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After Recording Return To:

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WESTERN TITLE
16455 William Foss RD
LAPINE, OR 97739

EASEMENT AND DOMESTIC WATER SUPPLY AGREEMENT

PARTIES:

OWNER: DAVID NARO

USER: KENNETH L. PARKS and RHODA PARKS

RECITALS

1. Owner's Property.

Owner is the owner of real property described as:

Tax Lot 4000 *See attached Exhibit "A"*

2. The System.

There is a water system located upon the property of Owner consisting of a well, pressure tank, pump, water lines, and all components reasonably necessary to deliver domestic water (the "System").

3. User Lines.

The System does not include water lines from the pump to the individual parcels of property (the "User Lines").

4. User's Property.

User is the owner of real property described as:

Tax Lot 3900 *See attached Exhibit "B"*

5. Share Ownership.

Owner grants to User a share in the System.

6. Easement.

Owner grants User, their heirs, successors and assigns a non-exclusive easement described as follows:

A parcel of land five (5) feet in width, the center line of which is the existing System lines and the existing User's lines. The easement shall include access to the well and pump.

7. Terms of Easement.

7.1 User shall use the easement to maintain, repair, and improve the System and User lines located upon the property.

7.2 Use of the easement shall be in a manner reasonably calculated to cause as little damage and inconvenience to Owner as possible.

7.3 This easement is appurtenant to the real property of User described above.

7.4 This Agreement is perpetual.

7.5 Owner reserves the right to use the strip for any purposes, which will not interfere with User's full enjoyment of the rights contained in this Agreement.

8. System Manager.

8.1 Owner is appointed the System Manager. Owner and User shall be jointly responsible for maintenance of the System. User will consult Owner before proceeding with major repairs.

8.2 The cost of the power, maintenance, and repair of the System shall be reimbursed by all parties to this Agreement promptly upon being incurred and billed by the System Manager and shall be borne by the users as follows:

8.2.1 Utility costs shall be divided equally between the parties who are actually using the System.

8.2.2 The cost of maintenance and repair shall be borne equally.

8.3 The System Manager shall have the power to assess parties for their share of the expenses and may purchase necessities for operating and maintaining the System without any other User's approval if cost of the necessities is less than \$500.00. Any necessity expense greater than \$500.00 is considered an extraordinary expense and shall have the approval of a majority of the parties before the cost is incurred.

8.4 The System Manager shall account for all funds spent on the System.

8.5 The System Manager shall not be responsible for non-delivery of water during any electrical power outage, any breakdown of the System, any period in which repairs are being made, for the quality of the water or for non-delivery of water due to any other cause which is not within the System Manager's control.

8.6 In the event the System Manager fails to properly maintain the System, User may do so after ten (10) days' written notice to all parties to the System.

9. Maintenance of User Lines.

Repair and maintenance of the User Lines shall be the responsibility of the respective User of that line.

10. Number of Users.

There are currently two users of the System. User owns one share of the System. Owner owns one shares of the System. No additional users to the System shall be allowed.

11. Use of Water.

The water supplied by the System shall only be used for household purposes.

12. Hold Harmless.

Each party indemnifies and holds harmless all other parties to this Agreement for any injury to people or property caused by a party to this Agreement or a party's agent or invitee related to the System or user lines described in this Agreement.

13. Lack of Water.

If at any time the amount of water produced by the well shall be less than the full amount required to adequately serve all users to this Agreement, then each party shall be entitled to only their proportionate share of the water then flowing. In the event the water is not available from the System, The Manager or Owner shall not be obligated to furnish water. The purpose of this Agreement is only to furnish water, if available from the well located upon Owner's property. In the event the well ceases to provide adequate water for this Agreement, this Agreement shall terminate.

14. Waiver.

Failure of any of the Users at any time to require performance of any provisions of this Agreement shall not limit the right of that property to enforce the provisions, nor shall any waiver by any party of any breach of any provision be a waiver of any succeeding breach of that provision or a waiver of that provision itself or any other provisions.

15. Enforcement.

15.1 Any party to this Agreement may enforce it.

15.2 In the event any party to this Agreement fails to pay their proportionate share of the cost of power, maintenance or repair of the System within thirty (30) of the date of billing by the System Manager, the System Manager may terminate that party's use of the System until all such costs are paid including interests accrued on the unpaid balance at the rate of 18% per annum.

15.3 In the event any party to this Agreement is in default and the default continues for one (1) year, after written notice, this Agreement may be terminated.

16. Costs and Attorneys' Fees.

In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party or parties shall be entitled to recover from the other party or parties such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

17. Prior Agreement.

This document is the final and complete Water Agreement pertaining to the water supply and the System. It supersedes and replaces all written and oral agreements concerning the water supply on the properties described in this Agreement.

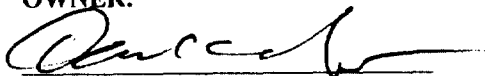
18. Successor Interest.

This Agreement shall be binding upon and inure to the benefit of successors in interest and their assigns.



44097

DATED this 17th day of August, 2001.

OWNER:

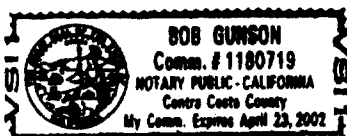

DAVID NARO

USER:


KENNETH L. PARKS

RHODA PARKS

STATE OF CALIFORNIA)
) ss.
County of Contra Costa

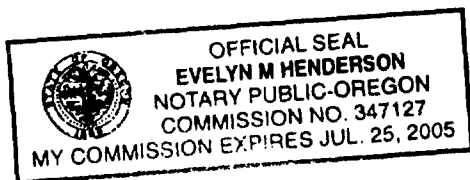
The foregoing instrument was acknowledged before me this 17th day of August, 2001, by
DAVID NARO.

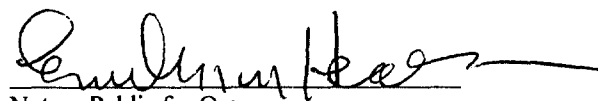



Notary Public for ~~Oregon~~ California

STATE OF OREGON)
) ss.
County of ~~Klamath~~
Deschutes

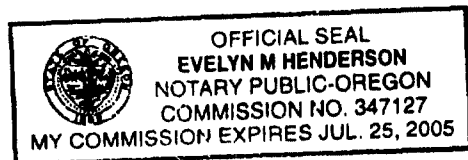
The foregoing instrument was acknowledged before me this 23 day of August, 2001, by
KENNETH L. PARKS.

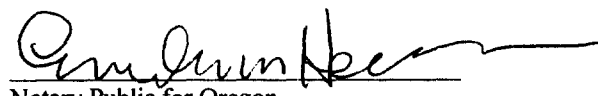



Notary Public for Oregon

STATE OF OREGON)
) ss.
County of ~~Klamath~~
Deschutes

The foregoing instrument was acknowledged before me this 23 day of August, 2001, by
RHODA PARKS.




Notary Public for Oregon

Klamath County, Oregon, to-wit:

A tract of land situated in NW1/4 and the NE1/4 of SE1/4 of Sec. 18, Twp 24 S.R.7. E.W.M., more particularly described as follows:

Beginning at a point which is S 01°00'51"W 6.18 feet and East 38.14 feet from the 1/16th corner of the common line between the NE1/4 and the SE1/4 of said Sec. 18; thence South 1080.0 feet along the so called "false 1/16th line" which lies within the NE1/4 and is East of the common 1/16 line between the NW1/4 and NE1/4 of SE1/4 of said Sec. 18 to the point of beginning; thence West 272.10 feet to a point; thence continuing West 64 feet more or less to the flow line of Crescent Creek; thence Northerly 120 feet, more or less, along the flow-line of said creek to the intersection of the North line of said tract which is parallel to and 120 feet more or less North of the South line of said tract; thence East 45 feet, more or less, to a point; thence continuing East 285.40 feet to a point; thence South 120.0 feet along the "false 1/16th line" to the place of beginning;

Subject to reservation of the Easterly 25 feet for roadway and utility purposes; together with a perpetual easement for roadway and utility purposes to and from said tract along the Northerly 25 feet of SE 1/4 of NE1/4 of said Sec. 18 West of the Willamette Highway, also the Westerly 25 feet along the line in the SE1/4 of NE1/4 of said Sec. 18 which bears N. 00°18'41"E. from a point located S. 01°00'51" W. 6.81 feet and East 38.14 feet from the 1/16th corner on the common line between the NE1/4 and the SE1/4 of said Sec. 18, also the Westerly 25 feet along the said "false 1/16th line" within the NE1/4 of SE1/4 of said Sec. 18, Twp. 24S.R.7 E.W.M., in Klamath County, Oregon.

State of Oregon, County of Klamath

Recorded 08/29/01 at 2:59 p m.

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Linda Smith,

County Clerk Fee\$ 41⁰⁰

EXHIBIT B
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