

2006-020877
Klamath County, Oregon



10/17/2006 03:58:12 PM

Fee: \$31.00

After Recording Return to:

Gallica One/KF-38, LLC
3214 NE 42nd St.
Vancouver, WA 98663

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MTIC 10200 KR

MEMORANDUM OF OPTION AGREEMENT

EFFECTIVE DATE: 17th day of October, 2006

OWNER: Kerry S. Gilbert and Ted K. Gilbert
1822 SW Madison St.
Portland, Oregon 97205

OPTIONEE: Gallica One/KF-38, LLC
3214 NE 42nd St.
Vancouver, WA 98663

PROPERTY: See Exhibit A which is attached hereto and
incorporated by reference.

Owner has granted Optionee an Option to purchase the Property. The terms of the Option are contained in an Option Agreement and Agreement of Purchase and sale of even date. The Option expires one (1) year from the date hereof if not exercised by that date. If exercised, the purchase must occur no later than 90 days after the exercise date. If no closing has occurred on a sale to Optionee on or before January 31, 2008, it shall be conclusively presumed the Option was not exercised and this Memorandum will be of no further force or effect.

Optionee may not assign its rights under the Option without the prior consent of Owner, which consent will not be unreasonably withheld, conditioned or delayed. This requirement does not apply to assignments to an entity owned and controlled by Optionee.

This Memorandum is recorded to give notice of such Option.

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L:\Docs\Clients\Gilbert, Kerry\Valley Vista (Klamath Falls-Huyette Deal)\Option-memorandum.phases 1&2.doc

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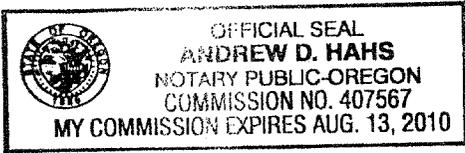
OWNER:

Kerry S. Gilbert
Kerry S. Gilbert

Ted K. Gilbert
Ted K. Gilbert

STATE OF OREGON)
) ss.
COUNTY OF Multnomah)

Personally appeared before me on the 12 day of October, 2006, the above-named Kerry S. Gilbert and Ted K. Gilbert and acknowledged that they executed the foregoing as their voluntary act and deed.



Andrew D. Haas
NOTARY PUBLIC for Oregon,
My Commission expires: 8/13/2010

**EXHIBIT A
LEGAL DESCRIPTION**

Description of Phase 1 and Phase 2 of Tract 1453 – Valley Vista

A parcel of land situated in the southwest one-quarter of the northwest one-quarter of Section 17, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being that portion of said Section 17 lying west of the following described line:

Beginning at a point on the north line of the southwest one-quarter of the northwest one-quarter of Section 17 from which the northwest corner of said southwest one-quarter of the northwest one-quarter bears North 89°21'01" West 620.14 feet; thence South 41°07'15" East 165.80 feet; thence South 09°33'30" West 125.48 feet; thence 68.64 feet along the arc of a 71.50 feet radius curve to the right having a delta angle of 55°00'04" the long chord of which bears North 76°22'47" East 66.03 feet; thence South 41°07'15" West 51.00 feet; thence 23.02 feet on the arc of a 122.50 feet radius curve to the right having a delta angle of 10°45'58"; the long chord of which bears South 54°15'44" West 22.98 feet; thence 23.95 feet on the arc of a 17.50 feet radius curve to the left having a delta angle of 78°25'26" the long chord of which bears South 20°26'00" West 22.13 feet; thence South 18°46'43" East 11.23 feet; thence South 71°13'17" West 51.00 feet; thence North 18°46'43" West 20.92 feet; thence 20.03 feet on the arc of a 17.50 feet radius curve to the left having a delta angle of 65°34'04" the long chord of which bears North 51°33'45" West 18.95 feet; thence 10.00 feet on the arc of a 122.50 feet radius curve to the right having a delta angle of 4°40'43" the long chord of which bears North 82°00'26" West 10.00 feet; thence South 53°16'17" West 127.07 feet; thence South 53°16'17" East 127.07 feet; thence 320.25 feet on the arc of a 432.50 feet radius curve to the right having a delta angle of 42°25'33" the long chord of which bears South 19°54'29" East 312.99 feet; thence South 01°18'18" West 505.81 feet; thence South 89°31'24" East 28.11 feet; thence South 00°28'36" West 110.82 feet; thence 38.72 feet on the arc of a 45.00 feet radius curve to the left having a delta angle of 49°17'49" the long chord of which bears South 24°10'19" East 37.53 feet; thence South 48°49'14" East 21.57 feet to the south line of the southwest one-quarter of the northwest one-quarter of said Section 17; containing 24.8 acres, more or less.

2621-01