

M06-01061

Klamath County, Oregon

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AFTER RECORDING, RETURN TO:

Klamath Irrigation District
6640 KID Lane
Klamath Falls OR 97603

**AGREEMENT FOR RELEASE OF
WATER AND DRAINAGE RIGHTS**

This Agreement is made by and between Capri Properties LLC

herein called "Land Owners," whether one or more, and the Klamath Irrigation District, herein called "KID."

RECITALS

A. Land Owners own land in Klamath County, Oregon containing 26.47
acres of irrigable land, identified as Klamath County Tax Assessor's Account No(s):
3909-10CC-00101;
and more particularly described as follows:

State of Oregon

County of Klamath

Altamont Ranch Tracts, Lot 13 thru 16 POR

B. Land Owners' predecessors in interest agreed to be included within KID for the purpose of receiving irrigation water and drainage services from KID and the United States of America, by and through the Bureau of Reclamation, Klamath Project.

C. Land Owners no longer desire to receive said services and pay the costs thereof.

AGREEMENT

NOW, THEREFORE, in consideration of the release by KID of Land Owners' land from KID's assessments, lien, collection, and foreclosure rights under Oregon Revised Statutes Chapter 545, Land Owners and Land Owners' heirs, devisees, personal representatives, grantees, vendees, successors, and assigns, jointly and severally represent, warrant, guarantee, covenant,

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and agree with KID and its successors and assigns as follows:

1. Land Owners are the sole owners and holders of the fee simple title to the above-described lands and have good right to execute this Agreement and to bind said lands as herein agreed. If said lands are subject to any trust deed, mortgage, contract of sale, or other lien upon the land, Land Owners agree to furnish to KID a recordable agreement from the owners and holders of such instrument or lien accepting the terms of this Agreement and releasing any lien it may have against the water rights, easements, and servitudes, acknowledged, released, transferred, and conveyed by this Agreement.

2. Said lands do not have reasonable access to the system of irrigation works of KID, or have been permanently devoted to uses other than agriculture, horticulture, viticulture, or grazing, or are subject to being irrigated from another source or, it is in the best interest of KID to exclude said land from assessment and from the benefits of KID.

3. Land Owners understand and agree that by executing this Agreement, they are releasing and waiving all rights of membership in KID, including the right to receive irrigation water, the right to use the drainage system operated and maintained by KID, and the right to vote in any KID election.

4. Land Owners understand that by the execution of this Agreement said lands may lose any right to receive water under State law. They acknowledge that because of the abandonment by nonuse of any right to receive water and the continued nonuse of water under this Agreement, the lands may fail to receive any future water rights. Land Owners do hereby assign, quit claim, and transfer unto KID the water right, if any, appurtenant to their land and do hereby irrevocably appoint the chairperson of the Directors of KID as their attorney-in-fact to execute any and all documents that may be necessary to transfer said water right, and to exclude Land Owners' land from KID.

5. Land Owners do hereby recognize, ratify, grant, and confirm the existence of all existing rights of KID or the United States affecting Land Owners' said property, including, without limitation by this recital, all rights of way, easements, and servitudes for all irrigation and drainage facilities of the United States or KID as now constructed and located upon or affecting Land Owners' said property and do agree that KID and the United States each now own, have, and hold and shall continue to own, have, and hold a prescriptive right, right of way, easement and servitude for all percolation, seepage, leakage, overflow, flooding, or any failure or lack of drainage that now exists or that at any time heretofore has occurred or resulted from any irrigation or drainage facility now constructed or in existence on or near any part of the Land Owners' said premises.

6. Land Owners do hereby absolve, waive, and release both KID and the United States from any and all claims of liability for any damages or injuries to person or property that may have heretofore occurred or that may now be occurring in connection with the ownership,

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operation, or maintenance of the Klamath Project.

7. Land Owners understand and agree that should they desire to be included in KID in the future, if such inclusion is possible, before such request will be granted, Land Owners will be required as a condition thereof to pay all assessments that have been exempted by this Agreement, plus the amount of all interest that would have been chargeable for nonpayment of such assessments if they had not been exempted by this Agreement.

8. Land Owners' representations, warranties, covenants, and agreements herein set forth are covenants running with Land Owners' said land and each and every part and parcel thereof in perpetuity, forever binding the same for the use and benefit of KID and the United States of America, and their respective successors, grantees, transferees, and assigns.

9. Land Owners do hereby acknowledge that they have read all of the foregoing instrument and consent and agree to each of the representations, warranties, covenants, and agreements contained herein.

This Agreement shall take effect upon the approval of the same by the Board of Directors of KID, and the adoption of the Resolution exempting said land from the assessments of KID.

WITNESS their hands this 28th day of December, 2005, _____.

LAND OWNERS

Tim M. Amuchastegui
Cecelia M. Amuchastegui

STATE OF Oregon, County of Klamath) ss.

This instrument was acknowledged before me on December 28, 2005 by
Tim M. Amuchastegui and Cecelia M. Amuchastegui



[Signature]
Notary Public for Oregon

My Commission Expires: 9/11/09

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The foregoing Agreement for Release of Water and Drainage Rights having been read and considered by the Board of Directors of KID at a meeting of said Board of Directors and said Board of Directors, in consideration of all of the representations, warranties, covenants, and agreements made by the Land Owners therein, duly moved, seconded, and voted that KID approve and agree to the same and did order that the above-described lands be exempted from the payment of the assessments of KID and accept the release to KID of the water and drainage rights that were appurtenant to said land.

NOW, THEREFORE, KID does hereby duly execute this Agreement this 12th day of January, 2006.

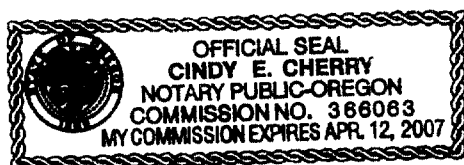
KLAMATH IRRIGATION DISTRICT

By: David A. Cacka
Its President

By: David A. Solen
Its Secretary

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on January 12th, 2006 by David A. Cacka as President and David A. Solen as Secretary of the Klamath Irrigation District and that the seal affixed to this instrument is the official seal of said Klamath Irrigation District by authority of its Board of Directors, and each of them acknowledged said instrument to be the voluntary act and deed of the Klamath Irrigation District.



Cindy E. Cherry
Notary Public for Oregon

My Commission Expires: 4-12-07

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LIEN HOLDER AGREEMENT

The undersigned owner or holder of a trust deed, mortgage, contract of sale, or other lien upon the lands described in the foregoing Agreement for Release of Water and Drainage Rights, in consideration of the exemption of said lands from future assessments of the Klamath Irrigation District, does hereby accept the terms of said Agreement and release any lien it may have against the water rights, easement, and servitudes acknowledged, released, transferred, and conveyed by the Land Owners under the terms of the Agreement. Lien holder specifically reserves its lien against the land and improvements and its rights arising under the terms of its trust deed, mortgage, contract of sale, or other lien document pertaining to the real property described in the Agreement.

Dated this 28 day of December, 2005.

Bridgette M. Griffin-Smith

VP/TEAM LEADER
STERLING SAVINGS BANK

STATE OF OREGON, County of KLAMATH) ss.

I, BRIDGETTE M. GRIFFIN-SMITH, being duly sworn say that I have read the foregoing Lien Holder Agreement and the Agreement for Release of Water and Drainage Rights; that I have authority to sign said Lien Holder Agreement on behalf of all owners and holders of the interests and liens being released and to so release the same to the terms and conditions of the foregoing Lien Holder Agreement, and I hereby acknowledge that I signed the foregoing Lien Holder Agreement freely and voluntarily for the purpose therein stated on this 28 day of DECEMBER, 2005.

Bridgette M. Griffin-Smith

This instrument was acknowledged before me on December 28, 2005 by Bridgette M. Griffin-Smith as VP/Team Leader of Sterling BBC #378.

Catherine L. Smeltzer
Notary Public for Oregon

My Commission Expires: July 5, 2006

