



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

Application for a Permit to
**Store Water in
a Reservoir**
(Alternate Review)

Alternate Review Process (ORS 537.409): You may use this form for any reservoir storing less than 9.2 acre- feet or with a dam less than 10 feet high.

Use a separate form for each reservoir

Please type or print in dark ink. If your application is found to be incomplete or inaccurate, we will return it to you. If any requested information does not apply, insert "n/a". A summary of review criteria and procedures that are generally applicable to these applications is available at www.wrd.state.or.us/OWRD/PUBS/forms.shtml.

1. APPLICANT INFORMATION

Applicant: Eola Hills Wine Cellars Inc.

First

Last

Mailing Address: 501 S. Pacific Hwy. W.

Rickreall

City

Oregon

State

97371

Zip

Phone: (503) 623-2405

Home

Work

Other

*Fax: (503) 623-0350

*Email Address: eric-rogers@eolahillswinery.com

*optional information

2. LOCATION AND SOURCE

A. Reservoir Name: N/A

B. Source: Provide the name of the water body or other source from which water will be diverted, and the name of the stream or lake it flows into. Indicate if source is run-off, seepage, or an unnamed stream or spring.

Source: Surface run-off

Tributary to: McNary Branch

C. Reservoir Location

Township (N or S)	Range (E or W)	Section	quarter/quarter	parcel number
7S	4W	14	SW/SW	500

D. County of Use: Polk

E. Dam: Maximum height of dam: 12 feet. If excavated, write "excavated" or "0 feet".

F. Quantity: Amount of water to be stored in the reservoir at maximum capacity.

List quantity in Acre-Feet: 3.0

App. No. 12-87348

For Department Use

Permit No. _____

Date _____

3. WATER USE

Indicate the proposed use(s) of the stored water. **NOTE: You may wish to consider filing for "Multipurpose use" for your reservoir. Multipurpose use does not limit the types of future uses for the stored water. Multipurpose covers all uses including: stockwater, fish and wildlife, aesthetics, domestic, irrigation, agriculture, fire protection and pollution abatement.** If any use will be out of reservoir use, regardless of the type of storage listed, a secondary application must be filed to appropriate the stored water.

Multipurpose use.

4. PROPERTY OWNERSHIP

Do you own all the land where you propose to divert, transport, and use water?

☒ Yes (please check appropriate box below then skip to section 5)

☐ There are no encumbrances

☒ This land is encumbered by easements, rights of way, roads or other encumbrances (please provide a copy of the recorded deed(s))

☐ No (Please check the appropriate box below)

☐ I have a recorded easement or written authorization permitting access.

☐ I do not currently have written authorization or easement permitting access.

Written authorization or an easement is not necessary, because the only affected lands I do not own
☐ are state-owned submersible lands, and this application is for irrigated and/or domestic use only (ORS 274.040). (Do not check this box if you described your use as "Multipurpose" in #3 above)

List Name and mailing addresses of all affected land owners:

5. ENVIRONMENTAL IMPACT

A. Channel: is the reservoir ☐ In Stream or ☒ off channel ?

B. Wetland: is the project in a wetland? ☐ Yes ☒ No ☐ Don't know

C. Existing: is this an existing reservoir? ☐ Yes ☒ No

If yes how long has it been in place? _____ years

D. Fish Habitat: Is there fish habitat upstream from the proposed structure? ☐ Yes ☒ No ☐ Don't know

If yes, how much? _____ miles

E. Partnerships: Have you been working with other agencies? ☐ Yes ☒ No

Indicate agency, staff and phone numbers of those involved. Also indicate any agencies that are cost sharing in this project.

6. SIGNATURE

I swear that all statements made and information provided in this application are true and correct to the best of my knowledge.

Landowner Signature

TREASURER

Date

11-21-08

Before you submit your application be sure you have:

- ? Answered each question completely.
- ? Included a legible map that includes Township, Range, Section, quarter-quarter and tax lot number.
- ? The map must meet map requirements to be accepted.
- ? Included a land use form or receipt stub signed by a local planning official.
- ? Included a check payable to Oregon Water Resources Department for the appropriate amount.

FEE STRUCTURE: The fee is based on the number of acre-feet proposed to be stored. The base fee is \$80. In addition, there is a fee of \$20 per acre-foot or fraction thereof. Example: 0.3 AF= \$ 100 ; 1.5 AF= \$ 120 ; 20.0 AF= \$ 480 ; 30.0 AF= \$ 680.



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1266
503-986-0900
FAX 503-986-0904

NOTE TO APPLICANTS

In order for your application to be processed by the Water Resources Department (WRD), this Land Use Information Form must be completed by a local government planning official in the jurisdictions where your water right will be used and developed. The planning official may choose to complete the form while you wait, or return the receipt stub to you. Applications received by WRD without the Land Use Form or the receipt stub will be returned to you.

NOTE TO LOCAL GOVERNMENTS

The person presenting the attached Land Use Information Form is applying for a water right. The Water Resources Department (WRD) requires its applicants to obtain land-use information to be sure the water rights do not result in land uses that are incompatible with your comprehensive plan.

Please complete the form or detach the receipt stub and return it to the applicant for inclusion in their water right application. You will receive notice once the applicant formally submits his or her request to the WRD. The notice will give more information about WRD's water rights process and provide additional comment opportunities. You will have 30 days from the date of the notice to complete the land-use form and return it to the WRD. If no land-use information is received from you within that 30-day period, the WRD may presume the land use associated with the proposed water right is compatible with your comprehensive plan.

Your attention to this request for information is greatly appreciated by the Water Resources Department. If you have any questions concerning this form, please contact the WRD's Customer Service Group at 503-986-0801.



Oregon Water Resources Department
Land Use Information Form

LUC 08-59
R-87348

THIS FORM IS NOT REQUIRED IF: 1) water is to be diverted, conveyed, and/or used only on federal lands; or 2) the application is for a water-right transfer, allocation of conserved water, exchange, permit amendment, or ground water registration modification, and all of the following apply: a) only the place of use is proposed for change, b) there are no structural changes, c) the use of water is for irrigation, and d) the use is located in an irrigation district or exclusive farm-use zone.

Applicant Name: EOCA HILLS WINE CELLARS INC.
Mailing Address: 501 S. PACIFIC HWY W.
City: RICKREALL State: OR Zip: 97371 Day Phone: 503-623-2405

This application is related to a Measure 37 claim. ☐ Yes ☒ No

A. Land and Location

Please include the following information for all tax lots where water will be diverted (taken from its source), conveyed (transported), or used. Applicants for municipal use, or irrigation uses within irrigation districts may substitute existing and proposed service-area boundaries for the tax-lot information requested below.

Township	Range	Section	1/4 1/4	Tax Lot #	Plan Designation (e.g. Rural Residential/RR-5)	Water to be:	Proposed Land Use:
<u>7S</u>	<u>4W</u>	<u>14</u>	<u>34</u>	<u>500</u>		☒ Diverted ☐ Conveyed ☐ Used	
						☐ Diverted ☐ Conveyed ☐ Used	
						☐ Diverted ☐ Conveyed ☐ Used	
						☐ Diverted ☐ Conveyed ☐ Used	

List all counties and cities where water is proposed to be diverted, conveyed, or used. POLK CO.

B. Description of Proposed Use

Type of application to be filed with the Water Resources Department:

- ☒ Permit to Use or Store Water ☐ Water-Right Transfer ☐ Exchange of Water
☐ Allocation of Conserved Water ☐ Limited Water Use License
☐ Permit Amendment or Ground Water Registration Modification

Source of water: ☐ Reservoir/Pond ☐ Ground Water ☐ Surface Water (name) _____

Estimated quantity of water needed: 9.0 ☐ cubic feet per second ☐ gallons per minute ☒ acre-feet

Intended use of water: ☐ Irrigation ☐ Commercial ☐ Industrial ☐ Domestic for _____ household(s)
☐ Municipal ☐ Quasi-municipal ☐ Instream ☒ Other _____

Briefly describe: VISUAL LANDSCAPE/WILDLIFE

Note to applicant: If the Land Use Information Form cannot be completed while you wait, please have a local government representative sign the receipt below and include it with the application filed with the Water Resources Department.

Receipt for Request for Land Use Information

State of Oregon
Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301-1266

RECEIVED

NOV 21 2008

WATER RESOURCES DEPT
SALEM, OREGON

For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project will be located entirely within the city limits. In that case, only the city planning agency must complete this form.

This deals only with the local land-use plan. Do not include approval for activities such as building or grading permits.

Please check the appropriate box below and provide the requested information

☒ Land uses to be served by proposed water uses (including proposed construction) are allowed outright or are not regulated by your comprehensive plan. Cite applicable ordinance section(s): 177.025

☐ Land uses to be served by proposed water uses (including proposed construction) involve discretionary land-use approvals as listed in the table below. (Please attach documentation of applicable land-use approvals which have already been obtained. Record of Action/land-use decision and accompanying findings are sufficient.)
If approvals have been obtained but all appeal periods have not ended, check "Being pursued".

Type of Land-Use Approval Needed (e.g. plan amendments, rezones, conditional-use permits, etc.)	Cite Most Significant, Applicable Plan Policies & Ordinance Section References	Land-Use Approval:	
		☐ Obtained ☐ Denied	☐ Being pursued ☐ Not being pursued
		☐ Obtained ☐ Denied	☐ Being pursued ☐ Not being pursued
		☐ Obtained ☐ Denied	☐ Being pursued ☐ Not being pursued
		☐ Obtained ☐ Denied	☐ Being pursued ☐ Not being pursued
		☐ Obtained ☐ Denied	☐ Being pursued ☐ Not being pursued

RECEIVED

NOV 21 2008

WATER RESOURCES DEPT
SALEM, OREGON

Local governments are invited to express special land-use concerns or make recommendations to the Water Resources Department regarding this proposed use of water below, or on a separate sheet.

Name: DANA M. GIBSON Title: ASST. PLANNER
Signature: Dugan Phone: 503/623 9237 Date: 11-18-08
Government Entity: Polk County

Note to local government representative: Please complete this form or sign the receipt below and return it to the applicant. If you sign the receipt, you will have 30 days from the Water Resources Department's notice date to return the completed Land Use Information Form or WRD may presume the land use associated with the proposed use of water is compatible with local comprehensive plans.

Receipt for Request for Land Use Information

Applicant name: _____

City or County: _____ Staff contact: _____

Signature: _____ Phone: _____ Date: _____

12-87348



RECEIVED

NOV 21 2008

WATER RESOURCES DEPT
SALEM, OREGON

05/20/2008

CHARLES MARKLEY

VIA EMAIL: Charles.Markley@greenemarkley.com

SELLER: HIGH MOUNTAIN INVESTMENT GROUP, INC

BUYER: EOLA HILLS WINE CELLARS, INC.

ESCROW NO: EU07-3094

PROPERTY ADDRESS: MAP NO'S: 7-4W-14, #500 and 7-4W-15, #1900
POLK COUNTY, OR

In regards to the above mentioned transaction, we enclose herewith the following:

☒ Owner's Title Insurance Policy - COPY	☒ COPY of recorded Easement
☒ Original recorded Deed - COPY	☐ _____
☐ Original recorded Power of Attorney	☐ _____

You have been a valued customer and we appreciate the opportunity to be of service to you. If you have future title and/or escrow needs, please give us a call.

SINCERELY,
CASCADE ESCROW

A handwritten signature in cursive script, appearing to read 'Julie Johnson'.

Fax JULIE JOHNSON
ESCROW OFFICER

OTP

MAIN OFFICE * 811 WILLAMETTE ST. * EUGENE, OREGON 97401 * PH: (541) 687-2233
FLORENCE * 1901 HIGHWAY 101 * FLORENCE, OREGON 97439 * PH: (541) 997-8417
EUGENE FAX: 485-0307 * E-MAIL: info@cascadetitle.com * FLORENCE FAX: 997-8246

OWNER'S POLICY OF TITLE INSURANCE

Issued by **Transnation Title Insurance Company**

POLICY NUMBER

C31-0043838



**LandAmerica
Transnation**

*Transnation Title Insurance Company is a member of the
LandAmerica family of title insurance underwriters.*

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, TRANSNATION TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, TRANSNATION TITLE INSURANCE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Policy to become valid when countersigned by an authorized officer or agent of the Company.

TRANSNATION TITLE INSURANCE COMPANY

Attest:

Secretary



By:

President

Conditions Continued

no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons.

Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other

controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located. Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at: Consumer Affairs Department PO Box 27567 Richmond, Virginia 23261-7567.

THANK YOU.

Title insurance provides for the protection of your real estate investment. We suggest you keep this policy in a safe place where it can be readily available for future reference.

If you have questions about title insurance or the coverage provided by this policy, contact the office that issued this policy, or you may call or write:

Transnation Title Insurance Company
Consumer Affairs
P.O. Box 27567
Richmond, Virginia 23261-7567
telephone, toll free: 800 446-7086
web: www.landam.com

We thank you for choosing to do business with Transnation Title Insurance Company, and look forward to meeting your future title insurance needs.

Transnation Title Insurance Company
is a member of the LandAmerica family of title insurance underwriters



EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1 DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
 - (e) "Insured Claimant": An Insured claiming loss or damage.
 - (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": The estate or interest described in Schedule A.

(k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim or title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of

Conditions Continued

the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be

disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay. Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or
(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have

SCHEDULE A

AMERITITLE
320 CHURCH STREET NE
SALEM, OR 97301

File No.: 027531P
Policy No.: C31-0043838
Address Reference:
1600 North Oak Grove Road NW
Salem, OR 97304

Amount of Insurance: \$1,250,000.00
Premium: \$1,856.00
Date of Policy: APRIL 2, 2008 AT 3:32 P.M.

1. Name of Insured:

Eola Hills Wine Cellars, Inc., an Oregon Corporation and Eola Holdings, LLC, an Oregon Corporation

2. The estate or interest in the Land that is insured by this policy is:

FEE SIMPLE

3. Title is vested in:

Eola Hills Wine Cellars, Inc., an Oregon Corporation as to Parcel II and Eola Holdings, LLC, an Oregon Corporation, as to Parcel I

4. The Land referred to in the Policy is described as follows:

Exhibit "A"

OAK GROVE PROPERTY:

Parcel I:

Beginning at a stone that is the corner to Sections 14, 15, 22, and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; and running thence North 602.84 feet; thence West 630.1 feet; thence South 28°49' East 533.62 feet; thence South 17°40' East 141.24 feet; thence East 331.32 feet to the place of beginning, all lying in and being a portion of Section 15, Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon.

LESS AND EXCEPT the following described property: Beginning at a point which is 250 feet North of the corner common to Sections 14, 15, 22 and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence West 419.84 feet to a point in the center of County Road No. 7411; thence along the center of said road on the arc of a 954.30 foot radius curve to the right (the long chord of which bears South 19°13' East 281.53 feet) to the section line between Sections 15 and 22; thence East along said Section line to the corner common to Sections 14, 15, 22 and 23, thence North 250 feet to the terminus of this description.

LESS AND EXCEPT any portions of the foregoing property lying within County Road No. 7411.

Parcel II:

Beginning at the Southwest corner of Section 14, Township 7 South, Range 4 West of the Willamette Meridian in Polk County, Oregon; thence West 5.15 chains to an iron pipe in the center of the County Road; thence South 12° East 13.76 chains to an iron pipe; thence South 17° East 6.92 chains to an iron pipe in the center of the road; thence South 89°40' East 40.75 chains to a set stone; thence North 1° West 20.21 chains to a set post; thence West 26.24 chains to a set stake; thence North 7.27 chains; thence West 13.76 chains; thence South 7.27 chains to the place of beginning.

ALSO: Beginning at a post on the Northeast side of the white oak 32 inches in diameter which is North 7.27 chains from the Southwest corner of Section 14, Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence East 13.76 chains; thence South 7.27 chains; thence East 26.24 chains; thence North 40.00 chains; thence West 40.00 chains; thence South 32.75 chains to the place of beginning.

SAVE AND EXCEPT: Beginning at a point which is 250.00 feet North of the corner common to Sections 14, 15, 22 and 23 in Township 7 South, Range 4 West of the Willamette Meridian in Polk County, Oregon; thence West 419.84 feet to a point in the center of County Road No 7411; thence along the center of said road as follows: Along the arc of a 954.30 foot radius curve to the right (the long chord of which bears South 19°13' East 281.53 feet), a distance of 282.56 feet; thence South 10°44' East 665.82 feet; thence along the arc of a 5729.58 foot radius curve to the left (the chord of which bears South 13°05'30" East 471.60 feet), a distance of 471.73 feet; thence South 15°27' East, 51.00 feet; thence along the arc of a 2864.79 foot radius curve to the right (the chord of which bears South 13°58' East 147.55 feet) a distance of 147.57 feet to the Southwest corner of a tract of land as described in Volume 170, Page 338, Deed Records for said County and State; thence South 88°39' East, leaving said road 2682.69 feet to the Southeast corner of said tract of land; thence North 0°22' East along the East line of said tract of land 1384.90 feet to a point where said East line intersects the Section line between Sections 14 and 23 as depicted on Survey 11224, Polk County; thence West 2239.84 feet to a point which is South 250 feet and East 400 feet from the place of beginning; thence North 250 feet to a point; thence West 400 feet to the place of beginning.

SCHEDULE B

File No.:

Policy No.: C31-0043838

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses that arise by reason of:

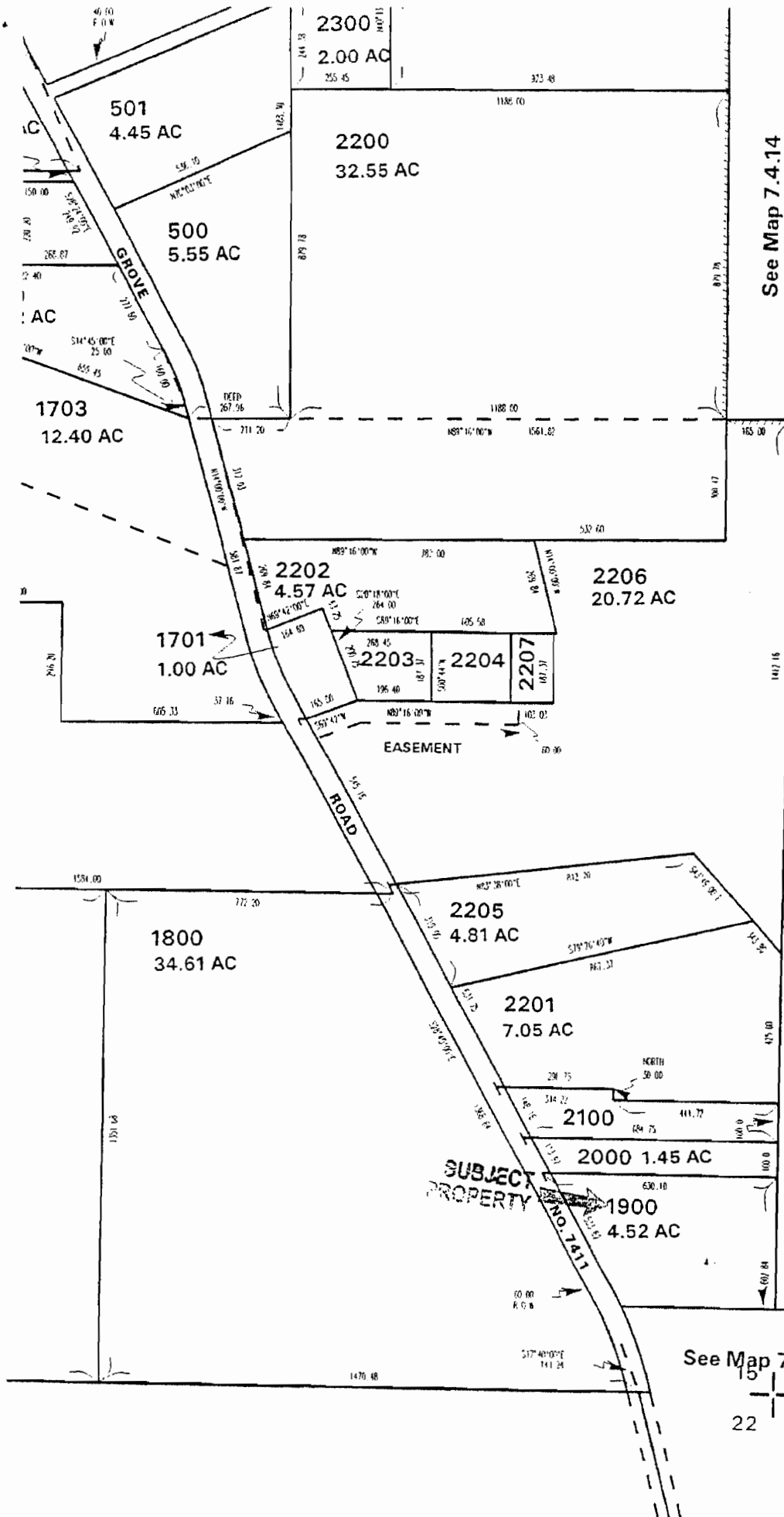
1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public record or proceedings by a public agency which may result in taxes or assessments or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, not shown by the public records, reservations or exceptions in patents or in acts authorizing the issuance thereof, water rights, claims or title to water.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose.
5. Any lien, or right to a lien, for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Unpatented mining claims whether or not shown by the public records.
7. 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.
(Affects Parcel I)
8. As disclosed by the assessment and tax roll, the premises herein have been specially assessed as forest land. If the land becomes disqualified for this special assessment under the statute, an additional tax plus interest may be levied for the last five or lesser number of years in which the land was subject to this special land use assessment.
(Affects II)
9. Regulations, including levies, liens, assessments, rights of way and easements of the Polk Soil and Water Conservation District.
10. The rights of the public in and to that portion of the herein described property lying within the limits of public roads, streets or highways.
11. An easement created by instrument, including the terms and provisions thereof,
Recorded : November 2, 1943 Volume: 116 Page: 125
In Favor Of : United States of America
For : Transmission lines

12. An easement created by instrument, including the terms and provisions thereof,
Recorded : February 24, 1969 Volume: 215 Page: 640
In Favor Of : United States of America
For : Transmission lines and access Road
13. An easement created by instrument, including the terms and provisions thereof,
Dated : March 5, 1976
Recorded : April 6, 1976 BOR: 85 Page: 600
In Favor Of : Larry A. Smith and Barbara A. Smith, husband and wife
For : Water pipe line
14. An easement created by instrument, including the terms and provisions thereof,
Dated : March 17, 1976
Recorded : April 8, 1976 BOR: 85 Page: 754
In Favor Of : Dale F. Kloucek and Arlene Kloucek, husband and wife
For : Water pipe line
15. An easement created by instrument, including the terms and provisions thereof,
Dated : December 22, 1994
Recorded : December 30, 1994 BOR: 297 Page: 1562
In Favor Of : PacifiCorp, a corporation d.b.a.
Pacific Power and Light Company
For : Underground electrical distribution line
16. An easement created by instrument, including the terms and provisions thereof,
Dated : June 30, 1995
Recorded : November 21, 1995 BOR: 309 Page: 2203
In Favor Of : United States of America, Department of Energy<
Bonneville Power Administration
For : Access road
17. Any loss or damage resulting from any uncertainty as to the location of the
appurtenant Access easement (Affects Parcel II)
18. An easement created by instrument, including the terms and provisions thereof,
Dated : April 1, 2008
Recorded : April 2, 2008 2008-004051
In Favor Of : Eola Holdings, LLC, an Oregon Limited Liability Company and
Eola Hills Wine Cellars, Inc., an Oregon Corporation
For : Access
Over : See document

19. **Line of Credit** Trust Deed, including the terms and provisions thereof, to secure an indebtedness in the amount shown below, and any other obligations secured thereby,

Amount : \$1,732,500.00
Dated : March 31, 2008
Recorded : April 2, 2008 2008-004052
Trustor : Eola Hills Wine Cellars, Inc., as to Parcel II and Eola Holdings, LLC, as to Parcel I
Trustee : UPF Incorporated, a Washington Corporation Incorporated
Beneficiary : First Independent Bank

END OF EXCEPTIONS



AmeriTitle

320 Church St. N.E.
Salem, OR 97301
503-1431

THIS MAP IS PROVIDED SOLELY FOR
THE PURPOSE OF ASSISTING IN THE
LOCATION OF THE PROPERTY. THE
COMPANY ASSUMES NO LIABILITY FOR
VARIATIONS, IF ANY, IN DIMENSIONS
OR LOCATIONS ASCERTAINED BY AN
ACTUAL SURVEY.

ORDER NO. **275317**
74619

Scale 1" = 400'



THIS MAP IS PROVIDED SOLELY FOR THE PURPOSE OF ASSISTING IN THE LOCATION OF THE PROPERTY. THE COMPANY ASSUMES NO LIABILITY FOR VARIATIONS, IF ANY, IN DIMENSIONS OR LOCATIONS ASCERTAINED BY AN ACTUAL SURVEY.

ORDER NO. 275318

74w14

AFTER RECORDING RETURN TO:

Charles R. Markley
1515 SW Fifth Avenue, Suite 600
Portland, OR 97201

UNTIL A CHANGE IS REQUESTED, ALL
TAX STATEMENTS SHALL BE SENT TO:

RECORDED IN POLK COUNTY
Valerie Unger, County Clerk

2008-004049

Eola Hills Wine Cellars, Inc.
501 S. Pacific Hwy. W.
Rickreall, OR 97371
Attn: Eric Rogers



\$56.00

00196595200800040490060065

04/02/2008 03:28:55 PM

REC-WD Cnt=1 Stn=1 K. WILLIAMS
\$30.00 \$10.00 \$11.00 \$5.00

STATUTORY WARRANTY DEED

HIGH MOUNTAIN INVESTMENT GROUP, INC., an Oregon corporation ("Grantor"), conveys and warrants to EOLA HILLS WINE CELLARS, INC., an Oregon corporation ("Grantee"), the following described real property free of encumbrances except as specifically set forth herein:

The real property described in Exhibit "A" attached hereto (the "Property").

This conveyance is made by Grantor and accepted by Grantee subject to those liens, encumbrances and other exceptions to title set forth in Exhibit "B" attached hereto.

The true consideration for this conveyance is \$1,250,000.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF 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.

(Signatures and acknowledgments contained on following page)

1/- STATUTORY WARRANTY DEED (OREGON)

16

Dated this 1ST day of APRIL, 2008.

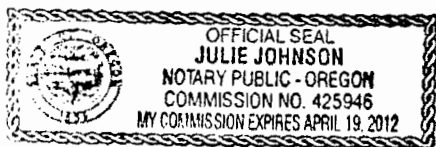
GRANTOR:

HIGH MOUNTAIN INVESTMENT
GROUP, INC., an Oregon corporation

By: Scott Nelson
Scott Nelson, Chief Financial Officer

STATE OF OREGON)
) ss.
County of LANE)

This instrument was acknowledged before me on APRIL 1, 2008, by Scott Nelson, as Chief Financial Officer of High Mountain Investment Group, Inc., an Oregon corporation, on behalf of the corporation.



[Signature]
NOTARY PUBLIC FOR OREGON
My Commission Expires: 4-19-2012

EXHIBIT A

(Property)

OAK GROVE PROPERTY:

Parcel I:

Beginning at a stone that is the corner to Sections 14, 15, 22, and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; and running thence North 602.84 feet; thence West 630.1 feet; thence South 28°49' East 533.62 feet; thence South 17°40' East 141.24 feet; thence East 331.32 feet to the place of beginning, all lying in and being a portion of Section 15, Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon.

LESS AND EXCEPT the following described property: Beginning at a point which is 250 feet North of the corner common to Sections 14, 15, 22 and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence West 419.84 feet to a point in the center of County Road No. 7411; thence along the center of said road on the arc of a 954.30 foot radius curve to the right (the long chord of which bears South 19°13' East 281.53 feet) to the section line between Sections 15 and 22; thence East along said Section line to the corner common to Sections 14, 15, 22 and 23, thence North 250 feet to the terminus of this description.

LESS AND EXCEPT any portions of the foregoing property lying within County Road No. 7411.

Parcel II:

Beginning at the Southwest corner of Section 14, Township 7 South, Range 4 West of the Willamette Meridian in Polk County, Oregon; thence West 5.15 chains to an iron pipe in the center of the County Road; thence South 12° East 13.76 chains to an iron pipe; thence South 17° East 6.92 chains to an iron pipe in the center of the road; thence South 89°40' East 40.75 chains to a set stone; thence North 1° West 20.21 chains to a set post; thence West 26.24 chains to a set stake; thence North 7.27 chains; thence West 13.76 chains; thence South 7.27 chains to the place of beginning.

ALSO: Beginning at a post on the Northeast side of the white oak 32 inches in diameter which is North 7.27 chains from the Southwest corner of Section 14, Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence East 13.76 chains; thence South 7.27 chains; thence East 26.24 chains; thence North 40.00 chains; thence West 40.00 chains; thence South 32.75 chains to the place of beginning.

SAVE AND EXCEPT: Beginning at a point which is 250.00 feet North of the corner common to Sections 14, 15, 22 and 23 in Township 7 South, Range 4 West of the Willamette Meridian in Polk County, Oregon; thence West 419.84 feet to a point in the center of County Road No 7411; thence along the center of said road as follows: Along the arc of a 954.30 foot radius curve to the right (the long chord of which bears South 19°13' East 281.53 feet), a distance of 282.56 feet; thence South 10°44' East 665.82 feet; thence along the arc of a 5729.58 foot radius curve to the left (the chord of which bears South 13°05'30" East 471.60 feet), a distance of 471.73 feet;

thence South $15^{\circ}27'$ East, 51.00 feet; thence along the arc of a 2864.79 foot radius curve to the right (the chord of which bears South $13^{\circ}58'$ East 147.55 feet) a distance of 147.57 feet to the Southwest corner of a tract of land as described in Volume 170, Page 338, Deed Records for said County and State; thence South $88^{\circ}39'$ East, leaving said road 2682.69 feet to the Southeast corner of said tract of land; thence North $0^{\circ}22'$ East along the East line of said tract of land 1384.90 feet to a point where said East line intersects the Section line between Sections 14 and 23 as depicted on Survey 11224, Polk County; thence West 2239.84 feet to a point which is South 250 feet and East 400 feet from the place of beginning; thence North 250 feet to a point; thence West 400 feet to the place of beginning.

EXHIBIT B

(Permitted Exceptions)

1. 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 Lot 1900)
2. As disclosed by the assessment and tax roll, the premises herein have been specially assessed as forest land. If the land becomes disqualified for this special assessment under the statute, an additional tax plus interest may be levied for the last five or lesser number of years in which the land was subject to this special land use assessment. (Tax Lot 500)
3. Regulations, including levies, liens, assessments, rights of way and easements of the Polk Soil and Water Conservation District.
4. The rights of the public in and to that portion of the herein described property lying within the limits of public roads, streets or highways.
5. An easement created by instrument, including the terms and provisions thereof,

Recorded: November 2, 1943 Volume: 116 Page: 125
In Favor of: United States of America
For: Transmission lines
6. An easement created by instrument, including the terms and provisions thereof,

Recorded: February 24, 1969 Volume: 215 Page: 640
In Favor of: United States of America
For: Transmission lines and access Road
7. An easement created by instrument, including the terms and provisions thereof,

Dated: March 5, 1976
Recorded: April 6, 1976 BOR: 85 Page: 600
In Favor of: Larry A. Smith and Barbara A. Smith, husband and wife
For: Water pipe line
8. An easement created by instrument, including the terms and provisions thereof,

Dated: March 17, 1976
Recorded: April 8, 1976 BOR: 85 Page: 754
In Favor of: Dale F. Kloucek and Arlene Kloucek, husband and wife
For: Water pipe line

9. An easement created by instrument, including the terms and provisions thereof,

Dated: December 22, 1994
Recorded: December 30, 1994 BOR: 297 Page: 1562
In Favor of: PacifiCorp, a corporation d.b.a. Pacific Power and Light Company
For: Underground electrical distribution line

10. An easement created by instrument, including the terms and provisions thereof.

Dated: June 30, 1995
Recorded: November 21, 1995 BOR: 309 Page: 2203
In Favor of: United States of America. Department of Energy Bonneville Power
Administration
For: Access road

11. Any encroachments, unrecorded easements, violations of conditions, covenants, and restrictions, reservations, rights of way, roadways, mineral right or reservations, oil, gas or any other matters which would be disclosed by an accurate survey.

12. Claims of any parties in possession or parties claiming the right to be in possession, other than Grantor.

13. Any statutory liens for labor or material, including liens for contributions due to the State of Oregon for unemployment compensation and for workmen's compensation.

14. Current and subsequent real estate taxes.

AFTER RECORDING RETURN TO:

Charles R. Markley
1515 SW Fifth Avenue, Suite 600
Portland, OR 97201

UNTIL A CHANGE IS REQUESTED, ALL
TAX STATEMENTS SHALL BE SENT TO:

Eola Holdings, LLC
501 S. Pacific Hwy. W.
Rickreall, OR. 97371
Attn: Eric Rogers

RECORDED IN POLK COUNTY
Valerie Unger, County Clerk

2008-004050



\$51.00

00196596200800040500050056

04/02/2008 03:29:55 PM

REC-WD Cnt=1 Stn=1 K. WILLIAMS
\$25.00 \$10.00 \$11.00 \$5.00

STATUTORY WARRANTY DEED

EOLA HILLS WINE CELLARS, INC. an Oregon corporation ("Grantor"), conveys and warrants to EOLA HOLDINGS, LLC, an Oregon limited liability company ("Grantee"), the following described real property free of encumbrances except as specifically set forth herein:

The real property described in Exhibit "A" attached hereto (the "Property").

This conveyance is made by Grantor and accepted by Grantee subject to those liens, encumbrances and other exceptions to title set forth in Exhibit "B" attached hereto.

The true consideration for this conveyance is \$100.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF 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.

(Signatures and acknowledgments contained on following page)

1/5 - STATUTORY WARRANTY DEED (OREGON)

Dated this 1st day of April, 2008.

GRANTOR:

EOLA HILLS WINE CELLARS, INC., an
Oregon corporation

By: Thomas M. Huggins
Thomas M. Huggins, President

STATE OF OREGON)
County of Lane) ss.

This instrument was acknowledged before me on April 1, 2008, by Thomas M. Huggins, President of Eola Hills Wine Cellars, Inc. on behalf of the corporation.



Julie Johnson
NOTARY PUBLIC FOR OREGON
My Commission Expires: 4/19/2012

EXHIBIT A

(Property)

OAK GROVE PROPERTY:

Parcel I:

Beginning at a stone that is the corner to Sections 14, 15, 22, and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; and running thence North 602.84 feet; thence West 630.1 feet; thence South 28°49' East 533.62 feet; thence South 17°40' East 141.24 feet; thence East 331.32 feet to the place of beginning, all lying in and being a portion of Section 15, Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon.

LESS AND EXCEPT the following described property: Beginning at a point which is 250 feet North of the corner common to Sections 14, 15, 22 and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence West 419.84 feet to a point in the center of County Road No. 7411; thence along the center of said road on the arc of a 954.30 foot radius curve to the right (the long chord of which bears South 19°13' East 281.53 feet) to the section line between Sections 15 and 22; thence East along said Section line to the corner common to Sections 14, 15, 22 and 23, thence North 250 feet to the terminus of this description.

LESS AND EXCEPT any portions of the foregoing property lying within County Road No. 7411.

EXHIBIT B

(Permitted Exceptions)

1. 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 Lot 1900)
2. As disclosed by the assessment and tax roll, the premises herein have been specially assessed as forest land. If the land becomes disqualified for this special assessment under the statute, an additional tax plus interest may be levied for the last five or lesser number of years in which the land was subject to this special land use assessment. (Tax Lot 500)
3. Regulations, including levies, liens, assessments, rights of way and easements of the Polk Soil and Water Conservation District.
4. The rights of the public in and to that portion of the herein described property lying within the limits of public roads, streets or highways.
5. An easement created by instrument, including the terms and provisions thereof,

Recorded: November 2, 1943 Volume: 116 Page: 125
In Favor of: United States of America
For: Transmission lines
6. An easement created by instrument, including the terms and provisions thereof,

Recorded: February 24, 1969 Volume: 215 Page: 640
In Favor of: United States of America
For: Transmission lines and access Road
7. An easement created by instrument, including the terms and provisions thereof,

Dated: March 5, 1976
Recorded: April 6, 1976 BOR: 85 Page: 600
In Favor of: Larry A. Smith and Barbara A. Smith, husband and wife
For: Water pipe line
8. An easement created by instrument, including the terms and provisions thereof,

Dated: March 17, 1976
Recorded: April 8, 1976 BOR: 85 Page: 754
In Favor of: Dale F. Kloucek and Arlene Kloucek, husband and wife
For: Water pipe line

9. An easement created by instrument, including the terms and provisions thereof,

Dated: December 22, 1994
Recorded: December 30, 1994 BOR: 297 Page: 1562
In Favor of: PacifiCorp, a corporation d.b.a. Pacific Power and Light Company
For: Underground electrical distribution line

10. An easement created by instrument, including the terms and provisions thereof,

Dated: June 30, 1995
Recorded: November 21, 1995 BOR: 309 Page: 2203
In Favor of: United States of America, Department of Energy Bonneville Power
Administration
For: Access road

11. Any encroachments, unrecorded easements, violations of conditions, covenants, and restrictions, reservations, rights of way, roadways, mineral right or reservations, oil, gas or any other matters which would be disclosed by an accurate survey.

12. Claims of any parties in possession or parties claiming the right to be in possession, other than Grantor.

13. Any statutory liens for labor or material, including liens for contributions due to the State of Oregon for unemployment compensation and for workmen's compensation.

14. Current and subsequent real estate taxes.

15. An Access Easement, including the terms and conditions thereof, executed and recorded substantially contemporaneous with this deed in which Eola Holdings, LLC grants to Eola Hills Wine Cellars, Inc. an access over and across the property which is the subject of this deed for ingress, egress and other purposes.

After Recording, Mail to:

Eola Hills Wine Cellars, Inc.
501 S. Pacific, Highway 99
Rickreall, OR 97371

RECORDED IN POLK COUNTY
Valerie Unger, County Clerk

2008-004051



\$51.00

00196597200800040510050053

04/02/2008 03:30:55 PM

REC-EAS Cnt=1 Stn=1 K. WILLIAMS
\$25.00 \$10.00 \$11.00 \$5.00

(Space above reserved for Recorder's use)

ACCESS EASEMENT

This Access Easement ("Easement") is made by and between Eola Holdings, LLC, an Oregon limited liability company ("Eola Holdings"), and Eola Hills Wine Cellars, Inc., an Oregon corporation ("Eola Hills Winery"), effective as of the date it is Recorded ("Effective Date"). Eola Hills Winery and Eola Holdings are collectively referred to herein as the "Parties."

Recitals

A. All initially capitalized terms used in this Agreement are defined herein. All Exhibits attached hereto are incorporated herein by reference.

B. Eola Holdings owns or is intending to own the real property located in Polk County, Oregon legally described in Exhibit A ("Parcel I").

C. Eola Hills Winery owns or is intending to own the real property located in Polk County, Oregon legally described in Exhibit A ("Parcel II"), which property is contiguous to the property described in Exhibit A.

D. Subject to the terms and conditions hereof, Eola Holdings desires to grant Eola Hills Winery a nonexclusive, perpetual access easements over and across Parcel I.

E. This Easement shall be recorded in the official County records of the County ("Recorded") concurrently with the deeds conveying the properties described herein to the Parties.

Agreement

In consideration of \$100 paid by Eola Hills Winery to Eola Holdings, the receipt of which is hereby acknowledged, together with the mutual covenants made herein, the Parties agree as follows:

1. Grant of Access Over Parcel I. Eola Holdings hereby grants Eola Hills Winery a nonexclusive, perpetual easement for pedestrian and vehicular ingress, egress and access from

Oak Grove Road over the existing roadway running in a generally northeastern direction from Oak Grove Road over and across Parcel I to Parcel II, for all users, including owners, employees, occupants, customers, agents and business invitees of Eola Hills Winery. Eola Hills Winery is also entitled to post and display on Parcel I near the intersection of the existing roadway with Oak Grove Road such signs as may reasonably be required to identify to the public the business conducted by Eola Hills Winery on Parcel II. Such signs shall not unreasonably interfere with the use and enjoyment by Eola Holdings of Parcel I, and shall comply with any and all requirements and meet the approval of all applicable governmental entities prior to installation.

2. Covenants Running with the Land. The easement granted herein is appurtenant to and runs with the land, burdening Parcel I and benefiting Parcel II

3. and all successive owners, grantees, successors and assignees in interest of the Parcels.

4. Notices. Any notice, demand, request, approval, disapproval, consent or other communication ("Notice") a Party gives hereunder shall be delivered in writing to the other Party at the mail, facsimile and/or email addresses set forth below (or as amended by Notice from time to time) by any of these methods: (a) personally; (b) by regular, first-class United States mail, postage prepaid; (c) by registered or certified United States mail, return receipt requested, postage prepaid, or by commercial, receipted, overnight delivery or courier service (e.g., Federal Express, DHL or UPS), all delivery charges prepaid; or (d) by facsimile or email transmission together with contemporaneous regular mailing of a duplicate Notice. Notice shall be deemed delivered when received, as confirmed by the private server, the U.S. Postal Service receipt, or electronically or, in all other cases, three (3) days after regularly mailed. The Parties' addresses for Notices are as follows: To Eola Hills Winery at the above address, and to Eola Holdings, LLC, c/o Eric Rogers, 501 S. Pacific, Highway 99, Rickreall, Oregon 97371.

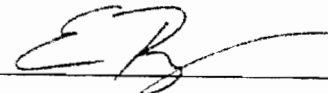
The Parties have executed and delivered this Agreement as of the Effective Date.

EOLA HOLDINGS, LLC

By 

Eric Rogers, Manager

EOLA HILLS WINE CELLARS, INC.

By 

Eric Rogers, Treasurer

[ACKNOWLEDGEMENTS ON FOLLOWING PAGE]

STATE OF OREGON)
) ss.
County of ~~Multnomah~~ Lane)

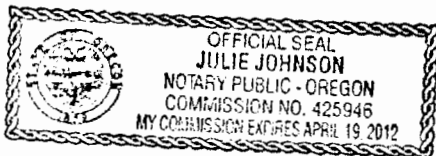
This instrument was acknowledged before me on ~~February~~ ^{April} 1, 2008, by Eric Rogers, as
Manager of Eola Holdings, LLC.



[Signature]
NOTARY PUBLIC FOR OREGON
My Commission Expires: 4/19/2012

STATE OF OREGON)
) ss.
County of ~~Multnomah~~ Lane)

This instrument was acknowledged before me on ~~February~~ ^{April} 1, 2008, by Eric Rogers, as
Treasurer of Eola Hills Wine Cellars, Inc.



[Signature]
NOTARY PUBLIC FOR OREGON
My Commission Expires: 4/19/2012

5562.001 A Easement Access.doc

EXHIBIT "A"

OAK GROVE PROPERTY:

Parcel I

Beginning at a stone that is the corner to Section 14, 15, 22, and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; and running thence North 602.84 feet; thence West 630.1 feet; thence South 28°49' East 533.62 feet; thence south 17°40' East 141.24 feet; thence East 331.32 feet to the place of beginning, all lying in and being a portion of Section 15, Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon.

LESS AND EXCEPT the following described property: Beginning at a point which is 250 feet North of the corner common to Sections 14, 15, 22 and 23 in Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence West 419.84 feet to a point in the center of County Road No. 7411; thence along the center of said road on the arc of a 954.30 foot radius curve to the right (the long chord of which bears South 19°13' East 281.53 feet) to the section line between Sections 15 and 22; thence East along said Section line to the corner common to Sections 14, 15, 22 and 23, thence North 250 feet to the terminus of this description.

LESS AND EXCEPT any portions of the foregoing property lying within County Road No. 7411.

Parcel II

Beginning at the Southwest corner of Section 14, Township 7 South, Range 4 West of the Willamette Meridian in Polk County, Oregon; thence West 5.15 chains to an iron pipe in the center of the County Road; thence South 12° East 13.76 chains to an iron pipe; thence South 17° East 6.92 chains to an iron pipe in the center of the road; thence South 89°40' East 40.75 chains to a set stone; thence North 1° West 20.21 chains to a set post; thence West 26.24 chains to a set stake; thence North 7.27 chains; thence West 13.76 chains; thence South 7.27 chains to the place of beginning.

ALSO: Beginning at a post on the Northeast side of the white oak 32 inches in diameter which is North 7.27 chains from the Southwest corner of Section 14, Township 7 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence East 13.76 chains; thence South 7.27 chains; thence East 26.24 chains; thence North 40.00 chains; thence West 40.00 chains; thence South 32.75 chains to the place of beginning.

SAVE AND EXCEPT: Beginning at a point which is 250.00 feet North of the corner common to Sections 14, 15, 22 and 23 in Township 7 South, Range 4 West of the Willamette Meridian in Polk County, Oregon; thence West 419.84 feet to a point in the center of County Road No 7411; thence along the center of said road as follows: Along the arc of a 954.30 foot radius curve to the right (the long chord of which bears South 19°13' East 281.53 feet), a distance of 282.56 feet; thence South 10°44' East 665.82 feet; thence along the arc of a 5729.58 foot radius curve to the left (the chord of which bears South 13°05'30" East 471.60 feet), a distance of 471.73 feet; thence South 15°27' East, 51.00 feet; thence along the arc of a 2864.79 foot radius curve to the right (the chord of which bears South 13°58' East 147.55 feet) a distance of 147.57 feet to the Southwest corner of a tract of land as described in Volume 170, Page 338, Deed Records for said County and State; thence South 88°39' East, leaving said road 2682.69 feet to the Southeast corner of said tract of land; thence North 0°22' East along the East line of said tract of land 1384.90 feet to a point where said East line intersects the Section line between Sections 14 and 23 as depicted on Survey 11224, Polk County; thence West 2239.84 feet to a point which is South

250 feet and East 400 feet from the place of beginning; thence North 250 feet to a point; thence West 400 feet to the place of beginning.

Together with a nonexclusive, perpetual easement for pedestrian and vehicular ingress, egress and access from Oak Grove Road over the existing roadway.