

27297

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5155

MODIFICATION OF LEASE AND CONSENT TO ASSIGNMENT

THIS AGREEMENT, made and entered this 24th day of March, 1977,
by and between the CITY OF KLAMATH FALLS, a municipal corporation,
hereinafter referred to as "Lessor", CITATION AIR, INC., an Oregon
Corporation, hereinafter referred to as "Lessee", SECURITY SAVINGS
& LOAN ASSOCIATION, and Oregon Corporation, hereinafter referred
to as "Secured Party", and DAVID L. CAVENER and EDGAR L. VIETS,
herinafter referred to as "Guarantors";

W I T N E S S E T H :

RECITALS:

WHEREAS, on the 3rd day of August, 1976, the Lessor entered
into a certain Lease Agreement with Lessee for the lease of a
portion of the Klamath Falls Municipal Airport located in Klamath
County, Oregon.

WHEREAS, said Lease Agreement provides in part:

"The terms of this lease shall be for a period of
thirty (30) years commencing the day that the Lessee
has complied with items 3(a)i through vii as stated
in the written application as set forth in Exhibit "A"
attached hereto and by this reference made a part here-
of. If said items 3(a)i through vii are not furnished
by Dec. 15, 1976, then this lease shall become null
and void."

Lessor acknowledges that Lessee has made a good faith effort
to comply with the aforementioned requirements and has completed
approximately seventy-five percent (75%) of the items required by
said Lease Agreement; that the failure to complete all of the re-
quirements has been the delay of the Lessor in providing utility
services for the Lessee which are necessary to complete said re-
quirements; that the Lease Agreement is not "null and void" for
failure of the Lessee to meet all of the requirements of Exhibit "A".

WHEREAS, Lessor acknowledges that said Lease Agreement is not
now in default.

WHEREAS, Lessee desires to obtain financing from Secured Party to complete the improvements to be made by Lessee to said airport facility of the Lessor, subject to certain terms and conditions required by Secured Party to protect its security interest and therefore it is necessary to modify said Lease Agreement between the Lessor and Lessee.

AGREEMENTS:

NOW, THEREFORE, in consideration of the foregoing recitals, which are by reference expressly made a part of this agreement, the terms and conditions hereinafter contained on the part of the respective parties to be kept and perform, IT IS HEREBY AGREED:

1. The Security Agreement dated March 25, 1977, between Secured Party and Lessee is attached hereto, and by this reference is incorporated herein.

2. The terms of said Lease Agreement are modified as follows:

(a) The Lessee shall comply with the terms contained in items 3(a)i through vii of Exhibit "A" within one hundred eighty (180) days after the Lessor has provided the Lessee with utility services necessary to complete said requirements; said one hundred eighty (180) day period will be extended in an amount equal to the time lost to delays beyond the control of the Lessee which shall include, but not be restricted to, fires, floods, labor disputes, abnormal weather conditions, or acts of God.

Notwithstanding the foregoing, in event Lessee fails to substantially comply with the requirements contained in items 3(a)i through vii, Lessor hereby expressly waives its right to declare said Lease Agreement null and void as to Secured Party.

(b) The Lessor may cancel said Lease Agreement only in event that the Lessee is in default in the performance of this Lease on its part to be performed. Lessee may not cancel said Lease Agreement so long as said Security Agreement is in full force and

effect. Thereafter Lessee may cancel this Lease Agreement without reason upon one hundred eighty (180) days written notice to Lessor. In event Lessor shall cancel said Lease Agreement, the Lessee surrenders all right, title and interest in and to the buildings and permanent structures then located on the demised premises.

3. In event said Lease Agreement should become in default at any future time, Lessor hereby agrees to give notice of such default to Secured Party and allow Secured Party ninety (90) days from and after the giving of such notice to remedy the default.

4. Lessor hereby consents to the granting of a security interest in the hanger building, office building, and all fixtures upon or attached to the real property described in said Lease Agreement, as set forth in the Security Agreement referred to in Paragraph I herein.

5. Secured Party has no obligation to perform as Lessee under said Lease Agreement as hereby amended. However, if secured party or its successors or assigns enters into possession of the leased premises upon Lessee's default for the purpose of operating the business thereon, then Secured Party shall be obligated to pay rental accruing subsequent to the date of possession at the rate specified in said Lease Agreement and shall be obligated to perform each and every obligation of the Lessee under said Lease Agreement, as amended herein; notwithstanding the foregoing, Secured Party shall have no obligation to complete items 3(a)i through vii of Exhibit "A" of said Lease Agreement in event Lessee fails to furnish said items. Secured Party shall not assign said Lease Agreement without first obtaining the consent of the Lessor in writing; said consent shall not be unreasonably or arbitrarily withheld by Lessor.

6. Guarantors guarantee payment of rent under said Lease Agreement and the complete performance of the terms and conditions of said Lease Agreement to be kept and performed by the Lessee.

7. Except as set forth above, this Modification of Lease Agreement and Consent to Assignment does not alter, amend, release, cancel, enlarge, extend or change in any way the terms and provisions of said Lease Agreement.

IN WITNESS WHEREOF, the parties have executed this Modification of Lease and Consent to Assignment the day and year first above written.

Signed before me this 24th Day of March 1977 CITY OF KLAMATH FALLS
for the City of Klamath Falls.

Betty C. Daniel
Notary Public

My Commission Expires 3-7-79

CITY OF KLAMATH FALLS

By: George E. Thordahl

By: Arnold D. Dahl

CITATION AIR, INC.

By: Wendy L. Givens

President

By: Lilma K. Lema

Secretary

SECURITY SAVINGS & LOAN ASSOC.

By: Spencer E. Watz Executive Vice President

David L. Caver
DAVID L. CAVER

Edgar L. Viets
EDGAR L. VIETS

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 28th day of
MARCH A.D., 19 77 at 4:02 o'clock P.M., and duly recorded in Vol. M 77,
of DEEDS on Page 5155.

FEE \$ 12.00

WM. D. MILNE, County Clerk

By: Hazel D. Draz Deputy