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MEMORANDUM OF AGREEMENT Dated August 6, 1976, between J. K. O'NEILL and PEGGY A. O'NEILL, husband and wife, (hereinafter called "FIRST PARTIES") and ELIZABETH E. SHARP and FACILITIES LEASING CORPORATION, an Oregon Corporation, (hereinafter called "SECOND PARTIES");

W I T N E S S E T H:

WHEREAS, First Parties are the owners of the following described real property situate in Klamath County, Oregon, to-wit:

Township 39 South, Range 10 E., W.M.:
Section 27: NW $\frac{1}{4}$;

and,

WHEREAS, ELIZABETH E. SHARP is the owner of record of the following described real property situate in Klamath County, Oregon, to-wit:

Township 39 South, Range 10 E., W.M.:
Section 22: W $\frac{1}{2}$ E $\frac{1}{2}$; E $\frac{1}{2}$ NW $\frac{1}{4}$; NE $\frac{1}{4}$ SW $\frac{1}{4}$

subject to contract of sale of real property to FACILITIES LEASING CORPORATION, an Oregon Corporation, evidenced by a Memorandum of Contract for Deed dated April 1, 1975, and recorded July 15, 1975, in Vol. M-75, page 8043, Deed Records of Klamath County, Oregon; and,

WHEREAS, the above described real properties are the subject of an Agreement dated June 23, 1936, between L.O. MILLS and U.E. REEDER recorded in Vol. 106, page 506 Deed Records of Klamath County, Oregon, providing for the sharing of water flow from Crystal Springs (sometimes known as Mickler or Willow Springs) situate in Klamath County, Oregon, in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 22, Township 39 South, Range 10 E., W.M. (hereinafter called "CRYSTAL SPRINGS AGREEMENT"); and,

WHEREAS, the parties hereto desire to modify the aforesaid Crystal Springs Agreement to change the same to a license;

NOW, THEREFORE, the parties hereto agree as follows:

1. First Parties convey to Second Parties all right, title and interest they may have or claim in Crystal Springs by Certificate of Water Right issued by the State Engineer of the State of Oregon recorded in Vol. 12, page 14123, State Record of Water Right Certificates, and the aforesaid Crystal Springs Agreement.

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2. The Crystal Springs Agreement is hereby declared a license which may be revoked at any time by Second Parties in the manner set forth in Paragraph 4 of this instrument and which license shall terminate without any act of Second Parties upon the execution by First Parties of a contract of sale, memorandum of contract of sale, option, deed, or other instrument of alienation of the following described real property situate in Klamath County, Oregon:

Township 39 South, Range 10 E., W.M.:
Section 27: NW¼

whereby any right, title, or interest is conveyed by First Parties to any third person, firm, or corporation. A transfer of title between First Parties as husband and wife by way of the creation of either a tenancy in common or by reason of the death of one of the parties and the survivorship of the other shall not operate to terminate said license without further act of Second Parties.

3. That, until revoked, the terms of said license shall be that First Parties shall be entitled to receive from Second Parties all surplus water from the flow of the above described Crystal Springs which surplus flow shall be determined by Second Parties in their sole discretion and based entirely upon the needs of Second Parties for water from Crystal Springs.

4. In the event that the revocation of said license should require the act of Second Parties, such act of revocation shall be conclusively presumed by the recordation by Second Parties of an instrument in writing executed by Second Parties (or either of them), acknowledged in the manner required by Oregon law for the recording of deeds stating that said license is revoked and affirming that written notice of such revocation was given to First Parties by certified mail on the same date as the execution of such instrument.

5. A notice by Second Parties to First Parties of revocation of the license created hereby shall be deemed to have been fully given when deposited in a sealed envelope in the United States Mail as certified mail with postage prepaid and addressed to First Parties at the following address:

8727 Bison Place
Gold Hill, Oregon 97525

6. This Agreement shall bind and inure to the benefit of the parties hereto, and their heirs, successors or assigns.

WITNESS the hands and seals of the parties hereto the day

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and year first above written, the corporate party by resolution of its Board of Directors.

First Parties

Second Parties

J. K. O'Neill
J. K. O'Neill

Elizabeth E. Sharp

Peggy A. O'Neill
Peggy A. O'Neill

FACILITIES LEASING CORPORATION

By [Signature]
President

By Sydney K. Gossman
Secretary

(CORPORATE SEAL)

STATE OF OREGON)

County of JACKSON)

ss.

On this 13th day of August, 1976, personally appeared J. K. O'NEIL and PEGGY A. O'NEIL and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

(SEAL)

N. D. [Signature]
Notary Public for Oregon
My Commission expires: 9-11-79

STATE OF OREGON)

County of Klamath)

ss.

On this 17th day of August, 1976, personally appeared J. ANTHONY

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GIACOMINI and SYDNEY K. GIACOMINI, who, being duly sworn, each for himself and herself, and not one for the other, did say that the former is the President, and the latter is the Secretary, of FACILITIES LEASING CORPORATION, an Oregon Corporation, and that the seal affixed to the foregoing instrument is the Corporate Seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me:

Alameda E. Giacomini
Notary Public for Oregon
My Commission expires: Aug 5, 1978

(SEAL)

STATE OF OREGON)
COUNTY OF KLAMATH) ss.

On this 17th day of August, 1976, personally appeared ELIZABETH E. SHARP and acknowledged the foregoing instrument to be her voluntary act and deed.

Before me:

Alameda E. Giacomini
Notary Public for Oregon
My Commission expires: Aug 5, 1978

(SEAL)

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Atk. Giacomini Jones & Zansky
435 Main
1K3.

STATE OF OREGON,
County of Klamath
Filed for record at request of

GIACOMINI JONES & ZANSKY ATTYS
on this 19th day of AUGUST A.D. 76
at 4:01 o'clock PM, and the
recorded in Vol. M 76 of DEEDS
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Wm D. MILNE, County Clerk,
By *Hazel D. Jones*
Fee \$ 12.00

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