

MTC-12439
MEMORANDUM OF GROUND LEASE

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THIS MEMORANDUM OF GROUND LEASE is made as of the
10th day of August, 1984, between CARLTON BROTHERS,
a general partnership, and RICHMOND J. CARLTON and MARGARET
F. CARLTON, husband and wife, and JAMES L. ECKHARDT and NELLIE
R. ECKHARDT, husband and wife. Landlord has leased, and hereby
does lease the Leased Premises to Tenant, and desire to execute
and record this Memorandum as notice thereof. The Ground Lease
contains the following covenants and terms not herein set forth.

DEFINITIONS. The following terms as used in this
Lease shall have the meanings hereinafter set forth:

1.1. "Landlord": Richmond J. Carlton and Margaret
F. Carlton, tenants by the entirety and Carlton Brothers, a
general partnership, between George A. Carlton, ~~Elizabeth J. Carlton,~~
Richmond J. Carlton ~~and Margaret F. Carlton.~~

1.2. "Tenant": James L. Eckhardt and Nellie
R. Eckhardt, husband and wife, of Meridian, Ada County, Idaho.

1.3. "Leased Premises": That certain property
together with all buildings and improvements thereon located
in the County of Klamath, State of Oregon, more particularly
described in Schedule I attached hereto. The Leased Premises
includes any easement shown on Schedule I.

2. TERM.

2.1. Landlord leases and Tenant rents the Leased Premises for a term commencing on the date of this Ground Lease, and continuing to the 30th day of September, 2004.

2.2. Tenant, by giving Landlord at lease sixty (60) days' written notice before the expiration of the term or option term then in effect, may extend the term of this Ground Lease by two (2) consecutive periods of five (5) years each on the same terms and conditions, except length of term, as the prime term, and except that rent payable during option terms shall be one-half of the rent payable during the initial term hereof.

3. CONSTRUCTION AND ALTERATION OF IMPROVEMENTS.

3.1. Tenant may, at Tenant's expense, construct on the Leased Premises any improvements Tenant may deem desirable, including without limitation a potato storage facility, and make repairs, additions, alterations and improvements thereto.

3.2. Fee title to all improvements constructed on the Leased Premises by Tenant and all additions, alterations and improvements thereto made by Tenant, even though a part of the realty, shall be and remain in Tenant during the term of this Ground Lease. Upon the expiration of this Ground Lease fee title to all improvements then located on the Leased Premises shall pass to and vest in Landlord.

3.3. Tenant may sell or lease any improvements, alterations or additions made by Tenant on the Leased Premises

to a third party, subject, however, to the provisions of this Ground Lease.

4. ASSIGNMENT AND SUBLETTING.

4.1. Tenant may assign this Ground Lease or sublet the whole or any part of the Leased Premises. If Tenant assigns this Ground Lease, Tenant shall remain liable to Landlord for full preformance of Tenant's obligations hereunder.

5. NOTICE.

5.1. Any notice provided for herein shall be given by Registered or Certified United States Mail, postage prepaid, addressed, if to Landlord, to Landlord at Post Office 352, Merrill, Oregon, 97633, and, if to Tenant, to Tenant at 247 Thornwood Drive, Meridian, Idaho, 83642. The person and the place to which notices are to be mailed may be changed by either party by written notice to the other.

5.2. Landlord agrees that a copy of all notices which Landlord gives Tenant hereunder shall also be given by certified mail to such other persons and at such places as Tenant may designate in writing.

5.3. Upon Tenant's written request, and provided Landlord can do so truthfully, Landlord will certify in writing to all persons designated by Tenant (a) that Tenant has performed all of Tenant's obligations and is not in default under this Ground Lease, (b) that this Ground Lease is in full force and effect, and (c) that each person receiving such certification

may rely thereon for all purposes.

6. MEMORANDUM OF LEASE.

6.1. This Ground Lease shall not be recorded, but a Memorandum of Ground Lease shall be executed acknowledged by the parties and recorded in the County where the Leased Premises are located.

7. RIGHTS OF SUCCESSORS.

7.1. All of the rights and obligations under this Ground Lease shall bind and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

8. MORTGAGE.

8.1. Tenant may place a mortgage or deed of trust upon the Leased Premises. Such mortgage or deed of trust shall encumber the entire Leased Premises including the fee thereto and all of the interest of Landlord, Tenant, and any subtenant or assignee of Tenant, including the interest of both Landlord and Tenant under this Ground Lease. Any such mortgage or deed of trust shall be a first lien and encumbrance upon the Leased Premises, whether executed or recorded before or after the effective date of this Ground Lease. Landlord agrees that it will join in executing such mortgage or deed of trust.

8.2. If requested by Tenant or the holder of the mortgage or deed of trust referred to in the subparagraph above, Landlord will execute a subordination agreement in a

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form acceptable to the holder of such mortgage or deed of trust subordinating this Ground Lease, and Landlord's entire interest in fee to the Leased Premises, to such mortgage or deed of trust. Landlord agrees to execute such additional and further documents or instruments as may be reasonable or necessary to allow Tenant to obtain financing or refinancing of the Leased Premises. Landlord specifically acknowledges that the parties contemplate a renegotiation of Tenant's financing during the term of this Ground Lease, and all the provisions of this Ground Lease relating to Tenant's lender and a placing of a mortgage or mortgages upon the Leased Premises shall apply with equal force to any mortgage or other lien placed upon Leased Premises at any time during the term of this Ground Lease.

8.3. In the event Landlord contends that a default exists hereunder, Landlord shall furnish a copy of any notice of default to the holder of any such mortgage or deed of trust.

The Ground Lease contains provisions relating to a right of first refusal on the part of the Tenant, and relating to an option to purchase the Leased Premises. In addition the Ground Lease contains other terms, covenants and provisions which by reference are incorporated herein. The Ground Lease may be inspected at the offices of Tenant at the address set forth under paragraph 5 (Notice) above.

IN WITNESS WHEREOF, the Landlord and Tenant have executed

this Memorandum of Ground Lease the day and year first above written.

Richmond J. Carlton
Richmond J. Carlton

James L. Eckhardt
James L. Eckhardt

Margaret F. Carlton
Margaret F. Carlton

Nellie R. Eckhardt
Nellie R. Eckhardt

CARLTON BROTHERS, a general partnership

By Richmond J. Carlton
Richmond J. Carlton, a partner

By George A. Carlton
George A. Carlton, a partner

"LANDLORD"

"TENANT"

STATE OF Idaho)
County of Canyon) ss:

On this 10th day of August, 1984, before me, the undersigned, a Notary Public in and for said State, personally appeared JAMES L. ECKHARDT and NELLIE R. ECKHARDT, husband and wife, known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Jon E. Labulson
NOTARY PUBLIC for Idaho
Residing at Meridian

STATE OF Oregon)
County of Klamath) SS:

On this 24th day of August, 1984, before me, the undersigned, a Notary Public in and for said State, personally appeared RICHMOND J. CARLTON and MARGARET F. CARLTON, husband and wife, known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Michael L. Brant
NOTARY PUBLIC for Oregon
Residing at Klamath

STATE OF Oregon)
County of Klamath) SS:

On this 24th day of August, 1984, before me, the undersigned, a Notary Public in and for said State, personally appeared RICHMOND J. CARLTON, ~~MARGARET F. CARLTON~~, GEORGE A. CARLTON and ~~ELIZABETH J. CARLTON~~, known and identified to me to be the partners in the partnership of CARLTON BROTHERS, and the partner or one of the partners who subscribed said partnership name to the foregoing instrument, and acknowledged to me that he executed the same in said partnership name.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Michael L. Brant
NOTARY PUBLIC for Oregon
Residing at Klamath Falls, Oregon

17887

SCHEDULE I

A piece or parcel of land situated in the Northwest-quarter of the Southwest-quarter (NW1/4-SW1/4) of Section 1, Township 41 South, Range 10 East, Willamette Meridian, in Klamath County, Oregon, being more particularly described as follows:

Beginning at the Southwest corner of the Northwest-quarter of the Southwest-quarter (NW1/4-SW1/4) of Section 1, Township 41 South, Range 10 East., Willamette Meridian as the same is now marked by a steel monument at the intersection of the centerlines of Main Street and Fourth Street in the City of Merrill, Oregon; thence East along the southerly boundary of the said NW1/4-SW1/4 873.0 feet to a point which is the true point of beginning of this parcel; thence North 395.0 feet to a point; thence East 240.0 feet to a point; then South 395.0 feet to a point; thence West 240.0 feet to the true point of beginning; containing two acres, more or less, and being subject to all rights-of-way and/or easements of record or apparent on the premises.

RETURN: James L. Eckhardt
723 E. Karcher Rd.
Nampa, ID 83651

STATE OF OREGON,
County of Klamath }
Filed for record at request of:

on this 17th day of October A.D. 19 84
at 2:36 o'clock P M, and duly
recorded in Vol. M84 of Deeds
Page 17880
EVELYN BIEHN, County Clerk
By [Signature] Deputy
Fee 32.00 Index: \$1.00