

APPLICATION FOR THE SALE, TRANSFER, OR MERGER OF A WATER UTILITY

Instructions: All applications submitted to the Commission must be filed electronically with the Commission's Filing Center. Documents may be electronically filed by sending the filing as an attachment to an electronic mail message addressed to the Commission's Filing Center at puc.filingcenter@state.or.us. An original document must be personally delivered or mailed on the date the electronic copy of the document is filed.

Eastridge Water Company
(Name of Water Utility)
Washington Federal, attention Ricka Gerstmann
(Name of Owner or Officer)
425 Pike Street
(Address)
Seattle, Washington 98101
(City, State, Zip)
206-777-8354
(Utility Telephone Number)

RE: In the Matter of the Application of Washington Federal, a National Association, for an Order Authorizing to Sell, Transfer, or Merge the Eastridge Water Company to Indian Trail Water Users' Association, Inc., 1999 Crowfoot Road, Eagle Point, Oregon 97324, attention Del Hild, 541-826-1648, pursuant to OAR 860-036-0710.

A copy of the Purchase and Sale Agreement for this conveyance is attached to this application. The contract contains the exact terms and provisions of the sale that was completed on June 4, 2014.

The **affected water utility property** consists of a parcel of land containing one well, an easement providing access to another well, and associated equipment, including well pumps, a metal storage building, metal storage tanks, and water delivery lines.

The **sale price** of the property is \$8,000.00, paid at closing as set forth in the attached Purchase and Sale Agreement. The net book value of the water system is unknown, but includes this purchase price and the value of the conveyed land and assets.

The **reason for the sale** is that Washington Federal ("the Bank") acquired the real property where the utility's wells and other assets were located through

foreclosure, but the Bank is not in the business of operating water utilities. The original owner and operator of the Eastridge Water Company declared bankruptcy several years ago, and the company was administratively dissolved by the Oregon Secretary of State. For several years, the Bank has attempted to sell the Eastridge Water Company to the company's customers—the owners of the Indian Trail Court development, which is adjacent to the foreclosed property and which consists of four seven-unit apartment buildings. The sale negotiations lagged, forcing the Bank to twice file Applications for Authority to Terminate, Abandon, or Dispose of a Water Utility (UP 261 and UM 1691). The detailed history of the Bank's acquisition of the property was included in our Application in UM 1691. Not long after filing the application in UM 1691, several of the Indian Trail Court property owners formed the Indian Trail Water Users' Association ("the Association"), and the Bank and the Association finally came to an agreement for the sale. The sale was closed on June 4, 2014.

The **effect of the transaction upon the current customers** will be as follows. The Association has acquired the Bank's interest in the assets of the Eastridge Water Company. The Association will thus serve the existing customers from the same water sources as Eastridge. Since Eastridge stopped operating and the Bank foreclosed on the properties containing its assets, the customers have not been billed for their water. Presumably, they will now need to resume paying water bills, as they did in the past.

The **customers will benefit** in that they now have a direct relationship with the owners and operators of the utility. In fact, the Association is made up of some of those customers. Furthermore, the uncertainty about the future ownership and management of the utility that has existed for several years has been eliminated.

The purchasers have already paid the purchase price for the utility, thereby demonstrating that they are **financially able and willing** to take over the utility property. Washington Federal does not have any specific information about the purchasers' experience relevant to operating a utility; however, as the owners of some of the Indian Trail Court apartment buildings, the purchasers do have business and property management experience. Furthermore, as the owners of the development formerly served by Eastridge, they have a clear interest in assuring the provision of water service to their residents. We do not have a copy of the purchasers' **financial statements**. As noted above, the Association was only recently formed for the purpose of taking over the water company.

The attachments filed with this Application include all documents conveying the assets of the utility, including the Purchase and Sale Agreement, the Bargain and Sale Deed for the parcel of property containing one

of the wells, the Bill of Sale for the equipment, and an easement providing access to the second well. There are **no water rights to be transferred with the water system**, because the water source consists solely of two exempt wells.

Wherefore applicant respectfully requests that the Commission enter an appropriate order authorizing the transaction proposed herein.

Name of Utility: Eastridge Water Company
by Washington Federal, a National Association

Dated: June 27, 2014

Janet E. Neuman
Attorney for Washington Federal
Signature of Water Utility Officer or Owner

State of Oregon) ss.

County of Multnomah)

Janet E. Neuman
(Name of Party signing above)

being first duly sworn, deposes and says he she is the Attorney for Washington Federal, a National Association, the applicant in the foregoing application, that he she has read said application, including all exhibits thereto, knows the contents thereof, and the same are true to the best of his her knowledge and belief.

(Signature) Juanita E. Hryciw
My Commission Expires: 8/9/17
(Notarial Seal).
Notary Public for Oregon



PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("**Agreement**"), dated effective as of May 21, 2014, is entered into by and between Washington Federal, a national association, successor by merger to South Valley Bank & Trust, with an address of 425 Pike Street, Seattle, WA 98101 ("**Seller**"), and Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation, with an address of 1999 Crowfoot Road, Eagle Point, OR 97524 ("**Purchaser**"), with reference to the following facts:

A. Seller is the owner of Parcels 1, 2 and 3, Partition Plat P-10-2014, City of Shady Cove, Jackson County, Oregon ("**Seller's Property**").

B. Purchaser represents some or all of the owners of real property located adjacent to and west of Seller's Property, on which are constructed seven multi-unit apartment buildings (collectively, the "**Indian Trail Court Apartments**").

C. The Indian Trail Court Apartments receive domestic water from two wells, a water storage building, metal water storage tanks, water delivery lines and associated improvements located on Seller's Property (collectively, the "**Water System**"). The Water System, at some point in the past, was owned and/or operated by Eastridge Water Company, Inc., a now-dissolved Oregon corporation ("**Eastridge**").

D. The parties mutually desire that: (1) Seller sell to Purchaser Parcel 1 of Partition Plat P-10-2014 ("**Property**") and all of Seller's right, title and interest in and to the components of the Water System, and (2) Seller grant to Purchaser an easement for the use of the Water System on the remaining parcels of Seller's Property (the "**Water Easement**"), all on the terms and conditions of this Agreement.

NOW, THEREFORE, for valuable consideration, including the covenants, terms and conditions set forth below, Seller and Purchaser have agreed as follows:

1. **Sale and Purchase of Property.** Seller shall sell to Purchaser, and Purchaser shall buy, the Property, the Water System and the Water Easement for a combined purchase price of \$8,000 ("**Purchase Price**"). Within two days after execution of this Agreement, Purchaser shall open an escrow with First American Title Insurance Company ("**Title Company**") and deposit therein the sum of \$1,000 as earnest money ("**Earnest Money**"). The balance of the Purchase Price shall be paid in cash at Closing.

2. **Title.** Seller will convey the Property and the Water System and grant the Water Easement to Purchaser at Closing subject to all liens and encumbrances, whether or not of record.

3. **Closing.** The Closing of the transaction provided for in this Agreement shall take place on June 4, 2014 (the "**Closing**" or "**Closing Date**") in escrow with the Title Company.

4. **Seller's Closing Deliveries.** Seller shall deliver the following items to escrow on or prior to the Closing Date:

4.1 A bargain and sale deed (the "**Deed**") conveying the Property to Purchaser, but (to the extent the Water System is real property) disclaiming any representations or warranties whatsoever with respect to the portion of the Water System located on the Property, including any warranty as to title to the Water System.

4.2 The Water Easement in the form attached hereto as Exhibit A, in recordable form.

4.3 An assignment of all of Seller's right, title, and interest, if any, in Eastridge, in the form attached hereto as Exhibit B.

4.4 A bill of sale in the form attached hereto as Exhibit C conveying all of Seller's right, title and interest in the Water System to Purchaser to the extent it is personal property, with no representations or warranties whatsoever including any warranty as to title.

4.5 A certification of non-foreign status in the form required by the Internal Revenue Code.

4.6 Such other documents and items reasonably requested by the Title Company to close the transaction.

5. ***Purchaser's Closing Deliveries.*** Purchaser shall deliver the following items to escrow on or prior to the Closing Date:

5.1 The balance due on the Purchase Price in cash.

5.2 An executed counterpart of the Water Easement in recordable form.

5.3 An executed counterpart of the assignment of all of Seller's right, title, and interest, if any, in Eastridge, in the form attached hereto as Exhibit B.

5.4 Such other documents and items reasonably requested by the Title Company to close the transaction.

6. ***Expenses.*** Seller and Purchaser shall each pay one-half of the escrow fee. Purchaser shall pay the cost of recording the Deed and the Water Easement, all other charges and any other taxes or fees associated with Closing. Each party shall bear its own attorney fees, if any.

7. ***Possession.*** Purchaser shall be entitled to possession of the Property and the Water System and the use of the Water Easement immediately upon Closing.

8. ***License to Enter Seller's Property.*** For a period of sixty days after Closing, Purchaser shall have a license to enter onto the portions of Parcels 2 and 3 of Partition Plat P-10-2014 not subject to the Water Easement, to remove any property or equipment located thereon and associated with the Water System. Purchaser shall indemnify, defend and hold Seller harmless from and against any claims, losses, damages, liabilities, injuries, costs or expenses arising out of entry onto Seller's Property pursuant to the foregoing license. Any property

remaining on the portions of Parcels 2 and 3 of Partition Plat P-10-2014 not subject to the Water Easement after expiration of the license shall be deemed abandoned by Purchaser, and Seller may dispose of such property as it sees fit.

9. **Prorations, Deferred Taxes.** All real property taxes, insurance, rents and other usual items shall be prorated as of the Closing Date. Notwithstanding the foregoing, if the Property is specially assessed for property taxes (e.g., farm, forest or other), Purchaser shall be responsible for and shall pay all deferred and/or additional taxes and interest, regardless of whether or not such sums apply to periods before Closing, and shall hold Seller completely harmless therefrom.

10. **AS-IS.** Except as set forth in the Deed, Seller makes no representations or warranties regarding the Property or the Water System. Without limiting the generality of the foregoing, Seller hereby disclaims, and Purchaser hereby waives, any and all representations or warranties of any kind, express or implied, concerning the Property, the Water System or any portion thereof, as to its condition, value, compliance with laws, status of permits or approvals, existence or absence of hazardous materials on site, sufficiency or quality of water delivered or any other matter of similar or dissimilar nature relating in any way to the Property or the Water System, including any warranties of fitness for a particular purpose, tenantability, habitability and use. Purchaser acknowledges that Seller and Seller's agents have made no agreement or promise to alter, repair or improve the Property or the Water System. Purchaser otherwise takes the Property and the Water System at Closing "AS IS."

11. **Acknowledgments Regarding Water System.** Without limiting the generality of Section 10, Seller specifically disclaims any title to or ownership of the Water System and or Eastridge, in whole or in part. Purchaser acknowledges and assumes the risk that the Water System or Eastridge is owned by unidentified third parties. Purchaser also acknowledges that on April 24, 2014, Seller filed an application with the Oregon Public Utility Commission to terminate the public water system operated from Seller's Property and serving the Indian Trail Court Apartments.

12. **Default; Remedies.** TIME IS OF THE ESSENCE OF THIS AGREEMENT AND EACH PROVISION HEREOF. If Seller has performed all of its obligations under this Agreement and the transaction provided for herein fails to close, through no fault of Seller, on or before the Closing Date, the Earnest Money shall be delivered to Seller without prejudice to any other remedy that Purchaser may have, at law or in equity. If Purchaser has performed all of its obligations under this Agreement and the transaction provided for herein fails to close due to the fault of Purchaser on or before the Closing Date, then Seller may either: (a) leave the Earnest Money in escrow and pursue an action for specific performance, or (b) obtain a refund of the Earnest Money, in which case the parties shall have no further obligations hereunder. Purchaser irrevocably waives any right to obtain damages of any nature from Seller as a result of Seller's breach of this Agreement.

13. **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of Seller, Purchaser and their respective heirs, personal representatives, successors and assigns. Notwithstanding the foregoing, Purchaser may not assign its rights hereunder without

the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion.

14. **Attorney Fees.** In the event of any action to enforce or interpret this Agreement, or for any remedy on account of any breach of this Agreement, the prevailing party in such action shall be entitled to recover from the other party its costs, disbursements and reasonable attorney fees as determined by the court in such action and in any appeal therefrom.

15. **Notice.** All notices and communications in connection with this Agreement shall be given in writing and shall be transmitted by certified or registered mail, return receipt requested, to the appropriate party at its address set forth at the outset of this Agreement. Any notice so transmitted shall be deemed effective on the date it is placed in the United States mail, postage prepaid. Either party may, by written notice, designate a different address for purposes of this Agreement.

16. **Further Acts.** The parties shall execute and deliver such additional documents, and perform such additional acts, as may be reasonably required to carry out the transaction provided for in this Agreement.

17. **Broker.** Seller and Purchaser represent to each other that no broker or finder has been engaged by Seller or Purchaser in connection with any of the transactions contemplated by this Agreement.

18. **Entire Agreement.** This written Agreement sets forth the entire understanding of the parties with respect to its subject matter. This Agreement supersedes any and all prior negotiations, discussions, agreements and understandings between the parties. This Agreement may not be modified or amended except by a written agreement executed by both parties.

19. **Counterparts.** This Agreement may be executed in counterparts which together shall constitute one and the same Agreement. A facsimile or PDF copy of a signature shall be deemed an original for all purposes.

[signatures on following page]

SELLER

Washington Federal, a national association,
successor by merger to South Valley Bank &
Trust

Ronald M. Kojic
SVP

By: *R. B. Gerstmann*

Its: *AUP*

PURCHASER

Indian Trail Water Users Association, Inc., an
Oregon nonprofit corporation

By: _____

Its: _____

SELLER

Washington Federal, a national association,
successor by merger to South Valley Bank &
Trust

By: _____

Its: _____

PURCHASER

Indian Trail Water Users Association, Inc., an
Oregon nonprofit corporation

By:

Its: REGISTERED AGENT

EXHIBIT A
WATER EASEMENT

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

Indian Trail Water Users Association, Inc.
1999 Crowfoot Road
Eagle Point, OR 97324

WATER SYSTEM EASEMENT AGREEMENT

This WATER SYSTEM EASEMENT AGREEMENT is entered into June 4, 2014 by and between Washington Federal, a national association, successor by merger to South Valley Bank & Trust, with an address of 425 Pike Street, Seattle, WA 98101 ("**Grantor**"), and Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation, with an address of 1999 Crowfoot Road, Eagle Point, OR 97524 ("**Grantee**"), with reference to the following facts:

A. Grantor owns certain real property more particularly described as Parcels 2 and 3, Partition Plat P-10-2014, City of Shady Cove, Jackson County, Oregon ("**Burdened Property**").

B. Grantee or its members are owners of certain real property more particularly described in Exhibit A attached hereto ("**Benefited Property**"). Some or all of the Benefited Property receives domestic water from two wells, a water storage building, metal water storage tanks, water delivery lines and associated improvements located on the Burdened Property (collectively, the "**Water System**"), as depicted on Exhibit C attached hereto.

NOW, THEREFORE, for good and valuable consideration as set forth in that certain Purchase and Sale Agreement between Grantor, as Seller, and Grantee, as Purchaser, dated May 21, 2014, Grantor hereby grants a nonexclusive easement ("**Easement**") to the Burdened Property in the location described in Exhibit B attached hereto ("**Easement Area**"), for the benefit of the Benefited Property and subject to the following terms and conditions:

1. **Purpose.** The Easement is for the purpose of maintenance and operation of the Water System by Grantee for the delivery of domestic water to the Burdened Property.

2. **Grantor's Use.** Grantor, for itself, its successors and assigns, reserves the right at all times and for any purpose to go upon, cross and recross, at any place on grade or otherwise, the Easement Area in a manner that will not unreasonably interfere with the use and enjoyment of the Easement by the parties benefited thereby.

3. **Term.** The term of the Easement shall expire on June 3, 2017. No later than the last day of the term, Grantee shall remove all improvements and other property of Grantee or its members from the Burdened Property. Any property remaining on the Easement Area after

termination of the Easement shall be deemed abandoned by Grantee and may be disposed of by Grantor as it sees fit.

4. *Maintenance.* The operation and maintenance of the Water System shall be the sole responsibility of Grantee. Except as otherwise agreed by both Grantor and Grantee in writing in advance of the improvements being made, any improvements made to the Easement Area shall be solely for the account of the improver.

5. *Binding Effect.* The Easement shall run with the Burdened Property and the Benefited Property, and the rights and obligations hereunder shall inure to the benefit of and be binding upon the successors and assigns of the parties.

6. *Modification.* This agreement may be modified or amended only by a writing signed by the parties in interest.

7. *Choice of Law.* This agreement shall be governed by the laws of the State of Oregon, and any dispute arising hereunder shall be resolved in the courts of Jackson County, Oregon.

8. *Attorneys Fees.* If either party brings an action to enforce the terms of or to declare rights under this agreement, including any action in bankruptcy court, the prevailing party at any such action, on trial or appeal, shall be entitled to its reasonable attorney fees to be paid by the losing party as fixed by the court.

9. *No Public Dedication.* Nothing contained in this agreement shall be deemed a gift or dedication of any portion of the Easement Area to the general public or for any public purpose whatsoever, and neither the City of Shady Cove nor Jackson County shall have any responsibility to maintain or otherwise service the Easement herein described.

[nothing further on this page]

IN WITNESS WHEREOF, Grantor and Grantee have executed this agreement as of the date first written above.

GRANTOR Washington Federal, a national association, successor by merger to South Valley Bank & Trust

By: _____

Its: _____

GRANTEE Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation

By: _____

Its: _____

STATE OF _____)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2014 by _____ on behalf of Washington Federal, a national association, successor by merger to South Valley Bank & Trust.

Notary Public for _____
My commission expires _____

STATE OF _____)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2014 by _____ on behalf of Indian Trail Water Users Association, Inc.

Notary Public for _____
My commission expires _____

**EXHIBIT A
TO WATER SYSTEM EASEMENT AGREEMENT**

BENEFITED PROPERTY

Parcel 1, Partition Plat P-10-2014.

[insert legal descriptions of apartment buildings]

**EXHIBIT B
TO WATER SYSTEM EASEMENT AGREEMENT**

EASEMENT AREA

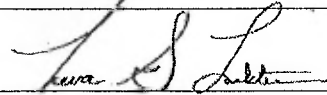
That portion of Parcel No. 2 and Parcel No. 3, Partition Plat No. P-10-2014, recorded in Index Volume 25, Page 10, under County Surveyor File No. 21436, records of Jackson County, State of Oregon, more particularly described as follows;

COMMENCING at the Westernmost common corner of Parcel No. 1 and Parcel No. 3 of said Partition Plat;
THENCE South 89°47'41" East, 75.00 feet along the South line of said Parcel No. 1 to and angle point in said South line and the TRUE POINT OF BEGINNING;
THENCE South 85°14'13" East, 191.37 feet;
THENCE North 81°00'51" East, 90.95 feet;
THENCE North 58°03'30" East, 50.70 feet;
THENCE North 37°29'24" West, 79.87 feet;
THENCE North 34°21'54" East, 136.82 feet;
THENCE North 55°38'06" West, 24.00 feet;
THENCE South 34°21'54" West, 216.05 feet to the South line of a 40' Ingress-Egress, Turn-Around and Utility Easement as shown on said Partition Plat;
THENCE North 89°47'41" West, 168.04 feet along said South line to the East line of said Parcel No. 1;
THENCE South 48°40'26" West, 56.43 feet along said East line to the TRUE POINT OF BEGINNING.

Basis of Bearings for the above described easement is the South line of Parcel No. 1, Partition Plat P-10-2014, in Jackson County, Oregon.

4/18/2014

**REGISTERED
PROFESSIONAL
LAND SURVEYOR**



**OREGON
MAY 14, 2013
TREVOR S. LANKTREE
84372PLS**

EXPIRES: DECEMBER 31, 2014

036298/00014/5476409v1

LEGEND

- = Found 5/8" Rebar with Plastic Cap - S.N. 10388, 11399 or 11868
- △ = Found 5/8" Rebar With Plastic Cap - INDIAN CREEK TRAIL SUBDIVISION - PHASE 1
- = Found Monument As Indicated
- = Set 5/8" x 24" Rebar with Plastic Cap marked "B. KAISER RLS 52823"
- = Set 5/8" x 30" Rebar with Plastic Cap marked "B. KAISER RLS 62923"
- S.N. = Filed Survey Number
County Surveyors Office
- R.M. = Reference Monument
- () = Record/S.N. 10388, 11399 and 11868
- (()) = Record/Indian Creek Trail Subd. - Phase 1
- = Overhead Power Lines

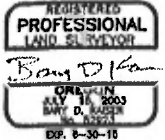
PARTITION PLAT No.

Located in the S.W. 1/4 of Section 15, T.34S.,R.1W., W.M.,
City of Shady Cove, Jackson County, Oregon

SURVEY FOR:
Washington Federal
425 Pike Street
Seattle, WA 98101

DATE:
November 21, 2013

SURVEY BY:
Kaiser Surveying
19754 Highway 62
Eagle Point, OR. 97524



SURVEY NARRATIVE TO COMPLY WITH O.R.S. 209.250

PURPOSE: Partition Survey of tract described as Parcel 1 of Instrument No. 2009-030833 O.R.

PROCEDURE: Equipment used to perform survey was a Nikon DTN530 total station. The outside boundary was determined from the deed of record (Instrument No. 2009-030833 O.R.) and information from Filed Survey Nos. 6274, 10388, 11399, 11868 and 18180 and the plot of INDIAN CREEK TRAIL SUBDIVISION - PHASE 1.
The right-of-way location of Indian Creek Road was located from information on Filed Survey No. 6274. The right-of-way location for Firehouse Lane was determined from found monuments and information on the plat of INDIAN CREEK TRAIL SUBDIVISION - PHASE 1. The New Partition Boundaries were located per the clients direction and the City Approval.

CURVE DATA

A	B	L	IC
① 10°09'58"	250.00'	44.534'	871°05'33"E, 44.874'
② 9°11'29"	663.849'	143.374'	871°34'40"E, 143.22'
③ 18°45'41"	124.00'	35.14'	873°20'40"E, 35.014'
④ 31°17'18"	120.00'	65.53'	868°14'21"E, 64.72'
⑤ 28°30'40"	100.00'	48.78'	875°04'59"E, 48.25'
⑥ 6°08'57"	100.00'	18.86'	857°08'40"E, 18.864'

EASEMENTS

- Power line easements indicated on a current title report are as follows: Vol. 228, Page 408 D.R., Vol. 467, Page 134 D.R. and Inst. No. 88-08876 O.R.. The location of these power lines were not given in the easement, but it is likely that one or more of these easement could pertain to the power line shown hereon.
- Water line and well and water storage easements are shown hereon. Additional water line easement across the subject property are mentioned on recorded warranty deeds, Inst. Nos. 90-00780 O.R. and 90-08614 O.R. and could pertain to the easement locations shown hereon.
- Inst. No. 82-17391 O.R. pertains to roadway Vocation Ordinance No. 492-82, in which there could have been public utilities. It was not determined if this affects the subject property.

**WATER FACILITIES
ASBUILT INFORMATION**

THE WATER LINES AS SHOWN WERE LOCATED BY TRACING THE ELECTRICAL LINES AND PRESUMING THE WATER LINES FOLLOW THE SAME ROUTE, WHICH IS A COMMON PRACTICE. THE ABSENCE OF WATER LINE TRACER WIRES MADE LOCATING THE WATER LINES A DIFFICULT PROCESS.

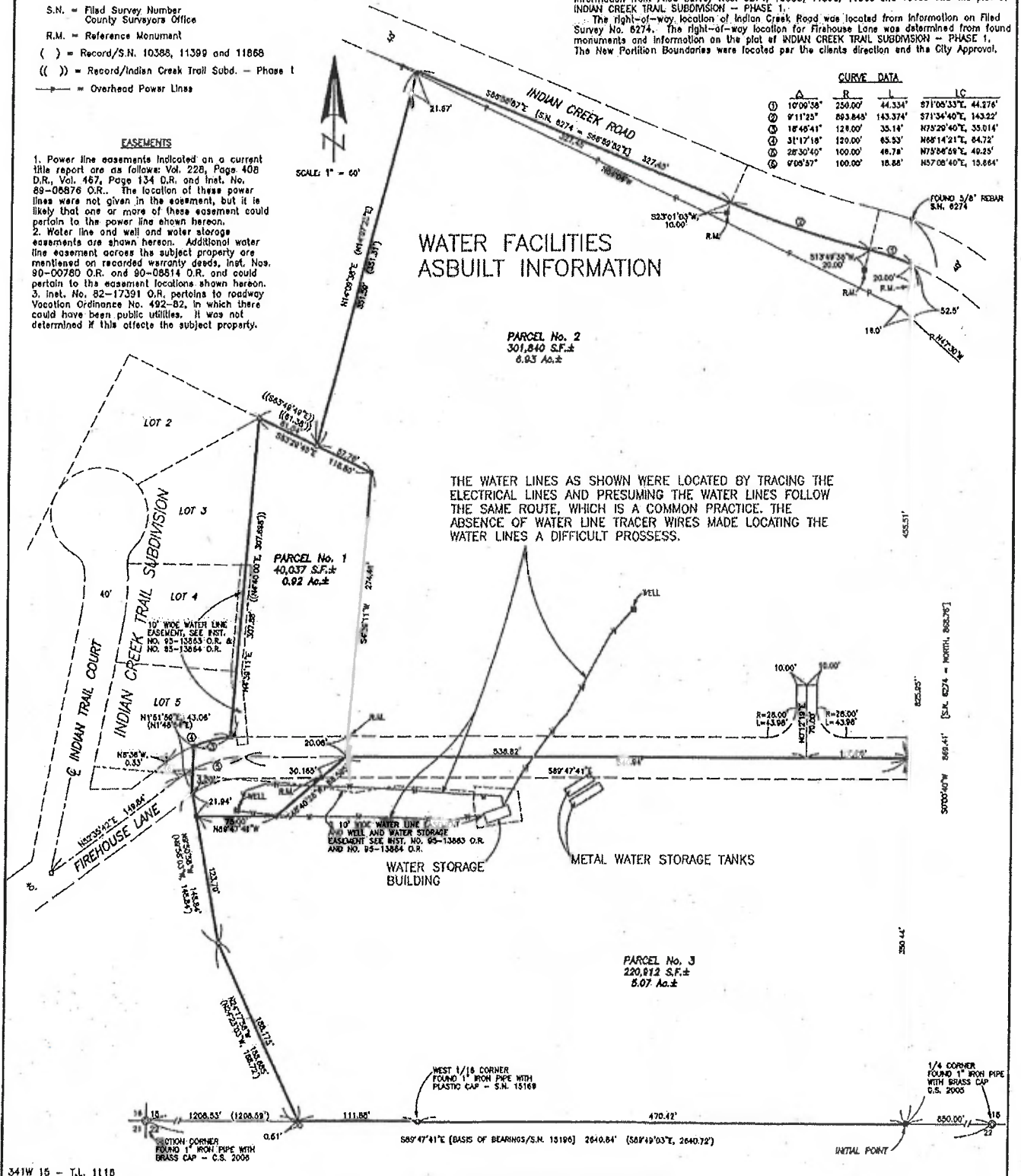


EXHIBIT "C"

EXHIBIT B

ASSIGNMENT OF EASTRIDGE INTERESTS

**EASTRIDGE WATER COMPANY, INC.
ASSIGNMENT OF OWNERSHIP INTERESTS WITHOUT WARRANTY**

PARTIES

Washington Federal, a national association, successor by merger to South Valley Bank & Trust ("Assignor")

Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation ("Assignee")

RECITALS

A. Eastridge Water Company, Inc. ("Company") was an Oregon corporation that was administratively dissolved by the Oregon Secretary of State on or about March 12, 2010.

B. The Company at some point in the past owned and/or operated a public water system ("Water System") on property owned by Assignor more particularly described as Parcels 1, 2 and 3, Partition Plat P-10-2014, City of Shady Cove, Jackson County, Oregon ("Land").

C. The current ownership of the Water System is unclear; however, concurrently with the delivery of this Assignment, Assignor is conveying Parcel 1, Partition Plat P-10-2014 and all of Assignor's right, title and interest (if any) in the Water System to Assignee.

D. The parties mutually desire that Assignor also assign to Assignee all of Assignor's right, title and interest (if any) in the Company ("Ownership Interests") to Assignee.

NOW, THEREFORE, in consideration of the mutual covenants herein, it is agreed as follows:

AGREEMENT

1. **Effective Date.** This Agreement is effective upon delivery of this Agreement, executed by Assignor, to Assignee (the "**Effective Date**").

2. **Assets Transferred.** Assignor hereby assigns and quitclaims to Assignee all Ownership Interests owned by Assignor, if any. Assignor makes no representation or warranty whatsoever that it owns any Ownership Interests, or that the Company still has a legal existence or any right to own property, whether located on the Land or elsewhere. The Water System and any Ownership Interests (if they exist at all) may be owned by third parties. Assignee fully acknowledges the foregoing disclaimer of representations and warranties, including the disclaimer of any warranty of title or ownership to either the Water System or any Ownership Interests, and assumes all risk that the Water System and/or the Ownership Interests are owned by third parties.

3. **Consideration for Transfer.** The consideration for this Agreement is the covenants, promises, rights and obligations set forth in that certain Purchase and Sale Agreement by and between Assignor, as Seller, and Assignee, as Purchaser, dated May 21, 2014.

4. **Acceptance.** Assignee hereby accepts the assignment and transfer of Assignor's right, title and interest (if any) in the Ownership Interests as of the Effective Date.

5. **Counterparts.** This Agreement may be executed in counterparts, and an electronic or facsimile copy of a signature shall be deemed an original for all purposes.

ASSIGNOR:

ASSIGNEE:

Washington Federal, a national association,
successor by merger to South Valley Bank &
Trust

Indian Trail Water Users Association, Inc., an
Oregon nonprofit corporation

By: _____

By: _____

Its: _____

Its: _____

036298/00014/5476660v1

EXHIBIT C
BILL OF SALE

036298/00014/5473841v1

BILL OF SALE

Effective Date: June 4, 2014

For valuable consideration as set forth in that certain Purchase and Sale Agreement dated May 21, 2014 by and between Washington Federal, a national association, successor by merger to South Valley Bank & Trust ("Seller") and Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation ("Buyer"), Seller sells, assigns, conveys, transfers and delivers to Buyer all of Seller's right, title and interest (if any) in and to the following (the "Assets"):

Two wells, a water storage building, metal water storage tanks, water delivery lines and other associated, water-related improvements located on Parcels 1, 2 and 3, Partition Plat P-10-2014, City of Shady Cove, Jackson County, Oregon.

Seller represents and warrants to Buyer that: (a) Seller is duly organized and validly existing under the laws governing national associations; (b) Seller has the full corporate power, authority, and legal right to execute and deliver this Bill of Sale and has obtained all corporate, governmental and other consents necessary in order for Seller to perform its obligations under this Bill of Sale; (c) upon execution of this Bill of Sale, this Bill of Sale will be the binding obligation of Seller enforceable against it in accordance with its terms; and (d) Seller has not entered into any agreement to sell the Assets to anyone else. Seller specifically disclaims any warranty of ownership or title to the Assets, and specifically disclaims any representation or warranty as to liens or encumbrances on the Assets. Buyer takes the Assets with full knowledge that the Assets may be owned by third parties and/or subject to unknown liens or encumbrances. Seller conveys its interest, if any, in the Assets in their fully "AS IS" condition, without any representation or warranty whatsoever as to the condition, value, compliance with laws, status of permits or approvals, existence or absence of hazardous materials, sufficiency or quality of water delivered or any other matter of similar or dissimilar nature relating in any way to the Assets, including any warranties of fitness for a particular purpose, tenantability, habitability and use.

Buyer shall indemnify, defend and hold harmless Seller, its affiliates and its shareholders, members, directors, officers, employees, and agents, from and against any and all damages, claims, losses, liabilities and expenses, including reasonable legal fees, that arise out of or relate to Buyer's use or ownership of the Assets after to the Effective Date.

This Bill of Sale shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, transferees, successors and assigns of both Buyer and Seller.

Washington Federal, a national association,
successor by merger to South Valley Bank &
Trust

Indian Trail Water Users Association, Inc., an
Oregon nonprofit corporation

By: _____


By: _____

Its: _____


Its: _____

AFTER RECORDING, RETURN TO:
Indian Trail Water Users Association, Inc.
1999 Crowfoot Road
Eagle Point, OR 97324

READ & APPROVED



UNTIL A CHANGE IS REQUESTED,
SEND ALL TAX STATEMENTS TO:
Indian Trail Water Users Association, Inc.
1999 Crowfoot Road
Eagle Point, OR 97324

Certified To Be True
Exact Copy Of The Original
First American Title Co.
By:  Authorized Signatory

BARGAIN AND SALE DEED

WASHINGTON FEDERAL, Successor in Interest to South Valley Bank & Trust as Successor in Interest to Home Valley Bank, having its address at 425 Pike Street, Seattle, Washington 98101, Grantor, conveys to INDIAN TRAIL WATER USERS ASSOCIATION, INC., an Oregon nonprofit corporation, having its address at 1999 Crowfoot Road, Eagle Point, Oregon 97524, Grantee, that certain real property more particularly described as:

PARCEL 1, AS SHOWN ON THE PARTITION PLAT FILED IN THE OFFICE OF THE JACKSON COUNTY SURVEYOR AS NO. 21436, AND RECORDED AS PARTITION PLAT NO. P-10-2014 OF "RECORD OF PARTITION PLATS" IN JACKSON COUNTY, OREGON.

The true consideration for this conveyance is \$8,000.

The property conveyed hereby includes all improvements located thereon; however, specifically with respect to such improvements Grantor makes no representation or warranty whatsoever, express or implied, and without limiting the generality of the foregoing specifically disclaims any warranty of title as to said improvements.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, 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 ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

DATED this 5th day of June, 2014.

GRANTOR:

WASHINGTON FEDERAL, a national association, successor by merger to South Valley Bank & Trust

By: *Rick Gerstmann*
Its: AVP

By: *Ronald L. McKenzie*
Its: SVP

STATE OF WASHINGTON)
) ss.
County of King)

The foregoing instrument was acknowledged before me on June 5th, 2014, by Rick Gerstmann as AVP of Washington Federal, a national association, successor by merger to South Valley Bank & Trust.

Notary Public
State of Washington
JOY N. PARDUE
MY COMMISSION EXPIRES
September 23, 2014

Joy N. Pardue
Notary Public for Washington
My commission expires 9.23.2014

STATE OF WASHINGTON)
) ss.
County of King)

The foregoing instrument was acknowledged before me on June 5th, 2014, by Ronald L. McKenzie as SVP of Washington Federal, a national association, successor by merger to South Valley Bank & Trust.

Notary Public
State of Washington
JOY N. PARDUE
MY COMMISSION EXPIRES
September 23, 2014

Joy N. Pardue
Notary Public for Washington
My commission expires 9.23.2014

BILL OF SALE

COPY

Effective Date: June 5, 2014

For valuable consideration as set forth in that certain Purchase and Sale Agreement dated May 21, 2014 by and between Washington Federal, a national association, successor by merger to South Valley Bank & Trust ("Seller") and Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation ("Buyer"), Seller sells, assigns, conveys, transfers and delivers to Buyer all of Seller's right, title and interest (if any) in and to the following (the "Assets"):

Two wells, a water storage building, metal water storage tanks, water delivery lines and other associated, water-related improvements located on Parcels 1, 2 and 3, Partition Plat P-10-2014, City of Shady Cove, Jackson County, Oregon.

Seller represents and warrants to Buyer that: (a) Seller is duly organized and validly existing under the laws governing national associations; (b) Seller has the full corporate power, authority, and legal right to execute and deliver this Bill of Sale and has obtained all corporate, governmental and other consents necessary in order for Seller to perform its obligations under this Bill of Sale; (c) upon execution of this Bill of Sale, this Bill of Sale will be the binding obligation of Seller enforceable against it in accordance with its terms; and (d) Seller has not entered into any agreement to sell the Assets to anyone else. Seller specifically disclaims any warranty of ownership or title to the Assets, and specifically disclaims any representation or warranty as to liens or encumbrances on the Assets. Buyer takes the Assets with full knowledge that the Assets may be owned by third parties and/or subject to unknown liens or encumbrances. Seller conveys its interest, if any, in the Assets in their fully "AS IS" condition, without any representation or warranty whatsoever as to the condition, value, compliance with laws, status of permits or approvals, existence or absence of hazardous materials, sufficiency or quality of water delivered or any other matter of similar or dissimilar nature relating in any way to the Assets, including any warranties of fitness for a particular purpose, tenantability, habitability and use.

Buyer shall indemnify, defend and hold harmless Seller, its affiliates and its shareholders, members, directors, officers, employees, and agents, from and against any and all damages, claims, losses, liabilities and expenses, including reasonable legal fees, that arise out of or relate to Buyer's use or ownership of the Assets after to the Effective Date.

This Bill of Sale shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, transferees, successors and assigns of both Buyer and Seller.

Washington Federal, a national association, successor by merger to South Valley Bank & Trust

By: Rick Gerstmann
Its: AVP

Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation

By: [Signature]
Its: PRESIDENT

By: _____
Its: _____

①

FA. 2262376-DW
RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

Indian Trail Water Users Association, Inc.
1999 Crowfoot Road
Eagle Point, OR 97324

Jackson County Official Records **2014-014334**
R-EA
Stn=2 HELMANCD 06/11/2014 08:51:18 AM
\$35.00 \$11.00 \$10.00 \$8.00 \$20.00 \$3.00 \$87.00

I, Christine Walker, County Clerk for Jackson County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.
Christine Walker - County Clerk

35-

WATER SYSTEM EASEMENT AGREEMENT

This WATER SYSTEM EASEMENT AGREEMENT is entered into June 5, 2014 by and between Washington Federal, Successor in Interest to South Valley Bank & Trust as Successor in Interest to Home Valley Bank, with an address of 425 Pike Street, Seattle, WA 98101 ("Grantor"), and Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation, with an address of 1999 Crowfoot Road, Eagle Point, OR 97524 ("Grantee"), with reference to the following facts:

A. Grantor owns certain real property more particularly described as Parcels 2 and 3, as shown on the Partition Plat filed in the office of the Jackson County Surveyor as No. 21436, and recorded as Partition Plat No. P-10-2014 of "Record of Partition Plats" in Jackson County, Oregon. ("Burdened Property").

B. Grantee or its members are owners of certain real property more particularly described in Exhibit A attached hereto ("Benefited Property"). Some or all of the Benefited Property receives domestic water from two wells, a water storage building, metal water storage tanks, water delivery lines and associated improvements located on the Burdened Property (collectively, the "Water System"), as depicted on Exhibit C attached hereto.

NOW, THEREFORE, for good and valuable consideration as set forth in that certain Purchase and Sale Agreement between Grantor, as Seller, and Grantee, as Purchaser, dated May 21, 2014, Grantor hereby grants a nonexclusive easement ("Easement") to the Burdened Property in the location described in Exhibit B attached hereto ("Easement Area"), for the benefit of the Benefited Property and subject to the following terms and conditions:

1. **Purpose.** The Easement is for the purpose of maintenance and operation of the Water System by Grantee for the delivery of domestic water to the Burdened Property.

2. **Grantor's Use.** Grantor, for itself, its successors and assigns, reserves the right at all times and for any purpose to go upon, cross and recross, at any place on grade or otherwise, the Easement Area in a manner that will not unreasonably interfere with the use and enjoyment of the Easement by the parties benefited thereby.

3. **Term.** The term of the Easement shall expire on June 30, 2017. No later than the last day of the term, Grantee shall remove all improvements and other property of Grantee or its members from the Burdened Property. Any property remaining on the Easement Area after

termination of the Easement shall be deemed abandoned by Grantee and may be disposed of by Grantor as it sees fit.

4. **Maintenance.** The operation and maintenance of the Water System shall be the sole responsibility of Grantee. Except as otherwise agreed by both Grantor and Grantee in writing in advance of the improvements being made, any improvements made to the Easement Area shall be solely for the account of the improver.

5. **Binding Effect.** The Easement shall run with the Burdened Property and the Benefited Property, and the rights and obligations hereunder shall inure to the benefit of and be binding upon the successors and assigns of the parties.

6. **Modification.** This agreement may be modified or amended only by a writing signed by the parties in interest.

7. **Choice of Law.** This agreement shall be governed by the laws of the State of Oregon, and any dispute arising hereunder shall be resolved in the courts of Jackson County, Oregon.

8. **Attorneys Fees.** If either party brings an action to enforce the terms of or to declare rights under this agreement, including any action in bankruptcy court, the prevailing party at any such action, on trial or appeal, shall be entitled to its reasonable attorney fees to be paid by the losing party as fixed by the court.

9. **No Public Dedication.** Nothing contained in this agreement shall be deemed a gift or dedication of any portion of the Easement Area to the general public or for any public purpose whatsoever, and neither the City of Shady Cove nor Jackson County shall have any responsibility to maintain or otherwise service the Easement herein described.

[nothing further on this page]

IN WITNESS WHEREOF, Grantor and Grantee have executed this agreement as of the date first written above.

GRANTOR Washington Federal, a national association, successor by merger to South Valley Bank & Trust

By: Rieka Gerstmann

Its: AVP

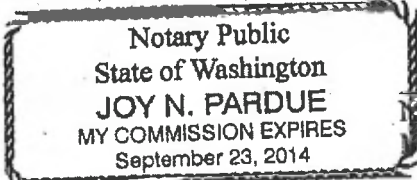
GRANTEE Indian Trail Water Users Association, Inc., an Oregon nonprofit corporation

By: [Signature]

Its: President

STATE OF Washington)
) SS.
COUNTY OF King)

The foregoing instrument was acknowledged before me this 5th day of June 2014 by Rieka Gerstmann on behalf of Washington Federal, a national association, successor by merger to South Valley Bank & Trust.

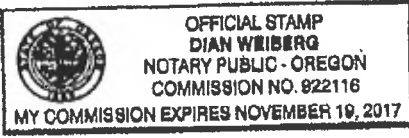


[Signature]
Notary Public for Washington
My commission expires 9-23-2014

STATE OF Oregon)
) SS.
COUNTY OF Jackson)

The foregoing instrument was acknowledged before me this 10 day of June 2014 by Dea Hild on behalf of Indian Trail Water Users Association, Inc.

[Signature]



Notary Public for Oregon
My commission expires 11/19/17

**EXHIBIT A
TO WATER SYSTEM EASEMENT AGREEMENT**

BENEFITED PROPERTY

PARCEL 1, AS SHOWN ON THE PARTITION PLAT FILED IN THE OFFICE OF THE JACKSON COUNTY SURVEYOR AS NO. 21436, AND RECORDED AS PARTITION PLAT NO. P-10-2014 OF "RECORD OF PARTITION PLATS" IN JACKSON COUNTY, OREGON.

Lot Three (3) of INDIAN CREEK TRAIL SUBDIVISION PHASE I in the City of Shady Cove, Jackson County, Oregon, according to the official plat thereof, now of record, recorded in Volume 19, Page 19 Plat Records.

Lot Four (4) of INDIAN CREEK TRAIL SUBDIVISION PHASE I in the City of Shady Cove, Jackson County, Oregon, according to the official plat thereof, now of record, recorded in Volume 19, Page 19 Plat Records.

Lot Five (5) of INDIAN CREEK TRAIL SUBDIVISION PHASE I in the City of Shady Cove, Jackson County, Oregon, according to the official plat thereof, now of record, recorded in Volume 19, Page 19 Plat Records.

Parcel 1, as shown on the partition plat filed in the Office of the Jackson County Surveyor as No. 15058 and recorded as Partition Plat No. P-65-1996 of "Record of Partition Plats" in Jackson County, Oregon.

Parcel 2, as shown on the partition plat filed in the Office of the Jackson County Surveyor as No. 15058 and recorded as Partition Plat No. P-65-1996 of "Record of Partition Plats" in Jackson County, Oregon.

Commencing at a 5/8" rebar with plastic cap found set for the Southeast corner of Lot 1, INDIAN CREEK TRAIL SUBDIVISION PHASE 1, a recorded subdivision located in the City of Shady Cove, Jackson County, Oregon; thence along the Southerly boundary of said Lot 1, South 89° 05' 57" West, 1.89 feet, to a 5/8" rebar with plastic cap set, for the true point of beginning; thence continue South 89° 05' 57" West, 131.96 feet, to the Southwest corner of said Lot 1; thence continue South 01° 58' 00" West, 136.93 feet, to a 5/8" rebar with plastic cap set on the Northerly right of way line of Firehouse Lane; thence along said lane line, North 72° 06' 38" East, 66.46 feet, to a 5/8" rebar with aluminum cap found set for an angle point; thence continue along said lane line, North 52° 41' 44" East, 75.51 feet; thence along the Westerly right of way line of Indian Trail Court, North 10° 23' 10" East, 73.96 feet, to the true point of beginning.

**EXHIBIT B
TO WATER SYSTEM EASEMENT AGREEMENT**

EASEMENT AREA

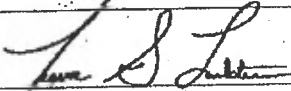
That portion of Parcel No. 2 and Parcel No. 3, Partition Plat No. P-10-2014, recorded in Index Volume 25, Page 10, under County Surveyor File No. 21436, records of Jackson County, State of Oregon, more particularly described as follows;

COMMENCING at the Westernmost common corner of Parcel No. 1 and Parcel No. 3 of said Partition Plat;
THENCE South 89°47'41" East, 75.00 feet along the South line of said Parcel No. 1 to and angle point in said South line and the TRUE POINT OF BEGINNING;
THENCE South 85°14'13" East, 191.37 feet;
THENCE North 81°00'51" East, 90.95 feet;
THENCE North 58°03'30" East, 50.70 feet;
THENCE North 37°29'24" West, 79.87 feet;
THENCE North 34°21'54" East, 136.82 feet;
THENCE North 55°38'06" West, 24.00 feet;
THENCE South 34°21'54" West, 216.05 feet to the South line of a 40' Ingress-Egress, Turn-Around and Utility Easement as shown on said Partition Plat;
THENCE North 89°47'41" West, 168.04 feet along said South line to the East line of said Parcel No. 1;
THENCE South 48°40'26" West, 56.43 feet along said East line to the TRUE POINT OF BEGINNING.

Basis of Bearings for the above described easement is the South line of Parcel No. 1, Partition Plat P-10-2014, in Jackson County, Oregon.

4/18/2014

REGISTERED
PROFESSIONAL
LAND SURVEYOR



OREGON
MAY 14, 2013
TREVOR S. LANKTREE
84372PLS

EXPIRES: DECEMBER 31, 2014

**EXHIBIT C
TO WATER SYSTEM EASEMENT AGREEMENT**

WATER SYSTEM

LEGEND

- = Found 5/8" Rebar with Plastic Cap - S.M. 10388, 11389 or 11888
 - ▲ = Found 5/8" Rebar with Plastic Cap - INDIAN CREEK TRAIL SUBDIVISION - PHASE 1
 - = Found Monument As Indicated
 - = Set 5/8" x 24" Rebar with Plastic Cap marked S. KAUSER RLS 82923
 - = Set 5/8" x 30" Rebar with Plastic Cap marked S. KAUSER RLS 82923
- S.M. = Filed Survey Number
County Surveyors Office
- R.M. = Reference Monument
- () = Record/S.M. 10388, 11389 and 11888
- (()) = Record/Indian Creek Trail Subd. - Phase 1
- = Overhead Power Line

PARTITION PLAT No. _____
 Located in the S.W. 1/4 of Section 18, T.34S.,R.1W., W.M.,
 City of Shady Cove, Jackson County, Oregon

SURVEY FOR: Washington Federal
 426 Pike Street
 Seattle, WA 98101

DATE: November 21, 2013

SURVEY BY: Palmer Surveying
 18784 Highway 62
 Eagle Point, OR 97524



SURVEY NARRATIVE TO COMPLY WITH O.R. 206.220

PURPOSE: Partition Survey of tract described on Parcel 1 of Instrument No. 2009-030833 O.R.

PROCEDURE: Equipment used to perform survey was a Nikon DTM530 total station. The outside boundary was determined from the deed of record (Instrument No. 2009-030833 O.R.) and information from Filed Survey Nos. 8274, 10388, 11389, 11888 and 18193 and the plat of INDIAN CREEK TRAIL SUBDIVISION - PHASE 1.

The right-of-way location of Indian Creek Road was located from information on Filed Survey No. 8274. The right-of-way location for Firehouse Lane was determined from found monuments and information on the plat of INDIAN CREEK TRAIL SUBDIVISION - PHASE 1. The New Partition Boundaries were located per the clients direction and the City Approval.

REMARKS

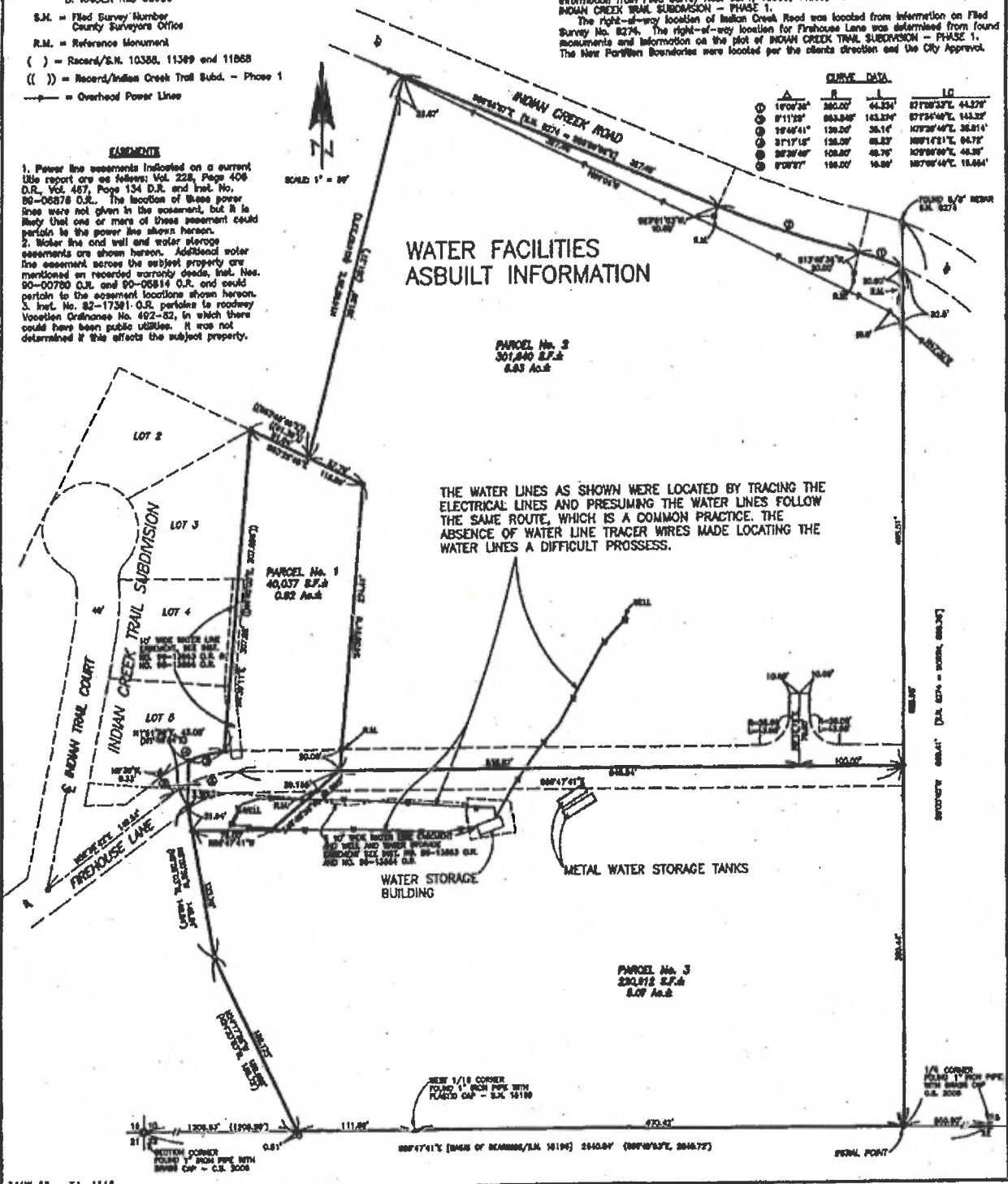
1. Power line easements indicated on a current title report are as follows: Vol. 228, Page 406 O.R., Vol. 487, Page 134 D.R. and Inst. No. 90-06878 O.R.. The location of these power lines were not given in the statement, but it is likely that one or more of these easement could pertain to the power line shown hereon.

2. Water line and well and water storage easements are shown hereon. Additional water line easement across the subject property are mentioned on recorded warranty deeds, Inst. Nos. 90-00780 O.R. and 90-06814 O.R. and could pertain to the easement locations shown hereon.

3. Inst. No. 82-17381 O.R. pertains to roadway Voohten Ordinance No. 422-82, in which there could have been public utilities. It was not determined if this affects the subject property.

CURVE DATA

Station	Δ	R	L	LC
①	18°02'30"	380.00'	44.55'	871°03'30" 44.55'
②	0°11'58"	863.84'	143.33'	871°54'48" 143.33'
③	18°46'41"	138.20'	36.14'	107°28'46" 36.14'
④	31°17'15"	138.20'	68.82'	108°17'21" 68.82'
⑤	28°28'46"	108.80'	48.76'	107°08'09" 48.76'
⑥	0°03'57"	186.00'	18.80'	187°08'49" 18.80'



7