

MEMORANDUM OF ANNEXATION AGREEMENT

BE IT REMEMBERED, on the ____ day of May, 2004, the City of Klamath Falls, an Oregon municipal corporation (CITY), and David Smith and Davis Hesla (OWNER), entered into an irrevocable Annexation Agreement committing the following-described real property situated in Klamath County, Oregon, to possible future annexation to the City.

All that portion of S 1/4 S 1/4 SE 1/4 SE 1/4, Section 11, Township 39 South, Range 9 East, Willamette Meridian, lying Easterly of Third Addition to Cypress Villa and Westerly of the A3 Lateral, saving and excepting the property conveyed to Klamath County by deed recorded in Volume 351 at page 690,

Said Annexation Agreement is irrevocable, includes a request to rezone the property following annexation, and is binding upon OWNER and all successive owners of all or part of said Property.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 11TH day of MAY, 2004.

CITY OF KLAMATH FALLS

OWNER

By: [Signature]
City Manager

[Signature]
David Smith

OWNER

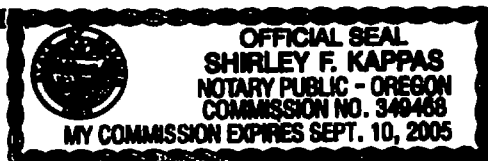
Attest: [Signature]
City Recorder

[Signature]
David Hesla

STATE OF OREGON
COUNTY OF KLAMATH } ss.

On the 1st day of June, 2004, personally appeared Jeffrey D. Ball and Elisa D. Olson, who, each being first duly sworn, did say that the former is the City Manager and the latter is the 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: 9-10-05

STATE OF OREGON
COUNTY OF Lane } ss

On the 11 day of May, 2004, personally appeared David Smith and acknowledged said instrument to be his voluntary act and deed.

BEFORE ME:

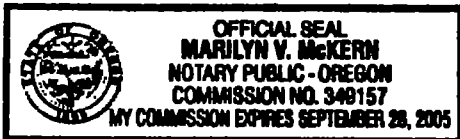


[Signature]
Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON
COUNTY OF Lane } ss

On the 11 day of May, 2004, personally appeared David Hesla and acknowledged said instrument to be his voluntary act and deed.

BEFORE ME:



[Signature]
Notary Public for Oregon
My Commission Expires: _____

State of Oregon, County of Klamath
Recorded 06/10/2004 2:54 p m
Vol M04 Pg 37274
Linda Smith, County Clerk
Fee \$ 21.00 # of Pgs 1

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