



Oregon Water Resources Department
 725 Summer Street NE, Suite A
 Salem Oregon 97301-1266
 (503) 986-0900
 www.wrd.state.or.us

Application for Water Right Transfer

D-2006-005

Please type or print legibly in dark ink. If your application is incomplete or inaccurate, we will return it to you. If any requested information does not apply to your application, insert "N/A" to indicate "Not Applicable." As you complete this form, please refer to notes and guidance included on the application. A summary of review criteria and procedures that are generally applicable to these applications is available at www.wrd.state.or.us/OWRD/PUBS/forms.shtml.

1. TYPE OF TRANSFER APPLICATION

Please check one	
<input type="checkbox"/> Permanent Transfer <input type="checkbox"/> Temporary Transfer • total number of years: _____ (begin year: _____) (end year: _____)	<input checked="" type="checkbox"/> Instream Transfer <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Time-Limited <input type="checkbox"/> Drought Transfer <input type="checkbox"/> Other

2. APPLICANT INFORMATION

Name: CENTRAL OREGON IRRIGATION DISTRICT
First Last

Address: 1055 S.W. LAKE COURT

REDMOND OR 97756
City State Zip

Phone: (541) 548-6047

Fax: (541) 548-0243 E-Mail address: transfers@coid.org

3. AGENT INFORMATION

(The agent listed is authorized to represent the applicant in all matters relating to this transfer application.)

Name: _____
First Last

Address: _____

City State Zip

Phone: _____
Home Work Other

Fax: _____ E-Mail address: _____

- If an agent is listed above, please check **one** of the following:
 - Please send all correspondence to Agent. Send *copies* of correspondence to Applicant; *or*
 - Please send all correspondence to Applicant. Send *copies* of correspondence to Agent.

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4. PROPOSED CHANGE(S) TO WATER RIGHT(S)

- List **all** water rights to be affected by this transfer. Indicate the certificate, permit, decree or other identifying number(s) in the table below: *(Attach additional pages as necessary.)*

	Application / Decree	Permit / Previous Transfer	Certificate
1.			76358 – Primary
2.			76714 - Supplemental
3.			
4.			
5.			
6.			

- Check **all** proposed change(s) included in this transfer application:
 - Place of Use Point of Diversion Additional Point of Diversion
 - Character of Use Point of Appropriation Additional Point of Appropriation
 - Instream Transfer Surface Water source to Ground Water source

- Reason(s) for change(s): Transfer 35.25 acres permanently instream for mitigation credits. Modification of this supplemental water right reduces by 35.25 acres the number of acres to which stored water may be applied for supplemental irrigation under the right evidenced by Certificate 76714; however, the maximum quantity of stored water that can be diverted for use under the right remains unchanged.

5. WATER DELIVERY SYSTEM

- Describe the **current** water delivery system **or** the system that **was in place** at some time **within the last 5 years**. Include information on the pumps, canals, pipelines and sprinklers used to divert, convey and apply the water at the authorized place of use. If the transfer involves multiple rights that have independent systems, describe each system separately.

The description must be sufficient to demonstrate that the full quantity of water to be transferred can be conveyed from the authorized source and applied at the authorized location and that the applicant is ready, willing, and able to exercise the right.

This application is for more then one property. See attached Supplemental Form "B" (Affidavit of Beneficial Use" for a description of each delivery.

- System capacity: _____ cubic feet per second (cfs). If the transfer involves multiple rights that have independent systems, describe the capacity for each system separately.

Tax Map # 15-13-08 SW SW 100 system capacity: 0.22 cfs

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Tax Map # 15-13-05 SE SW 900 system capacity: 0.87 cfs

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6. EVIDENCE OF BENEFICIAL WATER USE

- Attach one or more **Evidence of Use Affidavits** (Supplemental Form B) demonstrating that each of the right(s) involved in the transfer have been exercised in the last five years in accordance with the terms and conditions of the right or that a presumption of forfeiture for non-use could be rebutted. The Evidence of Use Affidavit(s) **must include supporting documentation** such as the following:
 - ▶ Copies of receipts from sales of irrigated crops or for expenditures relating to use of water;
 - ▶ Records such as Farm Service Agency crop reports, irrigation district records, an NRCS farm management plan, or records of other water suppliers;
 - ▶ Dated aerial photographs of the lands or other photographs containing sufficient detail to establish location and date of the photograph; *or*
 - ▶ If the right has **not** been used during the past five years, documentation that the presumption of forfeiture would be rebutted under ORS 540.610(2).

7. AFFECTED DISTRICTS AND LOCAL GOVERNMENTS

- Are any of the water rights proposed for transfer located within or served by an irrigation or other water district? Yes No
- Will any of the water rights be located within or served by an irrigation or other water district after the proposed transfer? Yes No
- Is water for any of the rights supplied under a water service agreement or other contract for stored water with a federal agency or other entity? Yes No

If "Yes", for any of the above, list the name and mailing address of the district, agency and/or entity:

Central Oregon Irrigation District 1055 S.W. Lake Court; Redmond, OR 97756

Bureau of Reclamation, Attn: Ruth Page #3110; 1150 N. Curtis Rd Suite 100; Boise, ID 83706-1234

- List the name and mailing address of all affected local governments (e.g., county, city, municipal corporation, and tribal governments within whose jurisdiction the rights are located).

City of Redmond, Planning Dept; PO Box 726 Redmond, OR 97756

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8. LAND OWNERSHIP

- Does the applicant own the lands **FROM** which the right is being transferred? Yes No

If "No", provide the following information. For Temporary Transfers, also include a notarized statement granting consent to the transfer from each of the landowners:

Names of Current Landowner(s): See Attached Water Conveyance Agreements (Quitclaim Deeds) _____

First

Last

Address: _____

City

State

Zip

- Does the applicant own the lands **TO** which the right is being transferred?

Yes

No

N/A - NOT APPLICABLE TO INSTREAM TRANSFERS

If "No", provide the following information:

Names of Receiving Landowner(s): _____

First

Last

Address: _____

City

State

Zip

- Check one of the following:

The receiving landowner will be responsible for completion of the proposed changes after the final order is issued. All notices and correspondence should be sent to this landowner.

The applicant will remain responsible for completion of changes. Notices and correspondence should continue to be sent to the applicant and applicant's agent.

N/A. (Not applicable. Application is for an Instream Water Right Transfer.)

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9. ATTACHMENTS

*Check each of the following attachments included with this application.
The application will be returned if all required attachments are not included.*

Supplemental Form A –

Description of Proposed Change(s) to a Water Right

- X A separate Supplemental Form A is enclosed for each water right to be affected by this transfer.

Supplemental Form B –

Evidence of Use Affidavit(s)

- X At least one Evidence of Use Affidavit documenting that the right has been used during the last five years or that the right is not subject to forfeiture under ORS 540.610 is attached. The affidavit provided must be the original (not a copy), and
- X The Evidence of Use Affidavit must be accompanied by supporting documentation.

Map

- X *Water Right Transfer*
The map must be prepared by a Certified Water Right Examiner and meet the requirements of OAR 690-380-3100 unless a waiver has been granted. The map provided must be the original, not a copy.
- Temporary Transfer or Historical POD Change*
A map meeting the requirements of OAR 690-380-3100 must be included but need not be prepared by a Certified Water Right Examiner.

Water Well Report(s)/Well Log(s):

- The application is for a change in point of appropriation or change from surface water to ground water and copies of all water well reports are attached.
- Water well reports are not available and a description of construction details including well depth, static water level, and information necessary to establish the ground water body developed or proposed to be developed is attached.
- N/A. The application does not involve a change in point of appropriation or a change from surface water to ground water, so water well reports are not required.)

Land Use Information Form:

- X Enclosed; *or*
- Not Required if all of the following are met:
- In EFU zone or irrigation district,
 - Change in place of use only,
 - No structural changes needed, including diversion works, delivery facilities, other structures, *and*
 - Irrigation only.

Fees:

- Amount enclosed: \$ 438⁰⁰
See the Department's Fee Schedule at www.wrd.state.or.us or call (503) 986-0900.

Instream Water Right Transfers, also include:

Supplemental Form C –

Instream Water Right Transfer

- X Complete this form to describe the desired nature and attributes for the proposed instream water right.

Temporary Transfers, also include:

Recorded Deed:

- The applicant must submit a copy of the current deed of record for the land from which the authorized place of use or point of diversion/appropriation is being moved.

Affidavit of Consent:

- If the applicant is NOT the owner of record for the land from which the authorized place of use or point of diversion/appropriation is being moved, a notarized statement from the actual owner of record consenting to the proposed transfer must be submitted.

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Before submitting your application to the Department, be sure you have:

- Answered each question completely.
- Included all the required attachments.
- Provided original signatures for all named deed holders, or other parties, with an interest in the water right.
- Included a check payable to the Oregon Water Resources Department for the appropriate amount.

10. SIGNATURES

- Check one of the following, as appropriate, and sign the application in the signature box below:

X ALL INFORMATION IS PROVIDED BASED ON THE DATE OF THE SIGNED WATER CONVEYANCE AGREEMENT (QUITCLAIM DEED) AND IS ATTACHED WITH THIS APPLICATION AS PER DISCUSSIONS WITH OWRD.

In accordance with OAR 690-380-3000(13)(a), I (we) understand that prior to Department approval of a permanent transfer and upon my receipt of a draft Preliminary Determination for the proposed transfer, I (we) will be required [pursuant to OAR 690-380-4010(5)] to provide the following landownership information and evidence demonstrating that I (we) are authorized to pursue the transfer:

- (a) A report of ownership and lien information that has been prepared by a title company *within the last three months*;
- (b) A copy of written notification of the proposed transfer provided by the applicant to all lien holders on the subject lands unless the report of ownership and lien information shows that a water right conveyance agreement has been recorded for the subject lands. *If a water right conveyance agreement has been recorded for the subject lands, a copy of the agreement and identification of the owner of the lands at the time the agreement was recorded must be submitted, and*
- (c) If the landowner identified in the report of ownership and lien information is not the applicant, a notarized statement consenting to the transfer (*attached*) signed by the landowner identified in the report or an authorized representative of the entity to whom the interest in the water right has been conveyed as identified in a water right conveyance agreement or other documentation demonstrating that the applicant is authorized to pursue the transfer in the absence of the consent of the landowner.

I (we) affirm that the applicant is a municipality, as defined in ORS 540.510(3)(b), and that the right is in the name of the municipality or a predecessor. Therefore, pursuant to OAR 690-380-3000(13)(b), the applicant is NOT required to provide the above described report of ownership and lien information.

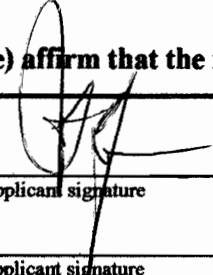
I (we) affirm that the applicant is an entity with the authority to condemn property and is acquiring the property to which the water right proposed for transfer is appurtenant by condemnation. Documentation is provided with this application supporting this statement. Therefore, pursuant to OAR 690-380-3000(13)(c), the applicant is NOT required to provide the above described report of ownership and lien information. (*NOTE: Such an entity may only apply for a transfer under this subsection if it has filed a condemnation action to acquire the property.*)

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▪ I (we) affirm that the information contained in this application is true and accurate.

 _____ applicant signature	STEVEN C. JOHNSON _____ name (print)	15 Dec. 2006 _____ date
_____ applicant signature	_____ name (print)	_____ date

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Water Right Transfer Supplemental Form A
DESCRIPTION OF PROPOSED CHANGE(S) TO A WATER RIGHT

List only one water right per page. A separate Supplemental Form A must be completed for each certificate, permit, decree, or other right involved in the proposed transfer.

Attach additional copies of Supplemental Form A as needed to describe other certificates, permits, decrees or other rights involved in this transfer.

▪ Certificate Number or other identifying number: 76358

1. TYPE OF CHANGE(S) PROPOSED

(Check *all* that apply.)

Point of Diversion or Appropriation	Place of Use	Character of Use
<p><input checked="" type="checkbox"/> Change (The old point of diversion or appropriation will not be used for the portion of the water right affected by the transfer.)</p> <p><input type="checkbox"/> Additional (Both the old <u>and</u> new points of diversion or appropriation will be used for the portion of the water right affected by the transfer.)</p> <p><input type="checkbox"/> Historic Point of Diversion or Appropriation Change (Unauthorized point of diversion or appropriation used for more than 10 years.)</p> <p><input type="checkbox"/> Surface Water to Ground Water (A new point of appropriation will be used instead of the old point of diversion. The old point of diversion will not be used.)</p> <p><input type="checkbox"/> Point of Diversion Change due to Government Action (The old point of diversion or appropriation can no longer be used due to government action.)</p> <p><input type="checkbox"/> Exchange (Water from another source will be used in exchange for supplying an equal amount of replacement water to that source.)</p>	<p><input type="checkbox"/> All of the right will be exercised at a different location than currently authorized (Use of water at the current location will be discontinued.)</p> <p><input checked="" type="checkbox"/> Only a portion of the right will be exercised at a different location than currently authorized (Use of water at the current location will be discontinued.)</p>	<p>Proposed new use:</p> <p><input type="checkbox"/> Irrigation</p> <p><input type="checkbox"/> Municipal</p> <p><input type="checkbox"/> Quasi-municipal</p> <p><input type="checkbox"/> Commercial</p> <p><input type="checkbox"/> Industrial</p> <p><input checked="" type="checkbox"/> Instream (complete and attach <i>Supplemental Form C</i>)</p> <p><input type="checkbox"/> Domestic (indicate number of households) _____</p> <p><input type="checkbox"/> Other _____</p> <p><input type="checkbox"/> Substitution (A supplemental ground water right will be substituted for a primary surface water right.)</p> <p><input type="checkbox"/> Supplemental Use to Primary Use (Primary water right shall be cancelled and the supplemental water right will change to primary use.)</p> <p align="center">RECEIVED</p> <p align="center">DEC 26 2006</p> <p align="center">WATER RESOURCES DEPT SALEM, OREGON</p>

2. CURRENT WATER RIGHT INFORMATION

Water Right Subject to Transfer (*check and complete one of the following*):

<input checked="" type="checkbox"/>	Certificated Right	76358	
		Certificate Number	Permit Number or Decree Name
<input type="checkbox"/>	Adjudicated, Non-certificated Right		
		Name of Decree	Page Number
<input type="checkbox"/>	Permit for which Proof has been Approved		
		Permit Number	Date Claim of Beneficial Use Submitted
<input type="checkbox"/>	Transferred Right for which Proof has been Filed		
		Previous Transfer Number	Date Claim of Beneficial Use Submitted

- Name on Permit, Certificate, or Decree: CENTRAL OREGON IRRIGATION DISTRICT
- County: DESCHUTES
- Authorized Use(s) to be Affected by Transfer: IRRIGATION
- Priority Date(s): October 31, 1900 & December 2, 1907

If there are multiple Priority Dates identified on the water right, any information provided on pages 3 through 6 of this form must identify which priority date is associated with each of the authorized and proposed points of diversion or appropriation and places of use.

- Source(s) of Water to be Affected by Transfer: The Deschutes River

Tributary to: The Columbia River

If there are multiple Sources listed on the water right, any information provided on pages 3 through 6 of this form must identify which source is associated with each of the authorized and proposed points of diversion or appropriation and places of use.

For applications proposing a Change in Place of Use or Character of Use:

- Are there **Other Water Rights**, Permits or Ground Water Registrations associated with this land?

Yes No N/A – No Change in Place of Use or Character of Use

If "Yes", what are the Permit, Registration or Certificate Numbers? 76714 - Supplemental - Modification of this supplemental water right reduces by 35.25 acres the number of acres to which stored water may be applied for supplemental irrigation under the right evidenced by Certificate 76714; however, the maximum quantity of stored water that can be diverted for use under the right remains unchanged.

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Pursuant to ORS 540.510, any "layered" water use or a right that is supplemental to a primary right proposed for transfer must be included in the transfer or be cancelled, except as provided in OAR 690-380-2240(5).

▪ Certificate Number or other identifying number: 76358

The following information must be provided only for those points of diversion or appropriation that are involved in the transfer (i.e., list only the portion of the water right you propose to transfer.) Attach additional pages as necessary.

Government lot and donation land claim numbers must be included in the tables below only if the information is reflected on the existing water right.

Location of Existing Authorized Point(s) of Diversion or Appropriation to be Changed:

(i.e., the allowed point(s) of diversion or appropriation listed on the water right that will be affected by the proposed transfer, the "FROM" point(s) of diversion or appropriation)

If Ground Water, OWRD Well Log ID No. (or Well ID Tag No. L-)	Source and Priority Date	Township	Range	Mer	Sec	¼ ¼	Tax Lot, DLC or Gov't Lot	Survey Coordinates (coordinates from a recognized survey corner)
	Deschutes River 10/31/1900	17 S	12 E	W M	29	SE NE		850' North and 630' West from the E ¼ Corner of Section 29

- Does the water right being transferred involve a ground water source(s)?
 Yes No (Surface water source only.)

If "Yes", for each authorized point of appropriation (well) involved, you must either:

A. Supply a copy of the well log(s) for each point of appropriation that is clearly labeled and associated with the corresponding well in the table above and on the accompanying application map. (NOTE: You may search for well logs on the Department's web page at: <http://www.wrd.state.or.us>)

or

B. If a well log is not available, you must describe the construction of the authorized point of appropriation by completing the table below. Attach additional copies as necessary.

Construction of Existing Authorized Point(s) of Appropriation – (Only needed if no well log is available.)

Wells in this listing must be clearly tied to corresponding well location(s) described in the table above and shown on the accompanying application map.

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OWRD Well No. as identified in table above	Diameter	Type and size of casing	No. of feet of casing	Intervals casing is perforated (in feet)	Seal depth	Est. depth to water	Est. depth to water bearing stratum	Type of access port or measuring device	Total well depth

▪ Certificate Number or other identifying number: _____

The following information must be provided only for those places of use that are involved in the transfer (i.e., list only the portion of the water right you propose to transfer.) Attach additional pages as necessary.

Government lot and donation land claim numbers must be included in the tables below only if the information is reflected on the existing water right.

Location of Existing Authorized Place of Use to be Affected:

(i.e., the allowed lands listed on the water right that will be affected by the proposed transfer, the "FROM" lands)

Source and Priority Date	Township	Range	Mer	Sec	¼ ¼ Section	Tax Lot, DLC or Gov't Lot	Acres (if applicable)
Deschutes River 10/31/1900	15 S	13 E	W M	05	SE SW	900	28.25
Deschutes River 10/31/1900	15 S	13 E	W M	08	SW SW	100	7.0

▪ Certificate Number or other identifying number: 76358 _____

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3. PROPOSED CHANGES TO THE WATER RIGHT

Describe proposed changes to the water right involving point(s) of diversion and/or appropriation. Survey coordinates described below should accurately correspond to the points shown on the accompanying application map. Attach additional pages as necessary.

Location of Proposed Point(s) of Diversion or Appropriation:

(i.e., the "TO" point(s) of diversion or appropriation)

X N/A – Instream Water Right Transfer

(NOTE: Complete this table only if a Change in Point of Diversion or Appropriation is being proposed.)

Source	Township	Range	Mer	Sec	¼ ¼ Section	Tax Lot, DLC or Gov't Lot	Survey Coordinates (coordinates from a recognized survey corner)

- If there are proposed point(s) of appropriation (wells) listed in the table above, are the well(s) already constructed? Yes No N/A - *No proposed well(s) listed above.*

If "Yes", attach and clearly label the corresponding well log(s) for each proposed well, or if well log(s) are not available, describe the construction of the well(s) using the table below. (NOTE: You may search for well logs on the Department's web page at: <http://www.wrd.state.or.us>)

If "No", describe the anticipated construction for the proposed well(s) in the following table:

Construction of Proposed Point(s) of Appropriation or Well(s)

Well numbers in this listing must be clearly tied to corresponding well location(s) described in the table above and shown on the accompanying application map.

Well already built? (Yes/No)	If an existing well, OWRD Well Log ID No. (or Well ID Tag No. L-)	Diameter	Type and size of casing	No. of feet of casing	Intervals casing is perforated (in feet)	Seal depth	Est. depth to water	Est. depth to water bearing stratum	Type of access port or measuring device	Total well depth

- Certificate Number or other identifying number: _____

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Describe proposed changes to the water right involving place of use. Information described below should accurately correspond to the proposed place of use shown on the accompanying application map. Attach additional pages as necessary.

Location of Proposed Place of Use: (i.e., the "TO" lands) X N/A – Instream Water Right Transfer
 (NOTE: Complete this table only if a Change in Place of Use is being proposed.)

Source	Township	Range	Mer	Sec	1/4 1/4 Section	Tax Lot, DLC or Gov't Lot	Acres (if applicable)

Remarks: _____

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Supplemental Form A

Description of Proposed Change(s) to a Water Right

Water Right Transfer Supplemental Form A

DESCRIPTION OF PROPOSED CHANGE(S) TO A WATER RIGHT

List only one water right per page. A separate Supplemental Form A must be completed for each certificate, permit, decree, or other right involved in the proposed transfer.

Attach additional copies of Supplemental Form A as needed to describe other certificates, permits, decrees or other rights involved in this transfer.

▪ Certificate Number or other identifying number: 76714

1. TYPE OF CHANGE(S) PROPOSED

(Check *all* that apply.)

Point of Diversion or Appropriation	Place of Use	Character of Use
<p><input checked="" type="checkbox"/> Change (The old point of diversion or appropriation will <u>not</u> be used for the portion of the water right affected by the transfer.)</p> <p><input type="checkbox"/> Additional (Both the old <u>and</u> new points of diversion or appropriation will be used for the portion of the water right affected by the transfer.)</p> <p><input type="checkbox"/> Historic Point of Diversion or Appropriation Change (Unauthorized point of diversion or appropriation used for more than 10 years.)</p> <p><input type="checkbox"/> Surface Water to Ground Water (A new point of appropriation will be used <u>instead</u> of the old point of diversion. The old point of diversion will <u>not</u> be used.)</p> <p><input type="checkbox"/> Point of Diversion Change due to Government Action (The old point of diversion or appropriation can no longer be used due to government action.)</p> <p><input type="checkbox"/> Exchange (Water from another source will be used in exchange for supplying an equal amount of replacement water to that source.)</p>	<p><input type="checkbox"/> All of the right will be exercised at a different location than currently authorized (Use of water at the current location will be discontinued.)</p> <p><input checked="" type="checkbox"/> Only a <u>portion</u> of the right will be exercised at a different location than currently authorized (Use of water at the current location will be discontinued.)</p>	<p style="text-align: center;">Proposed new use:</p> <p><input type="checkbox"/> Irrigation</p> <p><input type="checkbox"/> Municipal</p> <p><input type="checkbox"/> Quasi-municipal</p> <p><input type="checkbox"/> Commercial</p> <p><input type="checkbox"/> Industrial</p> <p><input type="checkbox"/> Instream (complete and attach <i>Supplemental Form C</i>)</p> <p><input type="checkbox"/> Domestic (indicate number of households) _____</p> <p><input checked="" type="checkbox"/> Other Cancelled a <u>portion</u> of the right</p> <p><input type="checkbox"/> Substitution (A supplemental ground water right will be substituted for a primary surface water right.)</p> <p><input type="checkbox"/> Supplemental Use to Primary Use (Primary water right shall be cancelled and the supplemental water right will change to primary use.)</p>

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2. CURRENT WATER RIGHT INFORMATION

Water Right Subject to Transfer (*check and complete one of the following*):

<input checked="" type="checkbox"/> Certificated Right	76714	
	Certificate Number	Permit Number or Decree Name
<input type="checkbox"/> Adjudicated, Non-certificated Right		
	Name of Decree	Page Number
<input type="checkbox"/> Permit for which Proof has been Approved		
	Permit Number	Date Claim of Beneficial Use Submitted
<input type="checkbox"/> Transferred Right for which Proof has been Filed		
	Previous Transfer Number	Date Claim of Beneficial Use Submitted

- Name on Permit, Certificate, or Decree: CENTRAL OREGON IRRIGATION DISTRICT
- County: DESCHUTES
- Authorized Use(s) to be Affected by Transfer: SUPPLEMENTAL IRRIGATION
- Priority Date(s): FEBRUARY 28, 1913

If there are multiple Priority Dates identified on the water right, any information provided on pages 3 through 6 of this form must identify which priority date is associated with each of the authorized and proposed points of diversion or appropriation and places of use.

- Source(s) of Water to be Affected by Transfer: CRANE PRAIRIE RESERVOIR

Tributary to: DESCHUTES RIVER

If there are multiple Sources listed on the water right, any information provided on pages 3 through 6 of this form must identify which source is associated with each of the authorized and proposed points of diversion or appropriation and places of use.

For applications proposing a Change in Place of Use or Character of Use:

- Are there **Other Water Rights**, Permits or Ground Water Registrations associated with this land?

xYes No N/A – No Change in Place of Use or Character of Use

If "Yes", what are the Permit, Registration or Certificate Numbers? 76358 – PRIMARY

Modification of this water right reduces by 35.25 acres the number of acres to which stored water may be applied for supplemental irrigation under the right evidenced by

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Certificate 76714; however, the maximum quantity of stored water that can be diverted for use under the right remains unchanged.

Pursuant to ORS 540.510, any "layered" water use or a right that is supplemental to a primary right proposed for transfer must be included in the transfer or be cancelled, except as provided in OAR 690-380-2240(5).

▪ Certificate Number or other identifying number: 76714

The following information must be provided only for those points of diversion or appropriation that are involved in the transfer (i.e., list only the portion of the water right you propose to transfer.) Attach additional pages as necessary.

Government lot and donation land claim numbers must be included in the tables below only if the information is reflected on the existing water right.

Location of Existing Authorized Point(s) of Diversion or Appropriation to be Changed:

(i.e., the allowed point(s) of diversion or appropriation listed on the water right that will be affected by the proposed transfer, the "FROM" point(s) of diversion or appropriation)

If Ground Water, OWRD Well Log ID No. (or Well ID Tag No. L-)	Source and Priority Date	Township	Range	Mer	Sec	¼ ¼	Tax Lot, DLC or Gov't Lot	Survey Coordinates (coordinates from a recognized survey corner)
	Deschutes River 2/28/1913	17 S	12 E	W M	29	SE NE		850' North and 630' East from the N ¼ Corner, Section 29

- Does the water right being transferred involve a ground water source(s)?

Yes No (Surface water source only.)

If "Yes", for each authorized point of appropriation (well) involved, you must either:

A. *Supply a copy of the well log(s) for each point of appropriation that is clearly labeled and associated with the corresponding well in the table above and on the accompanying application map. (NOTE: You may search for well logs on the Department's web page at: <http://www.wrd.state.or.us>)*

or

B. *If a well log is not available, you must describe the construction of the authorized point of appropriation by completing the table below. Attach additional copies as necessary.*

Construction of Existing Authorized Point(s) of Appropriation – (Only needed if no well log is available.)

Wells in this listing must be clearly tied to corresponding well location(s) described in the table above and shown on the accompanying application map.

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OWRD Well No. as identified in table above	Diameter	Type and size of casing	No. of feet of casing	Intervals casing is perforated (in feet)	Seal depth	Est. depth to water	Est. depth to water bearing stratum	Type of access port or measuring device	Total well depth

▪ Certificate Number or other identifying number: _____

The following information must be provided only for those places of use that are involved in the transfer (i.e., list only the portion of the water right you propose to transfer.) Attach additional pages as necessary.

Government lot and donation land claim numbers must be included in the tables below only if the information is reflected on the existing water right.

Location of Existing Authorized Place of Use to be Affected:

(i.e., the allowed lands listed on the water right that will be affected by the proposed transfer, the "FROM" lands)

Source and Priority Date	Township	Range	Mer	Sec	¼ ¼ Section	Tax Lot, DLC or Gov't Lot	Acres (if applicable)
Crane Prairie Reservoir 2/28/1913	15 S	13 E	W M	05	SE SW	900	28.25
Crane Prairie Reservoir 2/28/1913	15 S	13 E	W M	08	SW SW	100	7.0

▪ Certificate Number or other identifying number: 76714 _____

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Supplemental Form A

WATER RESOURCES DEPT
SALEM, OREGON

Description of Proposed Change(s) to a Water Right

3. PROPOSED CHANGES TO THE WATER RIGHT

Describe proposed changes to the water right involving point(s) of diversion and/or appropriation. Survey coordinates described below should accurately correspond to the points shown on the accompanying application map. Attach additional pages as necessary.

Location of Proposed Point(s) of Diversion or Appropriation:

(i.e., the "TO" point(s) of diversion or appropriation)

N/A – Instream Water Right Transfer

(NOTE: Complete this table only if a Change in Point of Diversion or Appropriation is being proposed.)

Source	Township	Range	Mer	Sec	¼ ¼ Section	Tax Lot, DLC or Gov't Lot	Survey Coordinates (coordinates from a recognized survey corner)

- If there are proposed point(s) of appropriation (wells) listed in the table above, are the well(s) already constructed? Yes No N/A - No proposed well(s) listed above.

If "Yes", attach and clearly label the corresponding well log(s) for each proposed well, or if well log(s) are not available, describe the construction of the well(s) using the table below. (NOTE: You may search for well logs on the Department's web page at: <http://www.wrd.state.or.us>)

If "No", describe the anticipated construction for the proposed well(s) in the following table:

Construction of Proposed Point(s) of Appropriation or Well(s)

Well numbers in this listing must be clearly tied to corresponding well location(s) described in the table above and shown on the accompanying application map.

Well already built? (Yes/No)	If an existing well, OWRD Well Log ID No. (or Well ID Tag No. L-)	Diameter	Type and size of casing	No. of feet of casing	Intervals casing is perforated (in feet)	Seal depth	Est. depth to water	Est. depth to water bearing stratum	Type of access port or measuring device	Total well depth

▪ Certificate Number or other identifying number: _____

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Describe proposed changes to the water right involving place of use. Information described below should accurately correspond to the proposed place of use shown on the accompanying application map. Attach additional pages as necessary.

Location of Proposed Place of Use: (i.e., the "TO" lands) N/A – Instream Water Right Transfer

(NOTE: Complete this table only if a Change in Place of Use is being proposed.)

Source	Township	Range	Mer	Sec	¼ ¼ Section	Tax Lot, DLC or Gov't Lot	Acres (if applicable)

Remarks: Modification of this water right reduces by 35.25 acres the number of acres to which stored water may be applied for supplemental irrigation under the right evidenced by Certificate 76714; however, the maximum quantity of stored water that can be diverted for use under the right remains unchanged

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WATER RESOURCES DEPT
SALEM, OREGON

Supplemental Form A

Description of Proposed Change(s) to a Water Right

**Water Right Transfer Supplemental Form B
AFFIDAVIT ATTESTING TO THE USE OF WATER**

State of Oregon)
) ss
County of Deschutes)

I, Cary D. Penhollow, in my capacity as District Watermaster,
mailing address 1055 S.W. Lake Court, Redmond, OR 97756
telephone number (541) 548-6047, being first duly sworn depose and say:

1. I attest that:

- Water was used during the previous five years on the entire authorized place of use of the water right proposed for transfer as described on the accompanying transfer application; **or**
- The water right was leased instream at some time within the last five years. The instream lease number is as follows: _____; **or**
- The water right is not subject to forfeiture and documentation that a presumption of forfeiture for non-use would be rebutted under ORS 540.610(2) is attached.

2. My knowledge of the exercise or status of the water right is based on (check one):

- Personal observation
- Professional expertise

3. My knowledge is specific to the use of water at the following locations:

Township		Range		Mer	Sec	¼ ¼ Section		Gov't Lot or DLC	Acres (if applicable)
15	S	13	E	WM	05	SE	SW	TL 900	28.25

(continues on reverse side)

Please print legibly or type. Be as specific as possible. Additional pages if you need more space. Supporting documentation must be attached.

4. The water right was exercised for the authorized purpose described below (e.g., crops grown):

Irrigation of Pasture Grass and yard. Grazed livestock

5. The water delivery system used to apply water as authorized by the right is described below:

Delivered from C-19-1 & C-9-4. Flood irrigation with tarps and headgates

6. One or more of the following documentation supporting the above statements is attached:

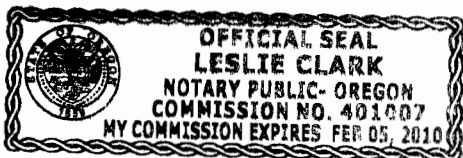
- Copy of a water right certificate that was issued within the last five years (not a remaining right certificate),
- Copies of receipts from sales of irrigated crops or for expenditures relating to the use of water,
- Records such as Farm Service Agency crop reports, irrigation district records, an NRCS farm management plan, or records of other water suppliers,
- Dated aerial photographs of the lands or other photographs containing sufficient detail to establish the location and date of the photograph,
- Dedicated power usage records or receipts,
- Instream lease number _____,
- Other: _____

Cary D. Penhallow
Signature of Affiant

12/4/06
Date

Signed and sworn to (or affirmed) before me this 4th day of Decembr, 2006.

Leslie Clark
Notary Public for Oregon



Please print legibly or type. Be as specific as possible. Attach additional pages if you need more space. Supporting documentation must be attached.

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**CENTRAL OR IRRIGATION DISTRICT
BENEFICIAL USE SITE REPORT
REPORT YEAR 2003, 2004, 2005 & 2006**

Property Owner: Deschutes Land & Cattle Co LLC (quitclaimed to COID)

Property Tax Map: 15-13-05 SE SW 900

Address: 1825 Northwest Way; Redmond

Number of Acres reported dry: _____

Interviewed Patron (who and date) _____

Evidence of Use provided by Patron _____

X Discussed with Patrolman: May 2006

X Visual review of Property: 2003, 2004, 2005 & 2006 Irrigation Season by Patrolman
2006 review by District Water Right Specialist

X Actual number of acres dry: 13.0 acres Dry in 2005; 27.10 acres Dry in 2006

X Actual numbers of acres in use: 27.10 acres fully used in 2003 & 2004; 15.25 acres used in 2005.
Transferred water (T-9721) 1.15 acres was fully used late season of 2005 and spring of 2006 - claim
of beneficial use was filed with OWRD on 6/14/2006

Neighbor(s) interviewed (who and date) _____

Discussed options with Patron: Use _____ Lease Instream _____ Transfer _____

What measures are now needed?

Talk with water right user _____

Follow up in _____ weeks/days

Re-visit site on _____

Inspected by: Patrolman Dean Howey
Water Right Specialist Jed Barrett

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WATER RESOURCES DEPT
SALEM, OREGON

**Water Right Transfer Supplemental Form B
AFFIDAVIT ATTESTING TO THE USE OF WATER**

State of Oregon)
) ss
County of Deschutes)

I, Cary D. Penhollow, in my capacity as District Watermaster,
mailing address 1055 S.W. Lake Court, Redmond, OR 97756
telephone number (541) 548-6047, being first duly sworn depose and say:

1. I attest that:

- Water was used during the previous five years on the entire authorized place of use of the water right proposed for transfer as described on the accompanying transfer application; **or**
- The water right was leased instream at some time within the last five years. The instream lease number is as follows: L-298; **or**
- The water right is not subject to forfeiture and documentation that a presumption of forfeiture for non-use would be rebutted under ORS 540.610(2) is attached.

2. My knowledge of the exercise or status of the water right is based on (check one):

- Personal observation
- Professional expertise

3. My knowledge is specific to the use of water at the following locations:

Township		Range		Mer	Sec	¼ ¼ Section		Gov't Lot or DLC	Acres (if applicable)
15	S	13	E	WM	08	SW	SW	TL 100	7.0

(continues on reverse side)

Please print legibly or type. Be as specific as possible. Attach additional pages if you need more space. Supporting documentation must be attached.

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4. The water right was exercised for the authorized purpose described below (e.g., crops grown):

Irrigation of Pasture Grass

5. The water delivery system used to apply water as authorized by the right is described below:

Delivered from C-5-8. Small pump was used (unreadable HP) to sprinkler with poly pipe for mainline. Also some flood irrigation with tarps.

6. One or more of the following documentation supporting the above statements is attached:

- Copy of a water right certificate that was issued within the last five years (not a remaining right certificate),
- Copies of receipts from sales of irrigated crops or for expenditures relating to the use of water,
- Records such as Farm Service Agency crop reports, irrigation district records, an NRCS farm management plan, or records of other water suppliers,
- Dated aerial photographs of the lands or other photographs containing sufficient detail to establish the location and date of the photograph,
- Dedicated power usage records or receipts,
- Instream lease number L-298,
- Other: _____

Cam D. Penhallow
Signature of Affiant

12/04/06
Date

Signed and sworn to (or affirmed) before me this 4th day of December, 2006.

Leslie Clark
Notary Public for Oregon



My Commission Expires: _____

Please print legibly or type. Be as specific as possible. Attach additional pages if you need more space. Supporting documentation must be attached.

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Supplemental Form B

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Affidavit Attesting to the Use of Water

WATER RESOURCES DEPT
SALEM, OREGON

**BEFORE THE WATER RESOURCES DEPARTMENT
OF THE
STATE OF OREGON**

In the Matter of the Proposed Short-Term) DETERMINATION and
Lease of Existing Water Rights for Instream) FINAL ORDER ON
Use, Certificate 76358, Deschutes County,) PROPOSED INSTREAM
Oregon) LEASE

Short-term lease agreement number 298, which proposed to lease a portion of certificate 76358 for instream purposes was submitted to the Department by:

Lessor
Central Oregon Irrigation District
2598 North Highway 97
Redmond, OR 97756

Water shall be protected under this lease at two points of diversion. At the North Canal Point of Diversion, located in the SE 1/4 NE 1/4, Section 29, Township 17 South, Range 17 East, W.M.; 850 feet north and 630 feet west from the E 1/4 corner of Section 29, a maximum volume of 950.5 Acre-Feet (AF) of water at the following rates shall be protected during the specified periods:

April to May 1 & October 1 to November 1: 1.18 Cubic Feet per Second (CFS)
May 1 to May 15 & September 15 to October 1: 1.57 CFS
May 15 to September 15: 2.89 CFS

At the Central Oregon Canal point of diversion, located in the SW 1/4 NE 1/4, Section 13, Township 18 South, Range 11 East, W.M.; 1520 feet south and 1535 feet west from the NE corner of Section 13, a maximum volume of 2.79 AF of water at the following rates shall be protected during the specified periods:

April to May 1 & October 1 to November 1: Immeasurable
May 1 to May 15 & September 15 to October 1: Immeasurable
May 15 to September 15: 0.01 CFS

This is a final order in other than contested case. This order is subject to judicial review under ORS 183.484. Any petition for judicial review must be filed within the 60 day time period specified by ORS 183.484(2). Pursuant to ORS 536.075 and OAR 137-004-080 and OAR 690-01-005 you may either petition for judicial review or petition the Director for reconsideration of this order.

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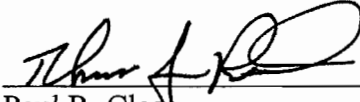
Special Order Vol. 56 Page 575

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SALEM, OREGON

The lease will terminate on October 31, 2002. The Department concludes that the lease is consistent with the requirements of ORS 537.348 and OAR Chapter 690, Division 77. Therefore, it is ORDERED that the Short-Term Lease described herein is APPROVED.

Dated at Salem, Oregon this 26th day of June, 2002.



Paul R. Cleary
Director

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Special Order Vol. 56 Page 576

Lease Agreement Number (assigned by WRD): 298

**STATE OF OREGON
WATER RESOURCES DEPARTMENT**

Pooled Lease Form

**Short-Term Water Right Lease Agreement
Pursuant to ORS 537.348(2) and OAR 690-077-0077
for
Leases of Existing Water Rights for Instream Use**

This Lease Agreement is between:

District:

(Name) Central Oregon Irrigation District- Pilot Butte Canal 171.13 Acres
(Mailing address) 2598 N. Hwy 97
(City, State, Zip Code) Redmond, Or 97756
(Telephone number) 541-548-6047

If more than one district, enter district information below:
N/A

The water right to be leased is located in Deschutes County

Indicate if Lessee is different than Oregon Water Resources Department

Different. If different, enter Lessee information below:

Trustee:

Oregon Water Resources Department
158 12th Street NE
Salem OR 97301
(503)378-8455

~I~

1.1 District and landowner(s) propose to lease the water rights listed below (indicate if any are supplemental):

A portion of Certificate No. 76358

No Supplemental water rights are leased.

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1.2 Subject Water Rights. District and Landowners propose to lease the water rights listed in Attachment 5.

The right(s) to be leased are further described as follows:

A portion of Certificate No.: 76358

Priority date: October 31, 1900 and December 2, 1907 Type of use: Irrigation

Legal Season of Use (if not listed on the certificate): Listed on certificate.

If an irrigation right, total number of acres to be leased: Pilot Butte Canal 171.13 Acres

Total acre feet of storage to be leased, if applicable: N/A (with 0.5 acres being from Central OR Canal)

Rate associated with leased rights (cfs):

Season 1 : 2.14, being 2.13 cfs from Pilot Butte Canal (PBC) + 0.01 cfs from Cent
Season 2 : 2.85, being 2.84 cfs from PBC + 0.01 cfs from COC OK Canal (C
Season 3 : 5.28, being 5.26 cfs from PBC + 0.02 cfs from COC

Duty associated with leased rights (AF): Total :1695.9, being 1690.9 af from PBC + 5af from COC

Duty (decree) 9.91

Conditions or other limitations, if any: None

(LKS - see email from COID on 5-23-02)

~II~

2.1 Public Use. This lease will increase streamflows which will benefit:

- Conservation, maintenance and enhancement of aquatic and fish life, wildlife, and fish and wildlife habitat
- Pollution abatement
- Recreation and scenic attraction

2.2 Instream use created by lease. The instream use to be created is described as follows:

Deschutes River

Tributary to The Columbia River in the Deschutes Basin.

Describe the point of diversion and any associated reach(es) of the instream use being created. If possible list the reach by river mile, if no reach is identified, the lease will be processed to be protected at the point of diversion):

Total volume (AF): 953.29, being 950.5 af from PBC + 2.79 af from COC
LKS 5-23-02 based on e-mail from COID

Rate in cfs:

Season 1 : 1.18

Season 2 : 1.57

Season 3 : 2.90, being 2.89 cfs from PBC + 0.01 cfs from COC

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LKS 5-23-02 based on e-mail from COID

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Conditions to prevent injury, if any:

None

The instream flow will be allocated on a daily average basis up to the described rate from April 1 until October 31 or the duration of the irrigation season.

Other (describe):

To repeat the information in 2.2 for a different in-stream use, last page below.

2.3 Term of lease. This lease shall terminate on October 31, 2002.

2.4 Compensation. The District has agreed to lease subject water right for the sum of \$1.00, or other valuable considerations and for the benefit of the state of Oregon.

2.5 Flow protection. The Trustee will regulate use of water from the source, subject to prior appropriation and the agency enforcement guidance, to assure the water is delivered to the point of diversion, and through the reach past junior downstream users, so long as flow is sufficient to meet the demand under priority date of the new instream use (see section 2.2). No party is required to continuously measure the flow of the waterway described in Section 2.2.

~III~

3.1 Accuracy. The Undersigned District and Trustee declare that, to the best of their knowledge and belief, the information contained in this lease is true, correct and complete. If after the lease is signed, any information is determined to be false, the lease may be modified or terminated. This lease only exercises the water rights being leased; for the term of the lease; it shall not be construed to overcome any claim that the water right may otherwise be subject to forfeiture for nonuse pursuant to ORS 540.610 during the period of time prior to the execution of the lease.

3.2 Lease. District agree to lease the water rights listed in 1.2 for instream use for the term of this Agreement through Lessee to Trustee, the Oregon Water Resources Department, pursuant to the provisions of ORS 537.348(2) and OAR 690-077-0077.

3.3 Precedent. If a right which has been leased is later proposed to be leased again or transferred to an instream use under ORS 537.348 and OAR 690-077- 0070 or OAR 690-077-0075 a new injury review shall be required, and a prior short term lease shall not set a precedent for the amount of water to be leased or transferred instream.

District : *Ann Kirk* Date: 5-15-02

Lessee: _____ Date: _____

3.5 Allocation of water to the instream use described in Section 2.2 during the term of this lease is not reasonably expected to cause injury to other rights to use water from the same source. If

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injury is found after this lease is signed, the lease may be modified or terminated to prevent injury.

So ordered by Trustee:  Date: JUNE 26, 2002

Effective date is _____ (if different than the date of the Trustee's signature).

Attachment 5: Pooled Lease Landowner Forms

- 2.49 IRRIG Lola Haagenstad
- 21.00 IRRIG Roman Catholic Bishop of the Diocese of Baker
- 1.00 IRRIG Roman Catholic Bishop of the Diocese of Baker
- 1.40 IRRIG Roman Catholic Bishop of the Diocese of Baker
- 7.40 IRRIG Roman Catholic Bishop of the Diocese of Baker
- 2.50 IRRIG Charles & April Bryant, Trustees of Bryant Living Trust
- 0.42 IRRIG Danny & Tammy Elwess
- 3.20 IRRIG Gilbert & Erika Stephens
- 10.60 IRRIG Ronald & Elizabeth Davis
- 1.00 IRRIG Fairhaven Associates, LLC & COID
- 0.30 IRRIG Fairhaven Associates, LLC & COID
- 2.00 IRRIG Mary Jo Strohm
- 2.85 IRRIG Bruce & Teresa Jones, Trustee Jones Family Trust
- 1.67 IRRIG Gary Zentner & Isabel Yourston
- 7.00 IRRIG Sam J. & Josephine Gullo
- 34.00 IRRIG Phillip & Elaine Schlosser
- 12.00 IRRIG Gary W. Knox
- 2.50 IRRIG Michael W. Schaffer
- 3.20 IRRIG Dean & Susan Lamb Revocable Trust
- 1.10 IRRIG Berge, LLC
- 14.90 IRRIG Robert DuPont & Timothy Puckett
- 1.10 IRRIG Robert DuPont & Timothy Puckett
- 0.60 IRRIG Robert DuPont & Timothy Puckett
- 4.20 IRRIG Robert DuPont & Timothy Puckett
- 4.40 IRRIG Robert DuPont & Timothy Puckett
- 2.20 IRRIG Robert DuPont & Timothy Puckett
- 2.00 IRRIG Robert DuPont & Timothy Puckett
- 10.60 IRRIG Robert DuPont & Timothy Puckett
- 2.00 IRRIG Robert DuPont & Timothy Puckett
- 1.00 IRRIG Richard F. Eberhard
- 2.50 IRRIG Ray & Laurie Rosecrans
- 7.50 IRRIG Ray & Laurie Rosecrans
- 0.50 IRRIG Ray & Laurie Rosecrans CO

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SALEM, OREGON

Water Right Transfer Supplemental Form C INSTREAM WATER RIGHT TRANSFER

Permanent Instream Transfer or **Time-Limited Instream Transfer**
Please contact the Department with any questions on filling out this form. Attach additional pages, if necessary.

1. Identify the public use for which the instream right is requested (check one).

- | | |
|--|--|
| <input checked="" type="checkbox"/> Conservation, maintenance and enhancement of aquatic and fish life, wildlife, fish and wildlife habitat and other ecological values. | <input checked="" type="checkbox"/> Recreation
<input type="checkbox"/> Navigation
<input checked="" type="checkbox"/> Pollution Abatement |
|--|--|

2. Instream use proposed to be created by the instream transfer:

Originating Water Right Number (as identified in the transfer application)	Priority Date	Source	Proposed Instream Period	Rate (cfs)*	Volume (ac-ft)**
76358	10/31/1900	Deschutes River	Season 1 Ending Oct. 26	0.242	26.92
			Season 2	0.323	19.23
			Season 3	0.598	145.98
Total Volume:					192.13

* To calculate rate (if other than the rate allowed by the right), divide the volume by the number of days in the period and then divide by 1.983471; or

** To calculate volume, multiply the rate by the number of days in the period and then multiply by 1.983471.

The quantity allocated during any period may not exceed the quantity that may be used under the existing right during that period. The total volume of water for the year may not exceed the total volume of water that may be used during the year under the existing right.

Additional information: The above numbers shape the rates based on the 1900 water rights of certificate 76358. Season 3 is taken under the 1900 priority date as per COID decree. The 1907 water right provides for transmission loss per the 1933 T.E.J. Duffy decree.

3. Identify the location of the proposed instream water right.

Water is requested to be protected at a point.

Location (i.e. the point of diversion (POD), or if the water right has more than one POD or if a POD is not described on the water right, please provide the legal description): _____

Water is requested to be protected within a reach.

Location of proposed reach (if an instream water right reach is requested, identify the upstream and downstream extent of the reach): Water to be protected instream from COID POD # 11 to Lake Billy Chinook

4. Recommendations for conditions on the instream use to avoid taking away or impairing existing water rights.

None

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Other (such conditions may include, but are not limited to, reductions in the instream flow levels in cfs per month or total ac-ft, the effective reach(es) or lake levels of the instream flow, measuring locations and the strategy for monitoring the instream flow or lake levels): _____

5. Are there any existing instream water rights at the same point or within the same requested reach(es) or lake, or on a portion thereof:

No Yes (identify other instream water rights): _____

New instream water rights generally (but not always) are additive to instream water rights established under ORS 537.348 (instream transfer application process) and ORS 537.470 (allocation of conserved water) and replace a portion of instream water rights established under ORS 537.341 (state agency application process) or ORS 537.346 (conversion of minimum perennial streamflows) with an earlier priority date.

Is it your intent to have the proposed instream water right transfer be additive to any instream water right established under ORS 537.348 and ORS 537.470 and replace a portion of any instream water right established under ORS 537.341 and ORS 537.346 with an earlier priority date?

Yes No. If no, please explain your intent below.

If the proposed conversion would add to the amounts of an existing instream water right(s) established under ORS 537.341 or 537.346, provide documentation demonstrating why additional instream flows are necessary. *Supporting documentation should include information from the Dept. of Fish and Wildlife (ODFW) (fish life), Dept. of Environmental Quality (DEQ) (pollution abatement), and/or Parks and Recreation Dept. (recreation).*

6. Is the requested instream flow intended to exceed the estimated average natural flow or level occurring from the drainage system?

No; or

Yes (Provide supporting documentation that demonstrates why additional flows are significant for the public use requested.); or

Yes, and it is presumed that flows that exceed the estimated average natural flow or natural lake levels are significant because:

The requested flow does not exceed the maximum amount of any instream water right application applied for under ORS 537.341 (state agency instream water right application process) for the same reach or portion thereof, and the requested public use is for the same public use as the aforementioned instream water right application;

and

For the specified time period that flows are requested to exceed the estimated average natural flow or lake level, the stream is in an ODFW flow restoration priority watershed (A copy of the priority watershed map indicating the specific watershed involved should be included with the application. Priority watershed maps may be found on the OWRD web page); or

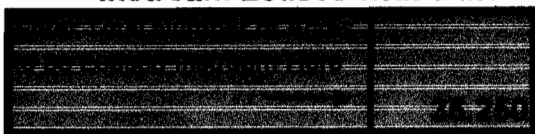
The stream is listed as water quality limited and DEQ has provided scientific information that demonstrates that increased flows would improve water quality. (The scientific information provided by DEQ should be included with the transfer application.)

7. For a time-limited instream transfer, please answer the following:

The time-limited instream transfer is for a specific number of years:

Begin Year _____ to End Year _____

This table will calculate flow rate factors and duty for Central Oregon Irrigation District
Instream Leases with water instream under October 31, 1900 priority date only



Information highlighted with blue font is to be entered on to the Instream Lease Application Form

Rate (CFS) associated with leased rights for Section 1.5 of the Lease Application Form				
Enter Rates by season and priority date on Instream Lease Form		Full Rate	October 31, 1900	December 2, 1907
Season 1		0.441	0.441	
Season 2		0.588	0.588	
Season 3		1.088	0.775	0.313
Duty (AF) associated with leased right for Section 1.5 of the Lease Application Form				
Duty (decree) AF/Acre =	9.91			
	349.33			

Enter Rates by season on Instream Lease Application Form	Full Rate if under October 31, 1900 priority date only	Enter Duty on Instream Lease Application Form
Season 1	0.242	Duty (decree) AF/Acre = 5.45
Season 2	0.323	Max volume = 192.13
Season 3	0.598	

	# days	AF/Season	9.91 AF Duty - 45% =	5.45
Season 1*	56	26.92	Total =	192.13
Season 2	30	19.23		
Season 3	123	145.98		
Season total =		192.13		

Water protected instream: April 1 through October 26

* Note - The number of days that water may be protected instream in Season 1 has been reduced to prevent enlargement of the right.

Duty Associated with Leased Right for Section 1.5 of the Additional Water Right Form
349.33

34.20

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The time-limited instream transfer is to terminate based upon other conditions:

Conditions: _____

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- 3 -

WATER RESOURCES DEPT
SALEM, OREGON

Water Rights Point of Diversion Details

Stream Name	Application	Permit	Certificate	Decree	Claim	Location	Use	Season	Priority	Source	Rate (CFS)	Rate (AFT)	P/S	Status
DESCHUTES R > COLUMBIA R			81553	Deschutes River (S) Modified, 1933		15.00S 12.00E 14 SENE	F4	5/16 ~ 9/15	09/01/1899	DESCHUTES RIVER	0.19 (est)		P	NC
DESCHUTES R > COLUMBIA R			76687			12.00S 12.00E 29 SWNE	F5	5/15 ~ 9/15	09/01/1899	DESCHUTES RIVER	0.358 (est)		P	NC
DESCHUTES R > COLUMBIA R			81509	Deschutes River (F)		00.00 00.00 00	F4	5/15 ~ 9/15	10/31/1900	DESCHUTES RIVER	0.17 (est)		P	NC
DESCHUTES R > COLUMBIA R			81324	Deschutes River (F)		18.00S 12.00E 13 NESW	F4	5/15 ~ 9/15	10/31/1900	DESCHUTES RIVER	0.258 (est)		P	NC
DESCHUTES R > COLUMBIA R			81599	Deschutes River (F)		17.00S 12.00E 29 NESE	F4	5/15 ~ 9/15	10/31/1900	DESCHUTES RIVER	0.52 (est)		P	NC
DESCHUTES R > COLUMBIA R			81612	Deschutes River (F)		18.00S 11.00E 13 NESW	F4	5/15 ~ 9/14	10/31/1900	DESCHUTES RIVER	2.2 (est)		P	NC
DESCHUTES R > COLUMBIA R			81599	Deschutes River (F)		17.00S 12.00E 29 NESE	F4	5/15 ~ 9/15	10/31/1900	DESCHUTES RIVER	1.005 (est)		P	NC
DESCHUTES R > COLUMBIA R			80886	Deschutes River (F)		17.00S 12.00E 29 NESE	F4	6/1 ~ 6/15	10/31/1900	DESCHUTES RIVER	0.22 (est)		P	NC
DESCHUTES R > COLUMBIA R			80400	Deschutes River (F)		18.00S 12.00E 06 SESW	F5	4/1 ~ 11/1	10/10/1903	DESCHUTES RIVER	0.35 (est)		P	NC
DESCHUTES R > COLUMBIA R			81324	Deschutes River (F)		18.00S 12.00E 13 NESW	F4	5/15 ~ 9/15	12/02/1907	DESCHUTES RIVER	0.104 (est)		P	NC
DESCHUTES R > COLUMBIA R			80884	Deschutes River (F)		17.00S 12.00E 29 NESE	F4	5/15 ~ 9/15	12/02/1907	DESCHUTES RIVER	0.405 (est)		P	NC
DESCHUTES R > COLUMBIA R			80858	Deschutes River (F)		17.00S 12.00E 29 NESE	F4	6/1 ~ 6/15	12/02/1907	DESCHUTES RIVER	0.08 (est)		P	NC
DESCHUTES R > COLUMBIA R			81324	Deschutes River (F)		18.00S 11.00E 13 NESW	F4	5/15 ~ 9/14	12/02/1907	DESCHUTES RIVER	0.89 (est)		P	NC
DESCHUTES R > COLUMBIA R		S 15920	81313			14.00S 12.00E 26 SESW	F4	4/1 ~ 10/31	05/12/1944	DESCHUTES RIVER	0.233 (est)		P	NC
DESCHUTES R > COLUMBIA R		S 15920	81314			14.00S 12.00E 26 SESW	F4	4/1 ~ 10/31	05/12/1944	DESCHUTES RIVER	0.015 (est)		P	NC
DESCHUTES R > COLUMBIA R	NF199		59776			22.00S 09.00E 07	PF	6/1 ~ 6/15	11/03/1983	DESCHUTES RIVER	300.0 (est)		P	NC
DESCHUTES R > COLUMBIA R	NF198		59777			20.00S 11.00E 07	PF	6/1 ~ 6/15	11/03/1983	DESCHUTES RIVER	400.0 (est)		P	NC
DESCHUTES R > COLUMBIA R	NF197		59778			19.00S 11.00E 29	PF	6/1 ~ 6/15	11/03/1983	DESCHUTES RIVER	660.0 (est)		P	NC
DESCHUTES R > COLUMBIA R	IS70087		73188			10.00S 12.00E 01 SWSE	R2	6/1 ~ 6/15	10/02/1989	DESCHUTES RIVER	3500.0 (est)		P	NC
DESCHUTES R > COLUMBIA R	IS70695					17.00S 12.00E 29	F8	6/1 ~ 6/15	09/24/1990	DESCHUTES RIVER	250.0 (est)		P	NC
DESCHUTES R > COLUMBIA R	IS70764		73233			21.00S 08.00E 16 NWNW	F8	6/1 ~ 6/15	10/11/1990	DESCHUTES RIVER	130.0 (est)		P	NC
DESCHUTES R > COLUMBIA R	IS70763		73232			19.00S 08.00E 27 NWNW	F8	6/1 ~ 6/15	10/11/1990	DESCHUTES RIVER	60.0 (est)		P	NC
DESCHUTES R > COLUMBIA R	IS71194		73237			10.00S 12.00E 01 SWSE	F8	6/1 ~ 6/15	01/16/1991	DESCHUTES RIVER	4000.0 (est)		P	NC

Page:1

Return to the Water Right POD Summary screen

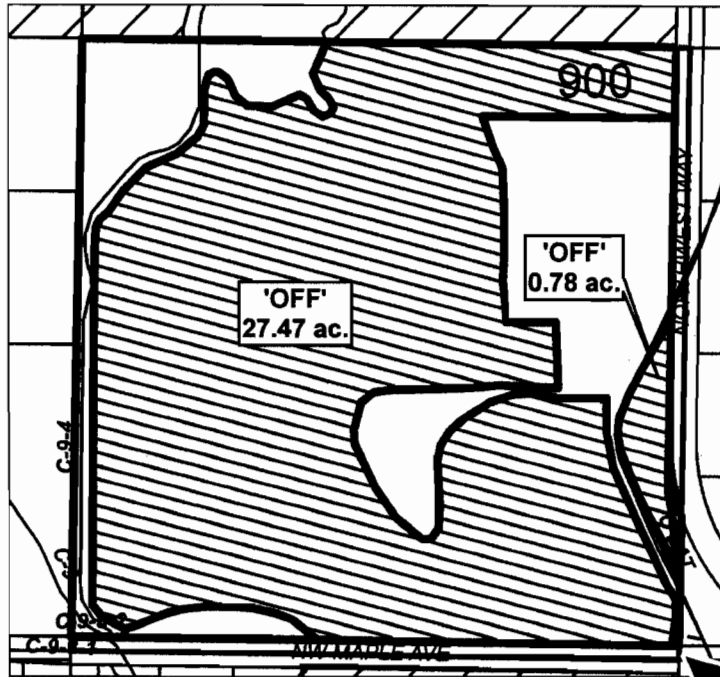
DESCHUTES COUNTY
SEC.05 T15S R13E

SCALE - 1" = 400'



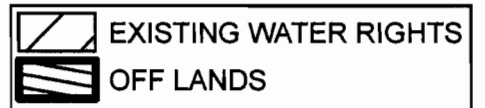
SE 1/4 OF THE SW 1/4

DISTRICT INTERNAL
NOTICE #: D-2006-005



S 1/4 COR

"OFF" MAP



APPLICATION FOR PERMANENT INSTREAM TRANSFER

NAME RECEIVED

TAXLOT #: 900

DEC 26 2006

28.25 ACRES

DATE: 11-22-06

WATER RESOURCES DEPT. TRANSFER\WRTRANS06\151305_900.PDF
SALEM, OREGON

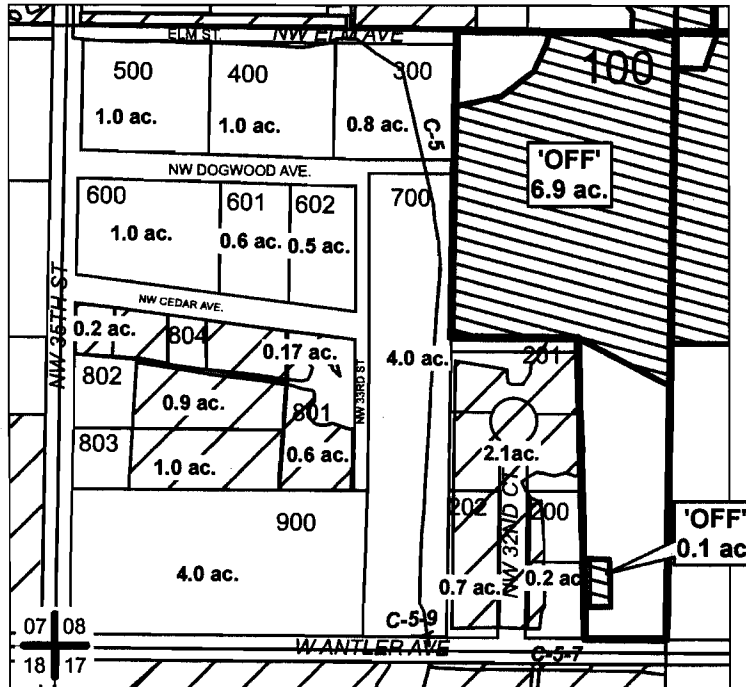
DESCHUTES COUNTY SEC.08 T15S R13E

SCALE - 1" = 400'



SW 1/4 OF THE SW 1/4

DISTRICT INTERNAL
NOTICE #: D-2006-005



	EXISTING WATER RIGHTS
	OFF LANDS
# ac.	PARCELS W/ WATER RIGHTS

"OFF" MAP



APPLICATION FOR PERMANENT INSTREAM TRANSFER

NAME: COID

RECEIVED

TAXLOT #: 100

7.0 ACRES

DEC 26 2006

DATE: 11-22-06

FILE: E:\TRANSFER\WR\TRANS06\151308_100.PDF

WATER RESOURCES DEPT
SALEM, OREGON



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301-1271
(503) 986-0900
www.wrd.state.or.us

Water Right Transfer Supplemental Form Map Waiver

The Director may waive or assist a transfer applicant in satisfying the map requirement (OAR 690-380-3100) for certain transfers if the criteria described in this form are met pursuant to OAR 690-380-3410.

This form must be prepared by the transfer applicant and the appropriate Regional Manager for the Oregon Water Resources Department. To prepare the form, a copy of the complete transfer application, including a description of the water rights to be transferred, must be provided to the Regional Manager.

This map waiver form must be signed by the Regional Manager and submitted with the transfer application.

Transfer Applicant: CENTRAL OREGON IRRIGATION DISTRICT

Water Right(s) to be transferred: CERTIFICATE 76358

1. The transfer **must** be one of the following. Please check the appropriate box.



An instream transfer application filed pursuant to ORS 537.348.



A transfer application necessary to complete a project funded by the Oregon Watershed Enhancement Board (OWEB) under ORS 541.375; or



The transfer application is determined and endorsed in writing by ODFW as a change that will result in a net benefit to fish and wildlife habitat.

2. For an **instream transfer application filed pursuant to ORS 537.348**, a map waiver shall only be approved if the application meets one of the following additional criteria. Please check the appropriate box.



The entirety of the right is being transferred to an instream water right and the location of the instream water right can be clearly delineated through reference to the existing point of diversion for the transferred right and other points of diversion or geographic reference points such as the mouth of the stream; or



A map meeting the requirements of the transfer rules (OAR 690-380-3100) is available showing the lands not included in the transfer and the location of the instream water right can be clearly delineated through reference to the existing point of diversion for the transferred right and other points of diversion or geographic reference points such as the mouth of the stream. (Please include copy of map(s) with transfer application.)

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3. For a transfer application meeting any one of the criteria identified in #1 (including an instream transfer application), a map waiver may also be approved if other circumstances are present that make an application map unnecessary. If #2 does not apply, but circumstances are present that make an application map unnecessary, describe those circumstances below:

4. For any transfer application meeting one or more of the criteria identified in #1 that does not meet the criteria for a map waiver as described in #2 or #3, the Department may assist the applicant in development of the application map. The Department (through the regional office) may provide this assistance at the discretion of the appropriate Regional Manager. Please check the appropriate box below if the Department has provided assistance in development of the transfer application map:

[] A map meeting the requirements of OAR 690-380-3100 has been prepared by Department staff and is included with the transfer application.

[] The map provided with the transfer application has been developed with assistance from Department staff and meets the requirements of OAR 690-380-3100.

Signature: [Signature]
OWRD Regional Manager, SC Region

Date: 11-24-06

35.25 acres in SE SW sec 5 + SW SW sec 8
of TISS RIBE.

Post-It® Fax Note 7671
Date 11-24-06 # of pages 1
To Leslie Clark From Kyle G.
Co./Dept. Co.
Phone # pg 2 of 4 Phone #
Fax # of digital email Fax #

RECEIVED



Oregon Water Resources Department Land Use Information Form

This information is needed to determine compatibility with local comprehensive plans as required by ORS 197.180. WRD will use this and other information to evaluate the water use application. THIS FORM IS NOT REQUIRED IF: 1) water is to be diverted, conveyed, and/or used only on federal lands; or 2) the application is for a water right transfer, allocation of conserved water, or exchange and all of the following apply: a) only the place of use is proposed for change, b) there are no structural changes, c) the use of water is for irrigation, and d) the use is located in an irrigation district or exclusive farm use zone.

To Be Completed By Applicant

This section must be completed by the individual or group that is filing an application with the Water Resources Department. Attach a copy of the map from the application to this form.

A. Applicant

Name: Central Oregon Irrigation District

Address: 1055 SW Lake Court

City: Redmond State: OR Zip: 97756 Day Phone: 541-548-6047

B. Land and Location

Please provide information as requested below for all tax lots on or through which water will be diverted, conveyed, or used. Check "diverted" if water is diverted (taken) from its source on tax lot, "conveyed" if water is conveyed (transported) on tax lot, and "used" if water will be put to beneficial use on tax lot. More than one box may be checked. (Attach extra sheets as necessary.) Applicants for municipal use, or irrigation uses within irrigation districts, may substitute existing and proposed service area boundaries for the tax lot information requested below.

Tax Lot I.D.	Plan Designation (e.g. Rural Residential/RR-5)	Water to be: (check all that apply)	Proposed Land Use
15-13-05 CD 900	UH-10	<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	Residential
15-13-08CC100	R-4, Residential	<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	Residential
		<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	
		<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	
		<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	
		<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	

List counties and cities where water is proposed to be diverted, conveyed, or used. Deschutes County / City of Redmond

C. Description of Proposed Use

Indicate the type of application to be filed with the Water Resources Department.

Water Use Permit Water Right Transfer Allocation of Conserved Water Exchange

Indicate the intended use of water and describe the key characteristics of the project.

Commercial Industrial Instream Irrigation
 Municipal Quasi-municipal Domestic (indicate number of households) _____
 Other _____

Briefly describe: 35.25 acres of water right will be removed from the above noted properties through a transfer filed with OWRD. Upon completion of the transfer, no water will remain on these tax lots therefore no water will be diverted, conveyed or used upon these lands

Indicate the source of the water to be used.

Reservoir/Pond Ground Water Surface Water Deschutes River

Indicate the estimated quantity of water the use will require: 1.09 CFS GPM Acre-Feet
(source)

Last revised: 04/06/04

Receipt for Request for Land Use Information

State of Oregon
Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301-1271
(503) 986-0900

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WATER RESOURCES DEPT
SALEM, OREGON

SCANNED

DEC - 4 2006

PS-06-30

For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project will be located entirely within the city limits. In this case, only the city planning agency must complete this form. Please request additional forms as needed or feel free to copy.

A. Allowed Use

Check the appropriate box below and provide requested information.

- Land uses to be served by proposed water uses (including proposed construction) are allowed outright or are not regulated by your comprehensive plan. Cite applicable ordinance section(s): _____ Go to section B "Approval" below.
- Land uses to be served by proposed water uses (including proposed construction) involve discretionary land use approvals as listed in the table below.

Type of Land Use Approval Needed (e.g. plan amendments, rezones, conditional use permits, etc.)	Cite Most Significant, Applicable Plan Policies & Ordinance Section References	Check the item that applies: Land Use Approval:	
Plan Admendment/Zone	Ord. # <u>MASTER PLAN 2006-09</u>	<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input checked="" type="checkbox"/> Not being pursued
Subdivision SUB06-14	Redmond 8. 2135	<input checked="" type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued

Note: Please attach documentation of applicable local land use approvals which have already been obtained. (Record of Action/land use decision and accompanying findings are sufficient.)

B. Approval

Please provide printed name and written signature.

Name: WAYNE C. SORENSEN Date: Dec 19 2006
 Title: Senior Planner Phone: (541) 923-7724
 Signature: Wayne C Sorensen

C. Additional Comments

Local governments are invited to express special land use concerns or make recommendations to the Department regarding this proposed use of water below, or on a separate sheet.

Permanent transfer to in-stream water right.

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SALEM, OREGON

Note: If this form cannot be completed while the applicant waits, sign and detach the receipt stub as instructed below. You will have 30 days from the Water Resources Department's notice date to return the completed Land Use Information Form or WRD may presume the land use associated with the proposed use of water is compatible with local comprehensive plans.

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SALEM, OREGON

Receipt for Request for Land Use Information

Name of applicant: COID

This receipt must be signed by a local government representative and returned to the applicant at the time they present this form. This receipt must be included with the application filed with the Water Resources Department if the local government cannot provide the requested land use information while the applicant waits.

City or County: Redmond
 Staff contact: WAYNE C. SORENSEN Phone: (541) 923-7724
 Signature: Wayne C Sorensen Date: Dec 19, 2006 **SCANNED**
 DEC - 4 2006



After Recording return to:
Central Oregon Irrigation District
1055 S.W. Lake Court
Redmond, OR 97756

DESCHUTES COUNTY OFFICIAL RECORDS
NANCY BLANKENSHIP, COUNTY CLERK

2006-42615



\$36.00

D-D Cnt=1 Str=4 TRACY
\$10.00 \$11.00 \$10.00 \$5.00

05/21/2006 10:19:14 AM

MAIL TAX STATEMENT
TO: NO CHANGE

QUITCLAIM DEED

FOR TRANSFER OF INTEREST IN A WATER RIGHT

Grantor, Deschutes Land & Cattle Co. LLC, releases and quitclaims to Central Oregon Irrigation District (COID), Grantee, all rights, title and interest in the following: By this agreement, Grantor, the owner of the lands described as: Parcel Three (3) of Partition Plat No. 1996-25 being located in the Southwest Quarter (SW ¼) of Section Five (5), Township Fifteen (15) South, Range Thirteen (13), East of the Willamette Meridian, Deschutes County, Oregon; release their claim and responsibility for 28.25 acres of COID water rights that are appurtenant to the described lands to COID. The water right in question is further described as a portion of Certificate # 76358, priority date of Oct. 31, 1900 and Dec. 2, 1907 and Certificate # 76714, priority date of Feb. 28, 1913, located on land commonly known as: 15-13-05 SE SW 900.

By entry of this deed, Grantor hereby notifies any subsequent purchaser of the described lands that Grantor, as owner of the subject land, approved the transfer (including a change in the place and type of use and point of diversion) of the water rights that are appurtenant to the subject land; and that upon completion of a transfer, by election of COID, the subject land no longer will have appurtenant water rights.

Furthermore, upon signing of this agreement, Grantor shall no longer be liable for any district assessment or charges pertaining to the described 28.25 acres of water rights incurred.

This agreement is binding upon the heirs, executors, administrators, successors, and permitted assigns of the parties to this agreement.

Consideration for this Quitclaim: \$28,250.00

Grantor:

Date 6-13-06

J. Pat Horton for Deschutes Land & Cattle Co.

State of Oregon) Oregon
) ss.
County of Deschutes) Deschutes

This instrument was acknowledged before me on June 13, 2006 by J. Pat Horton
as Attorney Member for Deschutes Land & Cattle Co.

Notary Public

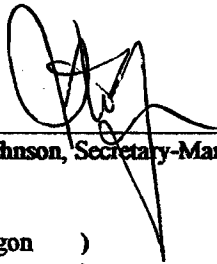


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WATER RESOURCES DEPT
SALEM, OREGON

Grantee:

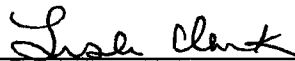


Date 6.14.06

Steven C. Johnson, Secretary-Manager Central Oregon Irrigation District

State of Oregon)
) ss.
County of Deschutes)

This instrument was acknowledged before me on June 14, 2006 by Steven C. Johnson as Secretary-Manager for Central Oregon Irrigation District.



Notary Public



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DEC 26 2006

WATER RESOURCES DEPT
SALEM, OREGON



IRRIGATION DISTRICT REPORT

CENTRAL OREGON IRRIGATION DISTRICT
1055 S W LAKE CT
REDMOND, OR 97756

May 22, 2006
Title Number : 090404
Title Officer : DEBBY DAVIDSON
Fee : \$150.00

Attn: LESLIE CLARK

We have searched our Tract Indices as to the following described property:

Parcel Three (3) of Partition Plat No. 1996-25 being located in the Southwest Quarter (SW1/4) of Section Five (5), Township Fifteen (15) South, Range Thirteen (13), East of the Willamette Meridian, Deschutes County, Oregon.

and dated as of May 15, 2006 at 7:30 a.m.

We find that the last deed of record runs to:

DESCHUTES LAND & CATTLE CO., LLC

We also find the following apparent encumbrances within ten years prior to the effective date hereof:

- 1. Deed of Trust, including the terms and provisions thereof, to secure an indebtedness of the amount herein stated.
 Amount: \$725,000.00
 Dated: April 21, 2005
 Recorded: April 25, 2005
 Volume-Page: 2005-24851, Deschutes County Records
 Grantor: Deschutes Land and Cattle Co., LLC
 Trustee: AmeriTitle
 Beneficiary: Community First Bank

We have also searched our General Index for judgments and state and federal tax liens against the above named grantees and find the following:

NONE

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DEC 26 2006

**WATER RESOURCES DEPT
SALEM, OREGON**



We also find the following unpaid taxes and city liens:

Taxes assessed under Code No. 2-004 Map and Tax Lot Number 15 13 05 00 00900
Account No. 129479

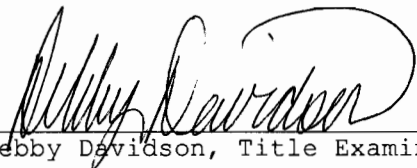
1. The 2005-2006 Taxes: \$4,373.24, plus interest, UNPAID.

According to the Deschutes County Assessor's Roll, the subject property does not lie within any city limit.

NOTE: This Irrigation District Report is being made with the understanding that it does not represent any form of title insurance and is not a commitment for a policy of insurance. The information provided herein is not a full examination of the subject property. Further, if any person, corporation or entity of any kind should use this report as a basis to produce a title insurance product, it should be understood that it is clearly outside of Oregon law. Any liability hereunder is limited to the amount paid for said report.

AmeriTitle

By:



Debby Davidson, Title Examiner
DD:kw

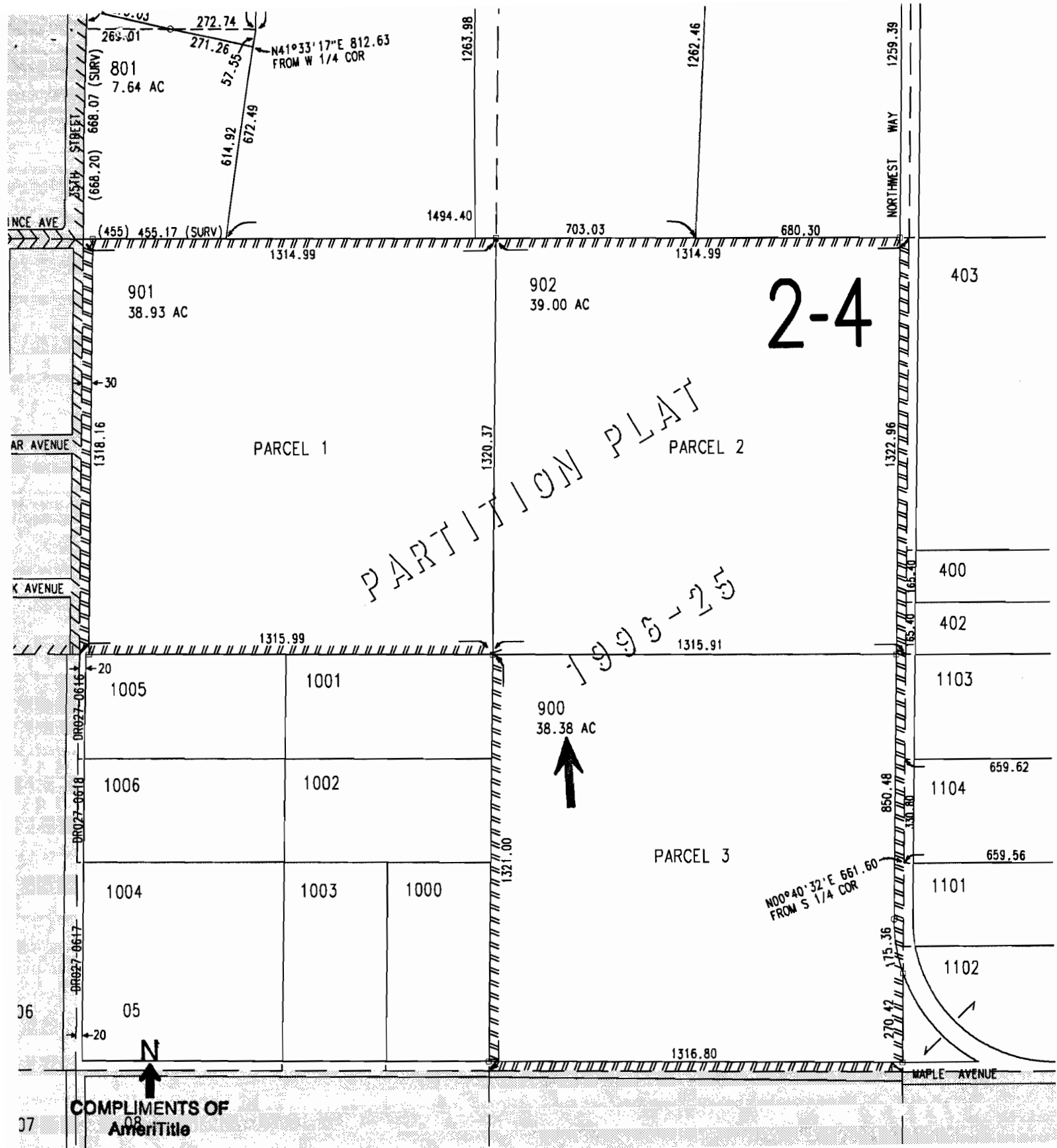
"Superior Service with Commitment and Respect for Customers and Employees"

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SALEM, OREGON





This sketch is furnished for information purposes only to assist in property location with reference to streets and other parcels. No representation is made as to accuracy and the Company assumes no liability for any loss occurring by reason of reliance thereon.

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 WATER RESOURCES DEPT
 SALEM, OREGON

CONSENT FOR TRANSFER

TO: CENTRAL OREGON IRRIGATION DISTRICT

I/We, Community First Bank, the undersigned Trust Deed holder, do hereby give our consent to Deschutes Land & Cattle Co., for the transfer, of 28.25 acres of appurtenant water rights from the following described lands:

TO WIT: 15-13-05 SE SW 900

Upon completion of this transfer, there will be no appurtenant water right remaining.

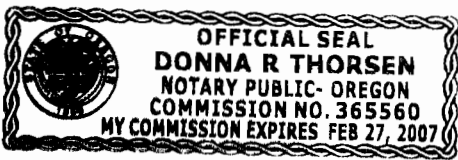
DATED 5/2/2006

SIGNED *Dave Vaughan*

STATE OF OREGON,)
) ss.
County of Deschutes)

Personally appeared this 25 day of May, 2006, DAVE VAUGHAN as CREDIT ADMINISTRATOR for Community First Bank, and acknowledges the foregoing to be his/her voluntary act and deed.

Donna R Thorsen
Notary Public



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WATER RESOURCES DEPT
SALEM, OREGON



After Recording return to:

Central Oregon Irrigation District
1055 S.W. Lake Court
Redmond, OR 97756

Recorded by Western Title as an accommodation only. No liability accepted for condition of title or validity, sufficiency or affect of document. β

D-D Cntm1 Stnm28 SRB
\$10.00 \$11.00 \$10.00 \$5.00

MAIL TAX STATEMENT
TO: NO CHANGE

**QUITCLAIM DEED
WATER CONVEYANCE AGREEMENT
FOR TRANSFER OF INTEREST IN A WATER RIGHT**

Grantor, Tri-County Investors Limited Partnership IV, releases and quitclaims to Central Oregon Irrigation District (COID), Grantee, all rights, title and interest in the following: By this agreement, Grantor, the owner of the lands listed in Exhibit A ("subject lands"), release their claim and responsibility for 10.10 acres of COID water rights that are appurtenant to the subject lands to COID. The water right in question is further described as a portion of Certificate # 76358, priority date of Oct. 31, 1900 and Dec. 2, 1907 and Certificate # 76714, priority date of Feb. 28, 1913, located on land commonly known as: 15-13-08 NE SW 800 (0.30 acres irrigation); 15-13-08 NW SW 800 (1.80 acres irrigation); 15-13-17 NE NW 700 (1.0 acres irrigation); 15-13-08 SW SW 100 (7.0 acres irrigation), and more particularly described as in Exhibit A, attached, and incorporated by this reference.

By entry of this deed, Grantor hereby notifies any subsequent purchaser of the subject lands that Grantor, as owner of the subject land, approved the transfer (including a change in the place and type of use and point of diversion) of the water rights that are appurtenant to the subject land; and that upon completion of a transfer, by election of COID, the subject land no longer will have appurtenant water rights.

Grantor shall remain liable for any district assessment or charges pertaining to the described 10.10 acres of water rights incurred until completion of a water right transfer.

This agreement is binding upon the heirs, executors, administrators, successors, and permitted assigns of the parties to this agreement.

Consideration: A True and Valuable Consideration.

Grantor:

Robert L. Childers

Date 9-25-06

Robert L. Childers, Tri-County Investors LP IV

State of Oregon)
) ss.
County of Deschutes)
Crook

This instrument was acknowledged before me on 9-25-06 by Robert L. Childers as President, Tri-County Builders A.P. for Tri-County Investors LP IV.



Sandra Waggener
Notary Public

Grantee:

Steven C. Johnson

Date 9 October, 2006

Steven C. Johnson, Secretary-Manager Central Oregon Irrigation District

State of Oregon)
) ss.
County of Deschutes)

This instrument was acknowledged before me on October 9, 2006 by Steven C. Johnson as Secretary-Manager for Central Oregon Irrigation District.



Leslie Clark
Notary Public

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WATER RESOURCES DEPT
SALEM, OREGON

EXHIBIT "A"

PARCEL 1:

That portion of the Northeast Quarter of the Northwest Quarter (NE1/4NW1/4) of Section Seventeen (17), Township Fifteen (15) South, Range Thirteen (13), East of the Willamette Meridian, Deschutes County, Oregon, bounded as follows:

Beginning at the intersection of the South line of the County Road, as constructed along the North line of said Northeast Quarter of the Northwest Quarter (NE1/4NW1/4), with the West line of said Northeast Quarter of the Northwest Quarter (NE1/4NW1/4); thence Southerly measured along said West line, a distance of 550 feet; thence Easterly measured along a line parallel with said South line of said County Road, a distance of 142 feet; thence Northerly along a line parallel with said West line of said Northeast Quarter of the Northwest Quarter (NE1/4NW1/4), a distance of 550 feet to said South line of said County Road; thence Westerly along said South line of said County Road, a distance of 142 feet to the point of beginning.

PARCEL 2:

Parcel 2 of Partition Plat 1997-1, Deschutes County, Oregon.

Excepting therefrom that portion dedicated to the City of Redmond in the Deed of Dedication recorded March 31, 2006 in Volume 2006, Page 22005, Deschutes County Records.

PARCEL 3:

A tract of land located in the Southwest One Quarter of the Southwest One Quarter (SW1/4SW1/4) of Section Eight (8), Township Fifteen (15) South, Range Thirteen (13), East of the Willamette Meridian, Deschutes County, Oregon, described as follows:

Beginning at the Southeast corner of said SW1/4SW1/4 being the true point of beginning; thence North 89°56'40" West along the South line of said SW1/4SW1/4, 166.63 feet; thence North 01°51'50" West, 676.54 feet; thence North 89°56'40" West, 277.56 feet; thence North 00°13'40" East, 662.89 feet to the North line of said SW1/4SW1/4; thence North 89°45'40" East along said North line, 475.02 feet; thence South 00°29'22" West along the East line of said SW1/4SW1/4, 1341.53 feet to the true point of beginning.

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SALEM, OREGON**



IRRIGATION DISTRICT REPORT

CENTRAL OREGON IRRIGATION DISTRICT
1055 S W LAKE CT
REDMOND, OR 97756

August 25, 2006
Title Number : 093165
Title Officer : DEBBY DAVIDSON
Fee : \$150.00

Attn: LESLIE CLARK

We have searched our Tract Indices as to the following described property:

PARCEL 1:

That portion of the Northeast Quarter of the Northwest Quarter (NE1/4NW1/4) of Section Seventeen (17), Township Fifteen (15) South, Range Thirteen (13), East of the Willamette Meridian, Deschutes County, Oregon, bounded as follows:

Beginning at the intersection of the South line of the County Road, as constructed along the North line of said Northeast Quarter of the Northwest Quarter (NE1/4NW1/4), with the West line of said Northeast Quarter of the Northwest Quarter (NE1/4NW1/4); thence Southerly measured along said West line, a distance of 550 feet; thence Easterly measured along a line parallel with said South line of said County Road, a distance of 142 feet; thence Northerly along a line parallel with said West line of said Northeast Quarter of the Northwest Quarter (NE1/4NW1/4), a distance of 550 feet to said South line of said County Road; thence Westerly along said South line of said County Road, a distance of 142 feet to the point of beginning.

PARCEL 2:

Parcel 2 of Partition Plat 1997-1, Deschutes County, Oregon.

Excepting therefrom that portion dedicated to the City of Redmond in the Deed of Dedication recorded March 31, 2006 in Volume 2006, Page 22005, Deschutes County Records.

PARCEL 3:

A tract of land located in the Southwest One Quarter of the Southwest One Quarter (SW1/4SW1/4) of Section Eight (8), Township Fifteen (15) South, Range Thirteen (13), East of the Willamette Meridian, Deschutes County, Oregon, described as follows:

Beginning at the Southeast corner of said SW1/4SW1/4 being the true point of beginning; thence North 89°56'40" West along the South line of said SW1/4SW1/4, 166.63 feet; thence North 01°51'50" West, 676.54 feet; thence North 89°56'40" West, 277.56 feet; thence North 00°13'40" East, 662.89 feet to the North line of said SW1/4SW1/4; thence North 89°45'40" East along said North line, 475.02 feet; thence South 00°29'22" West along the East line of said SW1/4SW1/4, 1341.53 feet to the true point of beginning.

and dated as of August 9, 2006 at 7:30 a.m.

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We find that the last deed of record runs to:

TRI-COUNTY INVESTORS LIMITED PARTNERSHIP IV

We also find the following apparent encumbrances within ten years prior to the effective date hereof:

Deed of Trust, including the terms and provisions thereof, to secure an indebtedness of the amount herein stated.

Amount: \$3,414,450.00

Dated: June 20, 2006

Recorded: June 21, 2006

Volume-Page: 2006-42869, Deschutes County Records

Grantor: Tri County Builders Corporation

Trustee: Western Title and Escrow Company

Beneficiary: PremierWest Bank

(Includes Other Property)

We have also searched our General Index for judgments and state and federal tax liens against the above named grantees and find the following:

NONE

We also find the following unpaid taxes and city liens:

Taxes assessed under Code No. 2-001 Map and Tax Lot Number 15 13 17BA 00700
Account No. 129887 (Parcel 1)

NOTE: The 2005-2006 Taxes: \$1,489.84, Paid in full.

Taxes assessed under Code No. 2-001 Map and Tax Lot Number 15 13 08CB 00800
Account No. 192584 (Parcel 2)

NOTE: The 2005-2006 Taxes: \$1,629.18, Paid in full.

Taxes assessed under Code No. 2-001 Map and Tax Lot Number 15 13 08CC 00100
Account No. 129710 (Parcel 3)

NOTE: The 2005-2006 Taxes: \$1,744.26, Paid in full.

1. The 2006-2007 Taxes: A lien not yet due or payable.

City Liens, if any, of the city of Redmond. (No inquiry has been made, and if search is requested, a charge of \$30.00 will be added.)

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NOTE: This Irrigation District Report is being made with the understanding that it does not represent any form of title insurance and is not a commitment for a policy of insurance. The information provided herein is not a full examination of the subject property. Further, if any person, corporation or entity of any kind should use this report as a basis to produce a title insurance product, it should be understood that it is clearly outside of Oregon law. Any liability hereunder is limited to the amount paid for said report.

AmeriTitle

By: 

Debby Davidson, Title Examiner

DD:kg/cl

Report #2: Supplemented to update, added parcels 2 and 3.

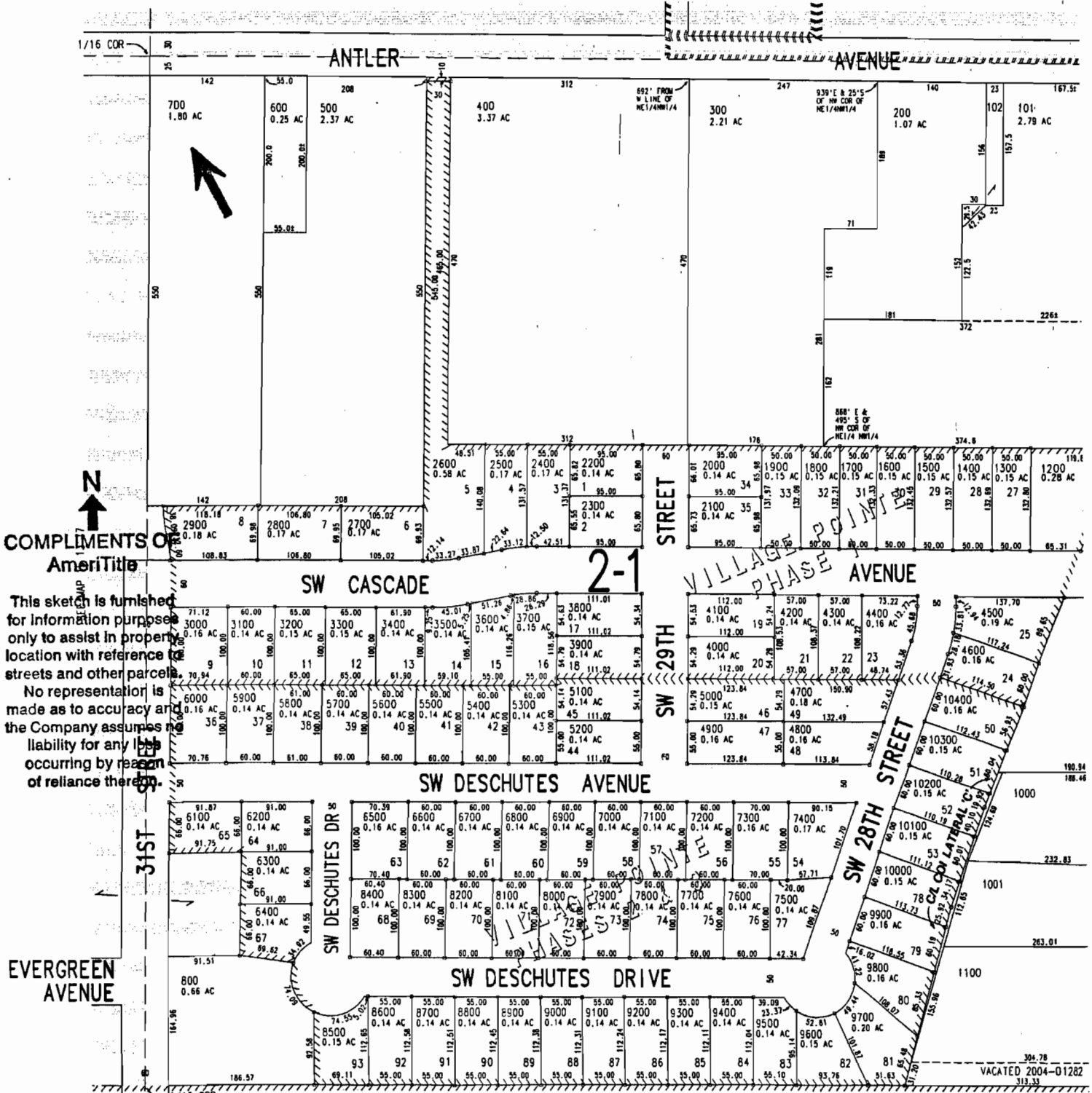
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"Superior Service with Commitment and Respect for Customers and Employees"

NE1/4 NW1/4 SEC. 17 T.15S. R.13E. W.M. DESCHUTES COUNTY

1" = 100'

SEE MAP 15 13 08CD



COMPLIMENTS OF
AmeriTitle

This sketch is furnished for information purposes only to assist in proper location with reference to streets and other parcels. No representation is made as to accuracy and the Company assumes no liability for any loss occurring by reason of reliance thereon.

EVERGREEN AVENUE

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SEE MAP 15 13 178D

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VACATED 2004-01282
313.33



14
19
96

RECORDATION REQUESTED BY:

PremierWest Bank
Bend Branch
354 SW Upper Terrace Drive, Suite 102
Bend, OR 97702

WHEN RECORDED MAIL TO:

PremierWest Bank
Bend Branch
354 SW Upper Terrace Drive, Suite 102
Bend, OR 97702

SEND TAX NOTICES TO:

Tri-County Builders Corporation
PO Box 19
Powell Butte, OR 97753

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

RECORDED BY 12-0078300

WESTERN TITLE & ESCROW CO. DEED OF TRUST

THIS DEED OF TRUST is dated June 20, 2006, among Tri County Builders Corporation ("Grantor"); PremierWest Bank, whose address is Bend Branch, 354 SW Upper Terrace Drive, Suite 102, Bend, OR 97702 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Western Title & Escrow Company, whose address is 1345 NW Wall Street, Suite 200, Bend, OR 97701 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, represented in the Note dated June 20, 2006, in the original principal amount of \$3,414,450.00, from Grantor to Lender, Grantor conveys to Trustee for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Deschutes County, State of Oregon:

See Exhibit "A", which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as Parcel A: 3072 West Antler Avenue, Redmond, OR 97756; Parcel B: 2388 NW Pumice Avenue, Redmond, OR 97756; Parcel C: TM151308CC Tax Lot 100, Redmond, OR 97756; and Parcel D: TM151317BA Tax Lot 500 on West Antler Avenue, Redmond, OR 97756. The Real Property tax identification number is Parcel A: 129888 and 129887; Parcel B: 192584; Parcel C: 129710; and Parcel D: 129889.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER CHAPTER 1, OREGON LAWS 2005 (BALLOT MEASURE 37 (2004)). THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER CHAPTER 1, OREGON LAWS 2005 (MEASURE 37 (2004)).

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to

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replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Oregon law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority

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WATER RESOURCES DEPT
SALEM, OREGON

DEED OF TRUST
(Continued)

Loan No: 483080298

Page 3

to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the indebtedness secured by this Deed of Trust; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

PARTIAL RELEASES. Lender shall execute partial releases of the lien of this Deed of Trust upon the following conditions: Completed lots will be release for \$43,221.00 each.

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or

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DEED OF TRUST
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Grantor's ability to repay the Indebtedness or perform their respective obligations under this Deed of Trust or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosures. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed by judicial foreclosure, Lender will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least fifteen (15) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the

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Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Deschutes County, State of Oregon. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES. Any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Oregon without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Oregon.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Oregon as to all Indebtedness secured by this Deed of Trust.

Commercial Deed of Trust. Grantor agrees with Lender that this Deed of Trust is a commercial deed of trust and that Grantor will not change the use of the Property without Lender's prior written consent.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means PremierWest Bank, and its successors and assigns.

Borrower. The word "Borrower" means Tri-County Builders Corporation and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto or intended to protect human health or the environment.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

Grantor. The word "Grantor" means Tri-County Builders Corporation.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

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Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum, including crude oil and any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lender. The word "Lender" means PremierWest Bank, its successors and assigns.

Note. The word "Note" means the promissory note dated June 20, 2006, in the original principal amount of \$3,414,450.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of the Note is December 20, 2007.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means Western Title & Escrow Company, whose address is 1345 NW Wall Street, Suite 200, Bend, OR 97701 and any substitute or successor trustees.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

TRI-COUNTY BUILDERS CORPORATION

By: [Signature]
Robert L. Childers, President of Tri-County Builders Corporation

By: [Signature]
Carol Childers, Secretary of Tri-County Builders Corporation

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon)
COUNTY OF Deschutes) SS



On this 20 day of June, 2006, before me, the undersigned Notary Public, personally appeared Robert L. Childers, President; ~~Carol Childers, Secretary~~ of Tri-County Builders Corporation, and known to me to be authorized agents of the corporation that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the corporation.

By: [Signature] Residing at Tenebonne
Notary Public in and for the State of _____ My commission expires 6/1/07

REQUEST FOR FULL RECONVEYANCE
(To be used only when obligations have been paid in full)

To: _____, Trustee
The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed, upon payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to any applicable statute, to cancel the Note secured by this Deed of Trust (which is delivered to you together with this Deed of Trust), and to reconvey, without warranty, to the parties designated by the terms of this Deed of Trust, the estate now held by you under this Deed of Trust. Please mail the reconveyance and Related Documents to:

Date: _____ Beneficiary: _____
By: _____
Its: _____

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CORPORATE ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF deschutes

)
) SS
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On this 21 day of June, 2006, before me, the undersigned Notary Public, personally appeared Robert L. Childers, President; Carol Childers, Secretary of Tri-County Builders Corporation, and known to me to be authorized agents of the corporation that executed the Hazardous Substances Agreement and acknowledged the Agreement to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Agreement and in fact executed the Agreement on behalf of the corporation.

By Angelique J White
Notary Public in and for the State of Oregon

Residing at Terrebonne
My commission expires 6/1/07



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EXHIBIT "A"

PARCEL 1:

That portion of the Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) of Section 17, Township 15 South, Range 13, East of the Willamette Meridian, Deschutes County, Oregon, described as follows:

Commencing at a point on the South line of the county road which bounds the said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) on the North, which said point is at a distance measured Easterly along said South line of said county road of 142 feet from the West line of said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4); thence from said point Southerly along a line parallel with said West line a distance of 550 feet; thence Easterly along a line parallel with said South line of said county road a distance of 208 feet; thence Northerly along a line parallel with said West line a distance of 550 feet to the South line of said county road; thence Westerly along said South line of said county road a distance of 208 feet to the point of commencing.

EXCEPTING THEREFROM the following:

BEGINNING at a point on the South line of the county road which bounds the said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) on the North, which said point is at a distance measured Easterly along said South line of said county road 142 feet from the West line of said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4); thence South 00°05' East 200.0 feet to a point; thence North 89°55' East 55.0 feet, more or less, to an existing barbed wire fence; thence Northerly along said existing fence 200.0 feet, more or less, to a point which is located North 89°55' East 55.0 feet from the point of beginning; thence South 89°55' West 55.0 feet to the point of beginning.

PARCEL 2:

PARCEL A:

A portion of that Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) of Section 17, Township 15 South, Range 13, East of the Willamette Meridian, Deschutes County, Oregon, described as follows:

Beginning at a point on the South line of the County Road which bounds the said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) on the North which said point is at a distance measured Easterly along said South line of said County Road 142 feet from the West line of said Northeast Quarter of the Northwest Quarter (NE1/4

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NW1/4); thence South 00°05' East 200.00 feet to a point; thence North 89°55' East 55.00 feet, more or less, to an existing barbed wire fence; thence Northerly along said existing fence 200.00 feet, more or less, to a point which is located North 89°55' East 55.00 feet from the point of beginning; thence South 89°55' West 55.00 feet to the point of beginning.

PARCEL B:

That portion of the Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) of Section 17, Township 15 South, Range 13, East of the Willamette Meridian, Deschutes County, Oregon, bounded as follows:

Beginning at the intersection of the South line of the County Road, as constructed along the North line of said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4), with the West line of said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4); thence Southerly measured along said West line a distance of 550 feet; thence Easterly measured along a line parallel with said South line of said County road a distance of 142 feet; thence Northerly along a line parallel with said West line of said Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) a distance of 550 feet to said South line of said County road; thence Westerly along said South line of said County road a distance of 142 feet to the point of beginning.

PARCEL 3:

A tract of land in the Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4) of Section 8, Township 15 South, Range 13 East of the Willamette Meridian, Deschutes County, Oregon, described as follows:

Beginning at the Southeast corner of said Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4) being the true point of beginning; thence North 89°56'40" West along the South line of said Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4), 166.63 feet; thence North 01°51'50" West, 676.54 feet; thence North 89°56'40" West 277.56 feet; thence North 00°13'40" East, 662.89 feet to the North line of said Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4); thence North 89°45'40" East along said North line, 475.02 feet; thence South 00°29'22" West along the East line of said Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4), 1341.53 feet to the true point of beginning.

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PARCEL 4:

Parcel 2 of Partition Plat 1997-1, Deschutes County, Oregon. EXCEPTING
THEREFROM that portion conveyed to the City of Redmond in that Deed recorded March
31, 2006 as Document No. 2006-22005, Official Records

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RECORDATION REQUESTED BY:

PremierWest Bank
Bend Branch
354 SW Upper Terrace Drive, Suite 102
Bend, OR 97702

WHEN RECORDED MAIL TO:

PremierWest Bank
Bend Branch
354 SW Upper Terrace Drive, Suite 102
Bend, OR 97702

SEND TAX NOTICES TO:

Tri-County Builders Corporation
PO Box 19
Powell Butte, OR 97753

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

HAZARDOUS SUBSTANCES CERTIFICATE AND INDEMNITY AGREEMENT

THIS HAZARDOUS SUBSTANCES AGREEMENT dated June 20, 2006, is made and executed among Tri-County Builders Corporation, PO Box 19, Powell Butte, OR 97753 (sometimes referred to below as "Borrower" and sometimes as "Indemnitor"); and PremierWest Bank, Bend Branch, 354 SW Upper Terrace Drive, Suite 102, Bend, OR 97702 (referred to below as "Lender"). For good and valuable consideration and to induce Lender to make a Loan to Borrower, each party executing this Agreement hereby represents and agrees with Lender as follows:

PROPERTY DESCRIPTION. The word "Property" as used in this Agreement means the following Real Property located in Deschutes County, State of Oregon:

See Exhibit "A", which is attached to this Agreement and made a part of this Agreement as if fully set forth herein.

The Real Property or its address is commonly known as Parcel A: 3072 West Antler Avenue, Redmond, OR 97756; Parcel B: 2388 NW Pumice Avenue, Redmond, OR 97756; Parcel C: TM151308CC Tax Lot 100, Redmond, OR 97756; and Parcel D: TM1513178A Tax Lot 500 on West Antler Avenue, Redmond, OR 97756. The Real Property tax identification number is Parcel A: 129888 and 129887; Parcel B: 192584; Parcel C: 129710; and Parcel D: 129889.

REPRESENTATIONS. The following representations are made to Lender, subject to disclosures made and accepted by Lender in writing:

Use of Property. After due inquiry and investigation, Indemnitor has no knowledge, or reason to believe, that there has been any use, generation, manufacture, storage, treatment, refinement, transportation, disposal, release, or threatened release of any Hazardous Substance by any person on, under, or about the Property.

Hazardous Substances. After due inquiry and investigation, Indemnitor has no knowledge, or reason to believe, that the Collateral, whenever and whether owned by previous Occupants, has ever contained asbestos, PCB or other Hazardous Substances, whether used in construction or stored on the Collateral.

No Notices. Indemnitor has received no summons, citation, directive, letter or other communication, written or oral, from any agency or department of any county or state or the U.S. Government concerning any intentional or unintentional action or omission on, under, or about the Property which has resulted in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances into any waters or onto any lands or where damage may have resulted to the lands, waters, fish, shellfish, wildlife, biota, air or other natural resources.

AFFIRMATIVE COVENANTS. Subject to disclosures made and accepted by Lender in writing, Indemnitor covenants with Lender as follows:

Use of Property. Indemnitor will not use and does not intend to use the Property to generate, manufacture, refine, transport, treat, store, handle or dispose of any Hazardous Substances.

Compliance with Environmental Laws. Indemnitor shall cause the Collateral and the operations conducted on it to comply with any and all Environmental Laws and orders of any governmental authorities having jurisdiction under any Environmental Laws and shall obtain, keep in effect and comply with all governmental permits and authorizations required by Environmental Laws with respect to such Collateral or operations. Indemnitor shall furnish Lender with copies of all such permits and authorizations and any amendments or renewals of them and shall notify Lender of any expiration or revocation of such permits or authorizations.

Preventive, Investigatory and Remedial Action. Indemnitor shall exercise extreme care in handling Hazardous Substances if Indemnitor uses or encounters any. Indemnitor, at Indemnitor's expense, shall undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) (a) required by any applicable Environmental Laws or orders by any governmental authority having jurisdiction under Environmental Laws, or (b) necessary to prevent or minimize property damage (including damage to Occupant's own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations of any Occupant on the Property. In the event Indemnitor fails to perform any of Indemnitor's obligations under this section of the Agreement, Lender may (but shall not be required to) perform such obligations at Indemnitor's expense. All such costs and expenses incurred by Lender under this section and otherwise under this Agreement shall be reimbursed by Indemnitor to Lender upon demand with interest at the Loan default rate, or in the absence of a default rate, at the Loan interest rate. Lender and Indemnitor intend that Lender shall have full recourse to Indemnitor for any sum at any time due to Lender under this Agreement. In performing any such obligations of Indemnitor, Lender shall at all times be deemed to be the agent of Indemnitor and shall not by reason of such performance be deemed to be assuming any responsibility of Indemnitor under any Environmental Law or to any third party. Indemnitor hereby irrevocably appoints Lender as Indemnitor's attorney-in-fact with full power to perform such of Indemnitor's obligations under this section of the Agreement as Lender deems necessary and appropriate.

Notices. Indemnitor shall immediately notify Lender upon becoming aware of any of the following:

- (1) Any spill, release or disposal of a Hazardous Substance on any of the Property, or in connection with any of its operations if such spill, release or disposal must be reported to any governmental authority under applicable Environmental Laws.
- (2) Any contamination, or imminent threat of contamination, of the Property by Hazardous Substances, or any violation of Environmental Laws in connection with the Property or the operations conducted on the Property.
- (3) Any order, notice of violation, fine or penalty or other similar action by any governmental authority relating to Hazardous Substances or Environmental Laws and the Property or the operations conducted on the Property.
- (4) Any judicial or administrative investigation or proceeding relating to Hazardous Substances or Environmental Laws and to the Property or the operations conducted on the Property.
- (5) Any matters relating to Hazardous Substances or Environmental Laws that would give a reasonably prudent Lender cause to be concerned that the value of Lender's security interest in the Property may be reduced or threatened or that may impair, or threaten to impair, Indemnitor's ability to perform any of its obligations under this Agreement when such performance is due.

Access to Records. Indemnitor shall deliver to Lender, at Lender's request, copies of any and all documents in Indemnitor's possession or to which it has access relating to Hazardous Substances or Environmental Laws and the Property and the operations conducted on the Property, including without limitation results of laboratory analyses, site assessments or studies, environmental audit reports and other consultants' studies and reports.

Inspections. Lender reserves the right to inspect and investigate the Property and operations on it at any time and from time to time, and Indemnitor shall cooperate fully with Lender in such inspection and investigations. If Lender at any time has reason to believe that Indemnitor or any Occupants of the Property are not complying with all applicable Environmental Laws or with the requirements of this Agreement or that a material spill, release or disposal of Hazardous Substances has occurred on or under the Property, Lender may require Indemnitor to furnish Lender at Indemnitor's expense an environmental audit or a site assessment with respect to the matters of concern to

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Lender. Such audit or assessment shall be performed by a qualified consultant approved by Lender. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to any Indemnitor or to any other person.

INDEMNITOR'S WAIVER AND INDEMNIFICATION. Indemnitor hereby indemnifies and holds harmless Lender and Lender's officers, directors, employees and agents, and Lender's successors and assigns and their officers, directors, employees and agents against any and all claims, demands, losses, liabilities, costs and expenses (including without limitation attorneys' fees at trial and on any appeal or petition for review) incurred by such person (a) arising out of or relating to any investigatory or remedial action involving the Property, the operations conducted on the Property or any other operations of Indemnitor or any Occupant and required by Environmental Laws or by orders of any governmental authority having jurisdiction under any Environmental Laws, or (b) on account of injury to any person whatsoever or damage to any property arising out of, in connection with, or in any way relating to (i) the breach of any covenant contained in this Agreement, (ii) the violation of any Environmental Laws, (iii) the use, treatment, storage, generation, manufacture, transport, release, spill disposal or other handling of Hazardous Substances on the Property, (iv) the contamination of any of the Property by Hazardous Substances by any means whatsoever (including without limitation any presently existing contamination of the Property), or (v) any costs incurred by Lender pursuant to this Agreement. In addition to this indemnity, Indemnitor hereby releases and waives all present and future claims against Lender for indemnity or contribution in the event Indemnitor becomes liable for cleanup or other costs under any Environmental Laws.

PAYMENT: FULL RECOURSE TO INDEMNITOR. Indemnitor intends that Lender shall have full recourse to Indemnitor for Indemnitor's obligations under this Agreement as they become due to Lender. Such liabilities, losses, claims, damages and expenses shall be reimbursable to Lender as Lender's obligations to make payments with respect thereto are incurred, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and Indemnitor shall pay such liability, losses, claims, damages and expenses to Lender as so incurred within thirty (30) days after written notice from Lender. Lender's notices shall contain a brief itemization of the amounts incurred to the date of such notice. In addition to any remedy available for failure to pay periodically such amounts, such amounts shall thereafter bear interest at the Loan default rate, or in the absence of a default rate, at the Loan interest rate.

SURVIVAL. The covenants contained in this Agreement shall survive (A) the repayment of the indebtedness, (B) any foreclosure, whether judicial or nonjudicial, of the Property, and (C) any delivery of a deed in lieu of foreclosure to Lender or any successor of Lender. The covenants contained in this Agreement shall be for the benefit of Lender and any successor to Lender, as holder of any security interest in the Property or the indebtedness secured thereby, or as owner of the Property following foreclosure or the delivery of a deed in lieu of foreclosure.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Agreement, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Indemnitor also will pay any court costs, in addition to all other sums provided by law.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Oregon without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Oregon.

Joint and Several Liability. All obligations of Indemnitor under this Agreement shall be joint and several, and all references to Indemnitor shall mean each and every Indemnitor. This means that each Indemnitor signing below is responsible for all obligations in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Indemnitor, shall constitute a waiver of any of Lender's rights or of any of Indemnitor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender. Indemnitor hereby waives notice of acceptance of this Agreement by Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Indemnitor agrees to keep Lender informed at all times of Indemnitor's current address. Unless otherwise provided or required by law, if there is more than one Indemnitor, any notice given by Lender to any Indemnitor is deemed to be notice given to all Indemnitors.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Indemnitor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Indemnitor, Lender, without notice to Indemnitor, may deal with Indemnitor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Indemnitor from the obligations of this Agreement or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Hazardous Substances Agreement, as this Hazardous Substances Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Hazardous Substances Agreement from time to time.

Collateral. The word "Collateral" means all of Indemnitor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto or intended to protect human health or the environment.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical,

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chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum, including crude oil and any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Indemnitor's obligations or expenses incurred by Lender to enforce Indemnitor's obligations under this Agreement, together with interest on such amounts as provided in this Agreement.

Lender. The word "Lender" means PremierWest Bank, its successors and assigns.

Occupant. The word "Occupant" means individually and collectively all persons or entities occupying or utilizing the Collateral, whether as owner, tenant, operator or other occupant.

Property. The word "Property" means all of Indemnitor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH AGREES TO ITS TERMS. NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS AGREEMENT EFFECTIVE. THIS AGREEMENT IS DATED JUNE 20, 2006.

BORROWER:

TRI-COUNTY BUILDERS CORPORATION

By: [Signature]
Robert L. Childers, President of Tri-County Builders Corporation

By: [Signature]
Carol Childers, Secretary of Tri-County Builders Corporation

LENDER:

PREMIERWEST BANK

X _____
Authorized Signer

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon)
) SS
COUNTY OF Deschutes)



On this 20 day of June, 2006, before me, the undersigned Notary Public, personally appeared Robert L. Childers, President; ~~Carol Childers~~, Secretary of Tri-County Builders Corporation, and known to me to be authorized agents of the corporation that executed the Hazardous Substances Agreement and acknowledged the Agreement to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the use and purposes therein mentioned, and on oath stated that they are authorized to execute this Agreement and in fact executed the Agreement on behalf of the corporation.

By [Signature] Residing at Tenebonne
Notary Public in and for the State of Oregon My commission expires 6/1/07

LENDER ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____ and known to me to be the _____, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

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CORPORATE ACKNOWLEDGMENT

STATE OF Oregon)

COUNTY OF Deschutes) SS

On this 21 day of June, 2006, before me, the undersigned Notary Public, personally appeared ~~Robert L. Childers, President~~; Carol Childers, Secretary of Tri-County Builders Corporation, and known to me to be authorized agents of the corporation that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the corporation.

By Angelique J White
Notary Public in and for the State of Oregon

Residing at Tendronne
My commission expires 6/1/07



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CENTRAL OREGON IRRIGATION DISTRICT

1055 SW LAKE COURT, REDMOND, OR 97756

PHONE: 541.548.6047 FAX: 541.548.0243

www.coid.org

A MUNICIPAL CORPORATION OF THE STATE OF OREGON

August 21, 2006

PremierWest Bank
Bend Branch
354 SW Upper Terrace Dr, Suite 102
Bend, OR 97702

Re: Consent for Water Right Transfer
Property Owned by: Tri-County Investors LP IV
Loan #: 483080298

To Whom It May Concern:

The District has received a request from Tri-County Investors LP IV to transfer 10.10 acres of irrigation water right from the above listed legal description. This will remove all of the appurtenant irrigation water rights on the described parcel. Transfer of this water right will have no impact on the domestic water source.

A report completed for the District by AmeriTitle indicates that PremierWest Bank holds a Deed of Trust covering the above listed parcel. Central Oregon Irrigation District requests a written consent to this transfer be received in our office no later than 30 days from the date of this letter. If we have not received your consent, or a written objection to the transfer by this date, the property owner will be required to obtain your consent, or, sign an agreement to hold C.O.I.D. harmless, before this transfer can be processed.

If you agree to the transfer, please sign the enclosed "Consent to Transfer" and return it to the District within 30 days.

If you have any questions, please call me. Thank you for your prompt attention in this matter.

Sincerely,

Leslie Clark
Water Transfer Specialist

Enclosure

cc: Tri-County Investors LP IV

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