

Recording requested by and  
when recorded return to:

Jon J. Napier  
Karnopp Petersen LLP  
1201 NW Wall Street, Suite 300  
Bend, Oregon 97701-1957

**EASEMENT**

**THIS EASEMENT** is made and entered into effective the 15th day of June, 2006, by and among **BETTLES FAMILY CORPORATION**, an Oregon corporation ("Grantor"), and **WILLIAM E. RAY, SR. and KAREN M. RAY**, husband and wife, and **WILLIAM E. RAY, JR.** (collectively, "Grantees").

**WHEREAS**, Grantor owns the real property identified on the attached Exhibit "A" (the "Servient Estate");

**WHEREAS**, Grantees desire to acquire an easement across the Servient Estate for the purpose of constructing and maintaining a road for use in accessing the real property, and portions thereof, identified on the attached Exhibit "B" (collectively, the "Dominant Estate");

**WHEREAS**, Grantees intend to develop the Dominant Estate, or portions thereof, for commercial purposes, and this Easement is intended to facilitate access to the Dominant Estate for both its current use and any and all future uses. Grantor understands that such future uses will likely result in an increase in traffic across the Servient Estate; and

**WHEREAS**, it is the intent of the parties to this Easement to create and bind themselves, their heirs, successors, and assigns to this Easement for the purpose of roadway access across the Servient Estate for the purpose of ingress and egress to the Dominant Estate, and a right of access for the Grantees and subsequent owners of the Dominant Estate, and portions thereof, to the Easement area for the repair and maintenance of the road and further to assure the present and future owners of the Dominant Estate a road across the Servient Estate for the benefit of the Dominant Estate, and portions thereof.

**NOW, THEREFORE**, in consideration of \$11,000, Grantor's use of any roadway constructed on the Servient Estate pursuant to this Agreement, the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Easement**. Grantor does hereby grant, assign and set over to Grantees and their respective successors and assigns, a perpetual, non-exclusive access easement for roadway purposes across the Servient Estate. The Easement area is more particularly described on the attached Exhibit "C" (the "Easement Strip").

2. **Uses**. Grantees, and their successors, assigns and invitees may use the Easement Strip for roadway purposes only, including, without limitation, vehicular and pedestrian access

between Modoc Point Highway and Agency Lake Loop for the purpose of providing ingress and egress to the Dominant Estate. The foregoing scope of use specifically includes, without limitation, both commercial and residential use. Additionally, Grantees may, in Grantees' sole discretion, grant a license or licenses to other persons to use the Easement Strip for purposes of vehicular and pedestrian access between Modoc Point Highway and Agency Lake Loop, regardless of whether such license(s) involves access to the Dominant Estate. In connection with such uses, Grantees may construct, reconstruct, maintain and repair an access road on the Easement Strip. In furtherance of the foregoing, Grantees, their agents, employees, invitees, tenants and all other transferees, successors and assigns, shall have the right of ingress and egress to the Easement Strip. Grantor and Grantor's successors, assigns and invitees may not use the Easement Strip in a manner that interferes with Grantees', and their respective successors', assigns' and invitees' use of the Easement Strip. Grantor's use of any access road on the Easement Strip shall be for non-commercial access to the Servient Estate only, and Grantor may not grant any other license for use of the Easement Strip. Grantees' use of the Easement Strip shall take precedence in the event of any conflict in use between Grantees and Grantor, or between their respective successors, assigns and invitees.

3. **Commercial Use; Subdivision.** Grantor agrees that this Easement covers both the current use of the Dominant Estate and resulting traffic across the Easement Strip, and any and all future uses of the Dominant Estate, notwithstanding any resulting increase in traffic across the Easement Strip. Grantor specifically agrees and acknowledges that this Easement is entered into to allow future increases in traffic resulting from changes in use of the Dominant Estate, including, without limitation, future commercial development or subdivision of the Dominant Estate. Such future development or subdivision of the Dominant Estate, and any resulting increase in traffic across the Easement Strip shall not invalidate or otherwise affect this Easement or the unfettered use of the Easement Strip by Grantees and their successors, assigns and invitees for the purposes set forth above in Section 2. If ownership of the Dominant Estate is further divided, or the Dominant Estate is subdivided, such division or subdivision shall not cause the right to use the Easement Strip to be limited by, or subject to apportionment. This means that, in the event ownership of the parcels constituting the Dominant Estate becomes further divided in the future, or the Dominant Estate or any portion thereof is subdivided into additional parcels, each owner of any portion of the real property constituting the Dominant Estate shall, as a successor to Grantees, have the full, unrestricted benefit of the Easement Strip pursuant to the terms of this Agreement. Grantees specifically agree that Wainanwit Schroeder, who anticipates purchasing or otherwise receiving a subdivided portion of the Servient Estate, to be comprised of approximately two acres in the Northeast corner of the Servient Estate (the "Subdivided Lot"), and her successors in interest to such Subdivided Lot shall, following subdivision and acquisition by Wainanwit Schroeder of the Subdivided Lot, have the same rights and obligations of the Grantee with respect to use of, and access to the Easement Strip as set forth herein.

4. **Non-Use; Access to Dominant Estate.** Non-use of the Easement Strip shall not constitute its abandonment and shall in no way impair the rights of Grantees or Grantees' successors, assigns and invitees to use the Easement Strip for the purposes set forth above in Section 2. Grantor agrees and acknowledges that the Easement granted pursuant to this Agreement shall remain in full force and effect notwithstanding any lack of legal right of access, whether existing now or in the future, from the Easement Strip to the Dominant Estate.

5. **Expenses.** Grantees shall bear the costs of constructing and reconstructing any access road that it chooses to build in the Easement Strip pursuant to this Easement, and shall also bear the costs of any maintenance and repair work (subject to Grantor's obligations under Section 7 below) it chooses to perform with respect to any such road, provided, however, that the foregoing shall not be construed to impose on Grantees any duty or obligation to construct, reconstruct, maintain or repair any access road on the Easement Strip. The parties further agree that Grantor shall bear without reimbursement from Grantees any and all costs and expenses associated or related with that portion of the Servient Estate comprising the Easement Strip other than those costs specifically assumed by Grantees herein.

6. **Relocation of Easement Strip.** The location of the Easement Strip is based on the current location of access to Modoc Point Highway and Agency Lake Loop. If such access is ever changed, the parties shall relocate the Easement Strip to such new location on the Servient Estate to provide access between Modoc Point Highway and Agency Lake Loop, provided that such Easement Strip shall be located in a mutually agreeable area of the Servient Estate that causes the least possible intrusion on the Servient Estate. The parties shall record an instrument documenting the foregoing relocation and eliminating or modifying any rights of the parties in the original Easement Strip.

7. **Damage to Easement Strip.** In the event Grantor damages the Easement Strip, or any roadway located thereon, Grantor shall be obligated to restore the Easement Strip and/or roadway in as good or better condition as existed before the damage at Grantor's sole cost and expense and with no unreasonable delay.

8. **Priority.** The Easement is granted subject to all prior easements and encumbrances of record.

9. **Property Taxes.** Grantor shall remain responsible for all property taxes and assessments relating to the Servient Estate, including that portion located within the Easement Strip.

10. **Successor's Interest.** The Easement and the rights described herein shall be appurtenant to both the Servient Estate and the Dominant Estate and shall run with the land, and shall bind and inure to the benefit of the immediate parties hereto as well as their respective heirs, executors, administrators, assigns and successors in interest.

11. **Attorney's Fees.** If any arbitration, suit, or action is instituted to interpret or enforce the provisions of this Easement, to rescind this Easement, or otherwise with respect to the subject matter of this Easement, the party prevailing on an issue shall be entitled to recover with respect to such issue, in addition to costs, reasonable attorney fees incurred in preparation or in prosecution or defense of such arbitration, suit, or action as determined by the arbitrator or trial court, and if any appeal is taken from such decision, reasonable attorney fees as determined on appeal.

12. **Modification.** This Easement may be modified only by an instrument in writing executed by all the parties.

13. **Entire Agreement.** This Easement is the final and complete agreement of the parties. There are no promises, terms, conditions or obligations other than those contained in this Easement. All prior and contemporaneous negotiations and agreements between the parties, verbal and written, are replaced by this Easement and are of no further force or effect.

14. **Exhibits.** The exhibits referenced in this Easement are a part of this Easement as if fully set forth in this Easement.

**IN WITNESS WHEREOF**, the parties hereto have entered into this Easement effective the day and year first written above.

**"Grantor"**

**BETTLES FAMILY CORPORATION**

By: *Quentin J. Bettles*  
Printed Name: QUINTIN J. BETTLES  
Title: President

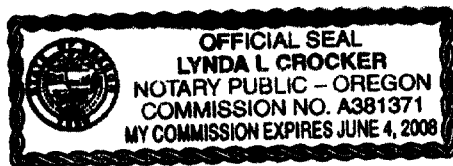
STATE OF OREGON           )  
  ) ss.  
County of Klamath        )

The foregoing instrument was acknowledged before me on June 15, 2006, by Quentin Bettles, as President of **BETTLES FAMILY CORPORATION**.

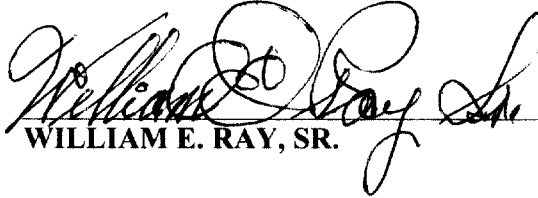
*Lynda L Crocker*  
NOTARY PUBLIC FOR OREGON

**WITNESS:**

*Wainanwit Schroeder*  
**WAINANWIT SCHROEDER**



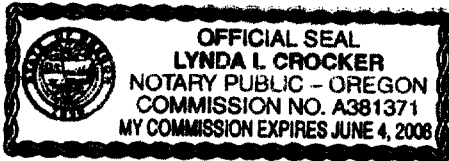
"Grantees"

  
WILLIAM E. RAY, SR.

STATE OF OREGON           )  
  ) ss.  
County of Klamath         )

The foregoing instrument was acknowledged before me on  
June 15, 2006, by **WILLIAM E. RAY, SR.**

  
NOTARY PUBLIC FOR OREGON



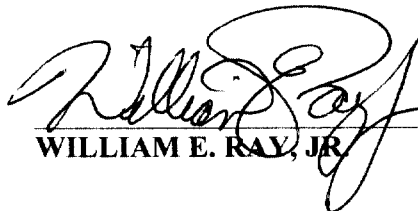
  
KAREN M. RAY

STATE OF OREGON           )  
  ) ss.  
County of Klamath         )

The foregoing instrument was acknowledged before me on  
June 15, 2006, by **KAREN M. RAY**

  
NOTARY PUBLIC FOR OREGON

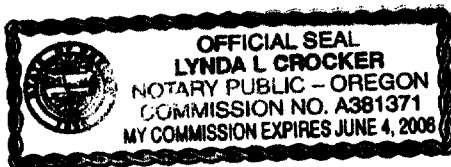


  
WILLIAM E. RAY, JR.

STATE OF OREGON           )  
  ) ss.  
County of Klamath         )

The foregoing instrument was acknowledged before me on  
June 15, 2006, by **WILLIAM E. RAY, JR.**

  
NOTARY PUBLIC FOR OREGON



**Exhibit "A"**  
**(Servient Estate Legal Description)**

Real property in the County of Klamath, State of Oregon, described as follows:

THE FOLLOWING-DESCRIBED REAL PROPERTY IN KLAMATH COUNTY, OREGON:

BEGINNING AT A POINT 1320 FEET DUE SOUTH OF THE QUARTER CORNER COMMON TO SECTIONS 6 AND 7, T. 35 S., R. 7 E.W.M., BEING THE NORTHEAST CORNER OF LOT 9; THENCE DUE SOUTH 2640 FEET TO THE SOUTHEAST CORNER OF LOT 16; THENCE DUE WEST ALONG SOUTH LINE OF SAID LOT 16, 514 FEET TO THE EAST LINE OF THE DALLES-CALIFORNIA HIGHWAY RIGHT OF WAY; THENCE IN A NORTHERLY DIRECTION 2642 FEET ALONG SAID EAST LINE OF SAID RIGHT OF WAY TO THE NORTH LINE OF LOT 9; THENCE DUE EAST 564 FEET ALONG NORTH LINE OF SAID LOT 9 TO POINT OF BEGINNING; BEING ALL THAT PART OF LOTS 9, 10, 15 AND 16 LYING EAST OF THE DALLES-CALIFORNIA HIGHWAY, SEC. 7, T. 35 S., R. 7 E.W.M., OREGON, LESS FIVE ACRES OF LAND SOLD BY CHARLES BLAIR KNIGHT TO JOHN C. SIEMENS, DEED APPROVED AUGUST 10, 1949, RECORDED IN REGION 3 RECORDING VOL. 1 PAGE 30, LINE 29, TRACT FILE NO. KX-6, DESCRIBED AS FOLLOWS: BEGINNING AT A COAST GEODETIC SURVEY PIN IN THE NORTHEAST CORNER OF LOT 9 IN SEC. 7 T. 35 S., R. 7 E.W.M., IN OREGON; THENCE WEST 569.5 FEET TO A STEEL PIN; THENCE SOUTH 382.14 FEET TO A STEEL PIN; THENCE EAST 569.5 FEET TO A STEEL PIN; THENCE NORTH 382.14 FEET TO POINT OF BEGINNING.

SAVING AND EXCEPTING THEREFROM A PARCEL OF LAND SITUATED IN GOVERNMENT LOT 16 IN SECTION 7, TOWNSHIP 35 SOUTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EASTERLY LINE OF HIGHWAY #427 AND THE SOUTHERLY LINE OF GOVERNMENT LOT 16; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID GOVERNMENT LOT A DISTANCE OF 208.71 FEET; THENCE NORTHERLY AND PARALLEL TO THE EAST LINE OF HIGHWAY #427 A DISTANCE OF 208.7 FEET; THENCE WESTERLY AND PARALLEL TO THE SOUTH LINE OF GOVERNMENT LOT 16 A DISTANCE OF 208.71 FEET TO THE EAST LINE OF HIGHWAY #427; THENCE SOUTHERLY ALONG SAID EAST LINE, 208.71 FEET TO THE POINT OF BEGINNING.

FURTHER EXCEPTING ANY PORTION OF GOVERNMENT LOTS 9, 15 & 16 LOCATED IN THE SE1/4 NW1/4 AND THE NE1/4 SW1/4 OF SECTION 7 TOWNSHIP 35 SOUTH RANGE 7 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON

Tax Parcel Number: R229489 and M35269

Exhibit "B"

(Dominant Estate Legal Description)

Map Tax Lot R-3507-007A0-00100-00,

R-3507-007A0-00200-00,

R-3507-007A0-00300-00 and

R-3507-007A0-00400-00.

**PARCEL I:** Beginning at the Northeast corner of Section 7, Township 35 South, Range 7 East of the Willamette Meridian, which is also the Northeast corner of Lot 1 in said Section 7, in said Township; thence West along the North line of Lots 1 and 2 of said Section 7 a distance of 1,596.5 feet; thence South 834.8 feet; thence East 1,596.5 feet to the East line of Lot 6 of said Section 7; thence North 834.5 feet along the East line of said Lots 6 and 1 of said Section 7, to the point of beginning.

**PARCEL II:** ALSO beginning at a point 208.7 feet South and 417.4 feet East of the Northwest corner of Lot 2 in Section 7, Township 35 South, Range 7 East of the Willamette Meridian, being the Northeast corner of Tract heretofore sold to Samuel E. Ray; thence East 626.1 feet; thence South 626.1 feet; thence West 626.1 feet to the Southeast corner of tract heretofore sold to Andy N. Kauble; thence North 626.1 feet to the point of beginning, said second tract above described containing 9 acres, more or less.

**PARCEL III:** A parcel of land situate in Lot 2, Section 7, Township 35 South, Range 7 East, W. M., described as follows:

Beginning at the quarter corner on the North line of said Section, being the Northwest corner of said Lot 2; thence East along the section line a distance of 1043.5 feet; thence South and parallel to the West line of the section 208.7 feet; thence West and parallel to the North line of the section 1043.5 feet; thence North along the West line of section 208.7 feet to the point of beginning, containing 5 acres on the North side of said Lot 2.

**PARCEL IV:** Beginning at a point on the West line of Lot 2, Section 7, Township 35 South, Range 7 E.W.M., which point is a distance of 208.7 feet, more or less, South from the Northwest corner of the said Lot 2; thence South along the West line of said Lot 2 a distance of 417.4 feet, more or less; thence East 417.4 feet, more or less; thence North 417.4 feet, more or less; thence West 417.4 feet, more or less, to the point of beginning; being four acres lying in the Westerly edge of Lot 2; Section 7; Township 35 South, Range 7 E.W.M., in Klamath County, Oregon.

Map Tax Lot R-3507-007A0-00500-000

From a point of beginning which is 626.1 feet South of the one-quarter corner common to Sections 6 and 7, Township 35 South, Range 7 East of the Willamette Meridian, being the Northwest corner of Government Lot 2, of said Section 7; thence running East parallel with the North line of said Section 7, a distance of 417.4 feet; thence South 208.7 feet; thence West 417.4 feet to the West line of said Government Lot 5; thence North 208.7 feet to the point of beginning, being in said Government Lots 2 and 5, Section 7, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon.

Map Tax Lot R-3507-007A0-00600-000

A tract of land situated in Government Lot 5 in Section 7, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the one quarter corner common to Section 6 and 7, Township 35 South, Range 7 East of the Willamette Meridian; thence South along the West line of Lots 2 and 5, 834.8 feet to the point of beginning; thence East parallel with the North line of Section 7, 864.8 feet; thence South 208.7 feet; thence West parallel with the North line of Section 7, 864.8 feet to the West line of Lot 5; thence North 208.7 feet to the point of beginning.

Map Tax Lot R-3507-007A0-00700-000

The following described tracts in Section 7, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon:

Beginning at a point on the East line of Government Lot 6, said Section 7, at a point that is 174.80 feet South of the Northeast corner of said Lot 6; thence South along the East line of said Government Lot 6, and Government Lots 7 and 12 to the Southeast corner of said Government Lot 12; thence West along the South line of said Government Lot 12 to a point that is 450.4 feet East of the Southwest corner thereof, said point being the Southeast corner of a tract conveyed to Anderson by Contract recorded February 26, 1963 in Deed Book 343 at page 340; thence North along said Anderson tract a distance of 660 feet; thence West along said Anderson tract a distance of 660 feet to the East line of a tract conveyed to Anderson by Contract recorded February 26, 1963 in Deed Book 343, page 338; thence North along the East line of said Anderson tract a distance of 452.1 feet to the Northeast corner thereof; thence West along the North line of said Anderson tract a distance of 449.10 feet to the Southeast corner of a tract conveyed to Harold Sefton by deed recorded March 5, 1963 at Book 343 at page 449; thence North along the East line of said Sefton tract, a distance of 138 feet to the Northeast corner thereof; thence West along the North line of said Sefton tract and the North line of a tract conveyed to Edity Padgett by Deed recorded March 4, 1963 in Book 343 at page 447, a distance of 631.30 feet to the Northwest corner of said Padgett tract; thence South along the West line of said Padgett tract a distance of 138 feet to the Southwest corner thereof; thence West 30 feet to the West line of Government Lot 8 of said Section 7; thence North along the West line of Government Lot 8 and 5 of said Section 7, to a point that is South 174.8 feet from the Northwest corner of said Government Lot 5; thence East parallel to the North line of said Government Lot 5 and 6 to the point of beginning.

EXCEPTING THEREFROM a tract of land situated in Government Lot 5 in Section 7, Township 35 South, Range 7 East of the Willamette Meridian: Beginning at the 1/4 corner common to Section 6 and 7, Township 35 South, Range 7 East of the Willamette Meridian; thence south along the West line of Lots 2 and 5, 834.8 feet to the point of beginning; thence East parallel with the North line of Section 7, 864.8 feet; thence South 208.7 feet; thence West parallel with the North line of Section 7, 864.8 feet to the West line of Lot 5; thence North 208.7 feet to the point of beginning.

ALSO EXCEPTING the South 451.3 feet of Government Lot 6 and the North 208.6 feet of Government Lot 7.



Map Tax Lot R-3507-007A0-00800-000

**South 451.3 feet of Government Lot 6, and the North 208.6 feet of Government Lot 7, Section 7, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon.**

**TOGETHER with an easement for ingress and egress for the use of the 60 feet roadway now existing over and across Lots 5 & 6 of said Section 7, Township 35 South, Range 7 East, Willamette Meridian.**

Exhibit "C"

(Easement Strip)

LEGAL DESCRIPTION  
OF  
ACCESS EASEMENT  
FOR  
William Ray Jr.

A strip of land situated in Government Lot 9, Section 7,  
T 35 S R 7 E, W.M., Klamath County, Oregon, said strip being 60  
feet in width and being 30 feet in width on each side of the  
following described centerline:

*D.H.* COMMENCING ~~at the~~ at the 1" iron pipe with brass cap set in 1940  
by the U.S. General Land Office and marking the Northeast Corner  
of said Government Lot 9; thence S 00°19'28" W on the East Line  
of said Government Lot 9, 412.15 feet to the TRUE POINT OF  
BEGINNING of this description and the beginning of said center-  
line: thence S 88°46'13" W on said centerline, 559.85 feet to  
a point on the East Line of State Highway 62.

