

MEMORANDUM OF ANNEXATION AGREEMENT

BE IT REMEMBERED, on the 25th day of August, 2003, the City of Klamath Falls, an Oregon municipal corporation (CITY), and Lawton, (OWNER) entered into an Annexation Agreement committing the following-described real property situated in Klamath County, Oregon, to possible future annexation to the City:

A parcel of land situated in the E 1/4 NW 1/4 of Section 12, Township 39 South, Range 9 East of the Willamette Meridian, described as follows: Beginning at the one-quarter corner common to Sections 1 and 12, Township 39 South, Range 9 East of the Willamette Meridian, said point being in the center of Hilyard Avenue; thence South 0°22' East along the East line of the NW 1/4 of said Section 12 a distance of 979.91 feet; thence South 42°50' West a distance of 671.94 feet to a point which is the Southeasterly corner of property conveyed to Dean et ux by deed recorded in Volume 304 on page 592, of Klamath County Deed Records; thence North parallel with the East line of said NW 1/4 and along the East line of said property conveyed to Dean, 1065.75 feet to the North line of said property conveyed to Dean, et ux; thence South 89°52' East a distance of 30 feet; thence North 0°22' West 219.0 feet; thence South 89°52' East 126 feet; thence North 0°22' West a distance of 189 feet, more or less, to the North line of said Section 12, it being on the center line of Hilyard Avenue; thence South 89°52' East a distance of 304 feet, more or less, to the point of beginning. Saving and excepting any portion lying within Tract 1300-Klamath Meadows East.

Said Annexation Agreement includes a request to rezone the property following annexation.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 25th day of August, 2003.

CITY OF KLAMATH FALLS

By: [Signature]

City Manager

OWNER

[Signature]
John Lawton

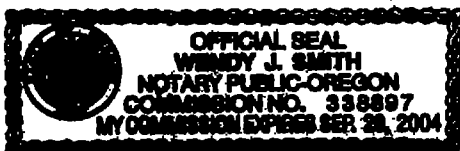
Attest: [Signature]

Deputy City Recorder

STATE OF OREGON
COUNTY OF KLAMATH / ss.

On the 25th day of August, 2003, personally appeared Jeffrey D. Ball and Shirley Kappas, who, each being first duly sworn, did say that the former is the City Manager and the latter is the Deputy City Recorder of the City of Klamath Falls, an Oregon municipal corporation, and that the instrument was signed on behalf of said municipal corporation; and each of them acknowledged said instrument to be its voluntary act and deed.

BEFORE ME:

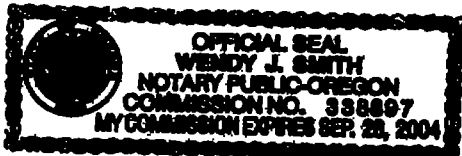


[Signature]
Notary Public for Oregon
My Commission Expires: 9-28-2004

STATE OF OREGON
COUNTY OF KLAMATH / ss.

On the 20th day of August, 2003, personally appeared John Lawton and acknowledged said instrument to be his voluntary act and deed.

BEFORE ME:



[Signature]
Notary Public for Oregon
My Commission Expires: 9-28-2004

AFTER RECORDING RETURN TO:
Klamath Falls City Recorder
P.O. Box 237
Klamath Falls, OR 97601

State of Oregon, County of Klamath
Recorded 09/12/03 11:45 a. m
Vol M03 Pg 68015
Linda Smith, County Clerk
Fee \$ 21.00 # of Pgs 1