that the within described property has been specially assessed as Open Space Land. If the land becomes disqualified for this special assessment under the statute or if there is a change in open space use, additional taxes may be levied as provided for in the statutes.
4. As disclosed by the assessment and tax roll, the premises herein have been specially assessed for farm use. If the land becomes disqualified for this special assessment under the statutes, an additional tax, plus interest and penalty, will be levied for the number of years in which this special assessment was in effect for the land.
Tax Identification : 10274695 and 10253641
5. Any adverse claim based on the assertion that any portion of the subject land has been removed from or brought within the subject land's boundaries by the process of accretion or reliction or any change in the location of the Rogue River
6. Any adverse claim based on the assertion that any portion of the subject land has been created by artificial means or has accreted to such portions so created, or based on the provisions of ORS 274.905 to 274.940.
7. Any adverse claim based on the assertion that any portion of the subject land is now or at any time has been below the ordinary high water line of the Rogue River

8. **Rights of fishing, navigation, commerce, flood control, propagation of anadromous fish, and recreation, and other rights of the public, Indian tribes or governmental bodies in and to the waters of the Rogue River.**