

MEMORANDUM OF OPTION TO PURCHASE REAL PROPERTY

Until further notice, all tax statements should
be sent to the following address:

Gary D. Crouch
4708 Liberty Road, SE
Salem, Oregon 97302

After recording, this Memorandum shall be delivered to:

Paul C. Cahill
63765 Deschutes Market Road
Bend, Oregon 97701

Pursuant to an Option to Purchase Real Property dated January 15, 1996, GARY D. CROUCH and JANIS E. CROUCH, husband and wife, Grantor, for and in consideration of the sum of \$5,000 paid to Grantor by PAUL C. CAHILL, Grantee, in cash, receipt of which is hereby acknowledged, has granted to Grantee the sole and exclusive option to purchase an undivided one-third (1/3) interest in the real property located in Klamath County, Oregon, which is more particularly described as follows (the "Property"):

Parcel 1 of Partition No. 68-92 filed June 23, 1993 in the office of the County Clerk of Klamath County, Oregon, being situate in Lots 1 and 2, Block 2, Tract 1080, Washburn Park, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Subject to:

1. Rules, regulations and assessments of South Suburban Sanitary District.
2. Reservations and restrictions in the dedication of Washburn Park, Tract 1080, as follows: "...said plat subject to: Building set-back lines as prescribed in present applicable ordinance; all existing easements and/or as shown on the annexed plat; additional restrictions as provided for in any recorded protective covenants."
3. Right of Way Easement, including the terms and provisions thereof, given by Harry R. Waggoner and Norma E. Waggoner, husband and wife, to the California Pacific Utilities Company, dated November 10, 1970, recorded November 30, 1970 in Volume M70, page 10618, Deed records of Klamath County, Oregon.


4. Reservations and restrictions in deed from Washburn Enterprises, Inc., to Stig Larsson and Lis A. Larsson, dated October 17, 1977, recorded January 27, 1983 in Volume M83, page 1459, Deed records of Klamath County, Oregon.
5. Reservations and restrictions in deed from Washburn Enterprises, Inc., an Oregon corporation, to Harry R. Waggoner and Robert A. Stewart, dated June 28, 1983, recorded June 29, 1983 in Volume M83, page 10166, Deed records of Klamath County, Oregon.
6. Sewer Easement as disclosed by deed given by Washburn Enterprises, Inc., an Oregon corporation, to Harry R. Waggoner, Robert A. Stewart and Robert J. Harrahill and Betty L. Harrahill, dated September 30, 1983, recorded September 30, 1983 in Volume M83, page 16856, Deed records of Klamath County, Oregon.
7. Trust Deed made by Grantor and Christopher J. Miller and Jennifer B. Miller, in favor of Klamath County Title Company, as trustee, for the benefit of Betty Harrahill, trustee, and Robert A. Stewart and Marilyn Stewart, as beneficiaries, securing a promissory note payable to the beneficiaries in the principal amount of \$552,025.

Said option to purchase expires two (2) years from the date hereof.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

GRANTOR


Gary D. Crouch

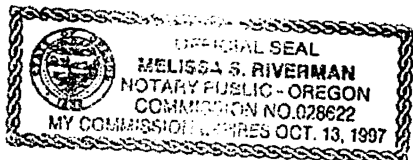

Janis E. Crouch

GRANTEE


Paul C. Cahill

STATE OF OREGON, County of Deschutes, ss:

The foregoing instrument was acknowledged before me this 15 day of January, 1996, by Gary D. Crouch.



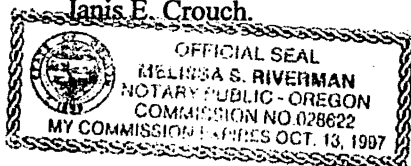
Melissa S. Riverman

Notary Public for Oregon

My Commission Expires: _____

STATE OF OREGON, County of Deschutes, ss:

The foregoing instrument was acknowledged before me this 15 day of January, 1996, by Janis E. Crouch.



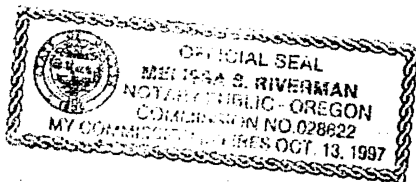
Melissa S. Riverman

Notary Public for Oregon

My Commission Expires: _____

STATE OF OREGON, County of Deschutes, ss:

The foregoing instrument was acknowledged before me this 15 day of January, 1996, by Paul C. Cahill.



Melissa S. Riverman

Notary Public for Oregon

My Commission Expires: _____

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 17th day
of Jan A.D., 19 96 at 10:29 o'clock A M., and duly recorded in Vol. M96
of Deeds on Page 1338

FEE \$20.00

By *Bernetha G. Letsch* Bernetha G. Letsch, County Clerk