

88058

LEASE

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THIS LEASE AGREEMENT, made and entered into this 16 day of NOV., 1987, by and between VIETS & VIETS, INC., an Oregon Corporation, hereinafter referred to as "Lessor", and T.S.H., Inc., hereinafter referred to as "Lessees",

W I T N E S S E T H:

Lessor leases to Lessees the following described premises, the terms and conditions stated below:

TERM: The term of this lease shall commence the 16 day of NOV., 1987, and continue for a ten (10) year period through midnight the 15 day of NOV., 1997.

PREMISES: Kitchen, Dining Room, Coffee Shop, and restrooms, comprising approximately 4,000 square feet, together with all restaurant equipment now located therein, an inventory of which is attached hereto and incorporated herein by reference and designated as exhibit "A", all located on the ground floor of that certain building known as Kingfalls Restaurant situated at 2765 Pershing Way, Klamath Falls, Oregon, excluding however, that certain bar and cocktail lounge located within said building. In addition thereto, the Lessees shall have the right to the use of the banquet rooms subject to the cleaning and maintenance thereof and shall have the right to serve food in the cocktail and lounge area.

PRIOR MORTGAGES: Lessees understand and accept this lease subject to two mortgages, both of which are a matter of record in the office of the Klamath County Clerk, Klamath County Courthouse, Klamath Falls, Oregon, the terms and conditions thereof Lessees acknowledge and agree to permit no act in conflict thereto.

POSSESSION: Lessees' right to possession of said premises and obligations under this lease shall commence on NOV. 16, 1987 through midnight NOV. 15, 1997.

OREGON STATE LIQUOR CONTROL: Lessees shall have food available for public consumption at all times said bar and cocktail lounge is being operated. Lessor hereby retains control of said leased premises and the operations of the Lessees shall be subject to the direction of the Lessor at all times during the term hereof to the extent necessary to comply with the rules and regulations of the Oregon State Liquor Control Commission. In the event of Lessees' breach of any provisions of the lease, Lessor shall have the right to the immediate control and supervisions of said premises herein leased. However, upon ten (10) day written notice of the nature and extent of Lessees' alleged breach, Lessees may cure the same and thereby reinstate this lease. Lessor's books of account and inventory shall at all times be available to the

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Lessor and representatives of the Oregon State Liquor Control Commission for inspection and Lessees' books of accounts shall be available for that purpose to the extent required by the regulations of the Oregon State Liquor Control Commission.

CLOSURE OF LOUNGE: If the lounge referred to above and operated by Lessor or his agents or assignees should cease operations, other than because of the temporary loss of O.L.C.C. license, Lessees should have the right to acquire it's own O.L.C.C. license.

RENT: The monthly period within the terms of this lease shall commence on the 15th day of each calendar month and end on the 14th day of the succeeding calendar month. The Lessees shall pay to the Lessor as base rent, the sum of \$1,642.30 per month for each month during the term hereof payable in advance on the 15th day of each month commencing November 15, 1987. Additionally, commencing on the 15th day of November, 1992, the rent shall increase by ten (10) percent that is the monthly base rental shall become \$1,806.53 per month payable upon the same terms as above.

In addition thereto, the Lessees shall pay as rent, one-half of the increase in the real property taxes payable in twelve (12) equal monthly installments in addition to and as a part of, the said monthly rental. The formula shall be as follows: the current property taxes minus the 1977-78 real property taxes (\$5,323.75) the difference divided by the twelve equal monthly installments. Said monthly rental on account of such difference in real property taxes of each year thereafter. In the event the real property taxes shall decrease below the 1987-88 real property tax year, there shall be no adjustment of rental on that account. The monthly payment of the property taxes for the year 1987-88 will be \$243.91.

In addition, the Lessees shall pay to the Lessor as additional rent, one-third of the increase in the real property fire and casualty insurance policy payable in twelve (12) equal monthly installments. This amount shall be in addition to the base rent and is part of the monthly rental. The rental amount because of the insurance for the year from November 15th, 1987, through November 14th, 1988, shall amount to \$158.64 per month and this amount shall be known as the "base property insurance rental amount". For each year of the lease, after the first year, the property insurance rental amount shall be determined as follows: the sum of \$158.64 per month and, in addition, one-third of the increase in the real property insurance on the property payable in twelve (12) equal monthly installments in addition to the \$158.64 per month as part of the monthly rental. The above mentioned monthly rental as a result of the property insurance shall be computed between November 1st and November 15th of each year and the rental payment of November 15th, of each year, shall include the new amount for monthly real property insurance rental. In the event that Lessees' monthly share of the property insurance shall decrease below the amount of \$158.64 per

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month for any property insurance tax year, there shall be no adjustment of rental on that account. A copy of the fire and casualty insurance policy presently enforce and to be continued enforce, as it amounts of coverage, is attached hereto and thereby incorporated herein as Exhibit "B".

In addition to the base rent mentioned above the base property tax rental amount and the base property insurance rental amount, there shall be due from Lessees to Lessor, as rent, five (5) percent of the gross proceeds from Lessees' business over and above \$57,500.00 during any calendar month when Lessees gross proceeds shall exceed that amount. The said 5 % shall be paid as part of the rent on the 15th of the following month.

USE OF PREMISES: The premises shall be used for restaurant sales and for no other purpose. If other use is made of the premises, or, if any use is made which is prohibited by law or governmental regulations then, and in either case, this lease shall terminate, provided, however, that the Lessor shall give Lessees written notice of the claimed breach of the lease and in that event, the Lessees shall have ten (10) days within which to cure such breach in which case this lease shall be reinstated.

RESTRICTIONS ON USE: In connection with the use of the premises, Lessees shall:

a. Conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct at Lessees' own expense any failure of compliance created through Lessees' fault or by reason of Lessees' use. Lessees shall not otherwise be required to make expenditures to comply with any law or regulations, and in no event shall Lessees be required to make any structural changes to effect such compliance;

b. Refrain from any activity which would make it impossible to insure the premises against casualty, would increase the insurance rate or would prevent Lessor from taking advantage of any ruling of the Oregon Insurance Rating Bureau or its successor allowing Lessor to obtain reduced premium rates for long-term fire insurance policies, unless the Lessees pay the additional cost of the insurance;

c. Refrain from making any marks on or attaching any sign, insignia, antenna, aerial or other device to the exterior or interior walls, windows or roof of the premises without the written consent of Lessor, which shall not be withheld unreasonably.

SERVICE IN RESTAURANT FACILITIES: Lessor agrees to pay to Lessees a sum equivalent to ten (10) percent of the sale price of all alcoholic beverages served upon the restaurant premises by the employees of the Lessees, in order to compensate the Lessees for the cost of such service. It is mutually agreed that the prices charged for all

alcoholic beverages served in the restaurant facilities shall be the same as the prices for those beverages served in the bar and lounge area.

LESSOR'S OBLIGATIONS: The Lessor shall be responsible for the following obligations:

- a. The Lessor shall keep the leased premises insured in a reasonable amount at the Lessor's expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage.
- b. Lessor shall pay one-fourth of the monthly water charges for the premises.
- c. The Lessor shall pay one-half of the monthly electric charges for the premises.
- d. The Lessor shall pay one-half of all costs of snow removal from the parking lot and sidewalks and shall also pay one-half cost of vacuuming the parking lot for the premises at regular intervals.
- e. Lessor shall pay one-third of the monthly cost of the neon sign upon the premises, both sign leases costs and repair and maintenance.
- f. Lessor shall one-half of the costs of maintenance of the water heater.
- g. Structural repairs and maintenance and repairs necessitated by structural disrepair or defect.
- h. Repair to sidewalks, driveways, service areas, curbs, parking areas and areas used in common by Lessor and Lessees or tenants of other portions of the same building.
- i. Repair and maintenance, including painting, of the exterior walls and roof and exterior water, sewage, gas and electrical services up to the point of entry to the leased premises. This shall not include maintenance of operating condition of doors and windows or replacement of glass.
- j. Repair of interior walls, ceilings, doors, windows, floors and floor coverings when such repairs are made necessary because of faulty construction or failure of the Lessor to keep the structure in proper repair.
- k. All repairs or restoration made necessary by fire or other

peril which could be covered by a standard fire insurance policy with an extended coverage endorsement or by reason of war, or by earthquake or other natural casualty.

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LESSEES' OBLIGATIONS: The following shall be the responsibility of the Lessees:

- a. The Lessees shall obtain fire insurance upon their own fixtures and equipment upon the premises to the extent they deem necessary at their own cost and expense.
- b. Lessees shall pay the entire monthly charges for gas furnished the premises.
- c. Lessees shall pay one-half of all charges for electricity furnished the premises.
- d. Lessees shall pay three-fourths of the charges for water and sewer services to the premises.
- e. The Lessees shall pay the total charges for garbage services to the premises.
- f. Lessees shall pay two-thirds of the monthly cost of the neon sign upon the premises, both sign lease costs and repair and maintenance.
- g. The Lessees shall pay one-half of the costs of maintenance of the water heater upon the premises and one-half of the costs of vacuuming the parking lot for the premises at regular intervals.
- h. The Lessees shall pay all personal property taxes upon their own equipment and personal which they shall use and keep upon the premises.
- i. Lessees shall pay one-half of the costs of snow removal for the premises.
- j. Any interior redecorating which may be required after the Lessor's initial redecoration at the outset of this lease.
- k. Any repairs necessitated by the negligence of Lessees, its agents, employees and invitees, except where the loss or damage could have been covered by a stand fire insurance policy with an extended coverage endorsement.
- l. Any repairs or alterations required under Lessees' obligation to comply with laws and regulations as set forth above under subparagraph (a) "of restrictions on use".
- m. All other repairs to the premises which Lessor is not required to make.
- n. Maintain heating and cooling systems on the leased premises,

said systems being separate from those in the lounge.

JOINT OBLIGATIONS: The following shall be the joint responsibility of Lessor and Lessees, each paying fifty (50) percent.

- a. Repair and maintenance of hot water system.
- b. Provided, however, that Lessor shall have the responsibility of the major plumbing and wiring expense, and, Lessees shall have the responsibility of minor or ordinary expense in connection therewith.

MISCELLANEOUS:

a. Lessees shall have no right to an abatement of rent nor any claim against the Lessor for any inconvenience or disturbance caused to Lessees' business activities on account of Lessor's performance of its obligations in maintenance or repair above referred to, provided, however, that the Lessor shall not unreasonably interfere with Lessees' business in the performance of such obligations to maintain and repair.

b. The duty of the Lessor to make repairs or maintenance as outlined above in any area in Lessees' possession shall not mature until a reasonable time after Lessor has received from Lessees notice in writing of the repairs and/or maintenance required, except in the event of any emergency in which case, oral notice shall suffice.

c. Lessees shall have the duty to maintain in a clean and orderly condition the restrooms in the general area of said premises so leased.

d. Lessees shall make all necessary repairs and/or maintenance with respect to the carpeting and linoleum on the leased premises which are of ordinary or minor expense and this duty shall further include the booths, however, major expense or replacement shall be the duty of the Lessor providing Lessees are not at fault with respect thereto.

ALTERATIONS:

It is understood and agreed that the parties contemplate that the Lessees will do substantial renovation and remodeling upon the premises and in that regard, the Lessees will provide booths, tables and chairs and may install other equipment and fixtures. All improvements and alterations performed upon the leased premises shall become upon the expiration of the term hereof, or any renewal of such term, or the sooner termination of this lease under the terms hereof, if affixed to the premises, the property of the Lessor.

Except as the parties have heretofore agreed with regard to the initial alterations, remodeling and refurbishing of the premises, the Lessees shall make no further improvements or alterations on the leased premises of any kind without the prior consent in writing of the Lessor.

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WAIVER OF SUBROGATION: The parties shall obtain from their respective insurance carriers, waivers of subrogation against the other party, agents, employees and, as to the Lessees' invitees. Neither party shall be liable to the other for any loss of damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement if such insurance was obtainable at the time of such loss or damage. The party benefiting from a waiver of subrogation clause in an insurance policy shall pay any additional premium required to obtain such a clause within ten (10) days after being notified by the other party of such additional cost unless the benefiting party can obtain such insurance without the additional cost from another insurance carrier satisfactory to the first party.

DAMAGE AND DESTRUCTION:

Partial Damage: If the lease premises are partly damaged and the section entitled "Destruction" below does not apply, the property shall be repaired as follows:

- a. If the damage is caused by a risk which would be covered by a standard fire insurance policy with an endorsement for extended coverage, repair shall be at the expense of the Lessor whether or not the damage occurred as the result of fault on the part of the Lessees.
- b. If the damage occurred from a risk which would not be covered by insurance of the kind described in (a) above, repairs shall be at the expense of the Lessor unless the damage was the result of the fault of the Lessees, in which case the Lessees shall have the obligation to repair.
- c. In any event repairs shall be accomplished with all reasonable dispatch subject to interruptions and delay from labor disputes and matters beyond the control of the party responsible, and shall be performed in a workmanlike manner.

Destruction: If the leased premises are fifty (50) percent or more destroyed the parties shall proceed as follows subject to the provisions of the following paragraph entitled "Damage Late in Term".

- a. Lessor may elect to terminate the lease as of the date of the damage or destruction by notice given to Lessees in writing not more than thirty (30) days following the date of damage. In such event all rights and obligations of the parties shall cease as of the date of termination, and Lessees shall be entitled to the reimbursement of any prepaid rent, security deposit or other amounts paid by the Lessees and attributable to the anticipated term subsequent to the termination date.

b. In the absence of an election under (a) above Lessor shall proceed to restore the leased premises to substantially the same form as prior to the damage or destruction so as to provide for the Lessees usable space equivalent in quantity and in character to that before the damage. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters not under control of Lessor.

Damage Late in Term: If damage or destruction to which the section "Destruction" would apply occurs within one year prior to the end of the then current lease term, Lessees may elect to terminate the lease by notice in writing to the Lessor given within thirty (30) days after the date of the damage. Such termination shall have the same effect as termination by the Lessor under said section.

LIABILITY TO THIRD PERSONS:

Liens:

a. Except with respect to activities for which the Lessor is responsible, the Lessees shall pay as due all claims for work done on and for services rendered or material furnished to the leased premises and shall keep the premises free from any liens. If Lessees fail to pay any such claims or to discharge any lien, Lessor may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of six (6) percent per annum from the date expended by Lessor and shall be payable on demand. Such action by Lessor shall not constitute a waiver of any right or remedy which Lessor may have on account of Lessees' default.

b. Lessees may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, so long as Lessor's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Lessees shall, within ten (10) days after knowledge of the filing, secure the discharge of the lien or deposit with Lessor cash or a sufficient corporate surety bond or other security satisfactory to Lessor in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under the lien.

Indemnification: Lessees shall indemnify and defend Lessor from any claim, loss or liability arising out of or related to any activity of Lessees on the leased premises or any condition of the leased premises in the possession or under the control of the Lessees including any such claim, loss or liability which may be caused or contributed to in whole or in part of Lessor's own negligence or failure to effect any repair or maintenance required by this lease. Lessees' duty to indemnify shall not apply to or prevent any claim by Lessees against Lessor for injury or damage to Lessees or Lessees' property for which Lessor may be liable.

Liability Insurance: Before going into possession of the premises, Lessees shall procure and thereafter during the term of the lease

shall continue to carry the following insurance at Lessees' cost:

a. Public liability and property damage insurance in a responsible company with limits of not less than \$100,000 for injury to one person, \$300,000 for injury to two or more persons in one occurrence, and \$50,000 for damage to property. Such insurance shall cover all risks arising directly or indirectly out of Lessees' activities on or any condition of the leased premises whether or not related to an occurrence caused or contributed to by Lessor's negligence, shall protect Lessees against the claims of Lessor on account of the obligations assumed by Lessees under paragraph entitled "Indemnification", and shall protect Lessor and Lessees against claims of third persons. Certificates evidencing such insurance and bearing endorsements requiring ten (10) days' written notice to Lessor prior to any change or cancellation shall be furnished to Lessor prior to Lessees occupancy of the property.

b. Workmen's Compensation from the State of Oregon Industrial Accident Commission or from a responsible private carrier. Private insurance shall provide the schedule of employee benefits required by law and shall provide employer's liability coverage with limits of at least \$250,000 for injury to one person and \$1,000,000 for injury to two or more persons in one occurrence. Lessees shall supply Lessor with satisfactory evidence of public coverage or with certificates of private coverage in the same form as required above for Lessees' general liability insurance.

c. Liquor liability insurance in the minimum amount available to Lessees up to \$100,000 per person and \$300,000 overall coverage.

MISCELLANEOUS: It is further mutually agreed as follows:

1. That Lessees shall, unless otherwise mutually agreed with the Lessor, keep the said premises open during usual business hours upon each day of the week, including Saturday and Sunday.

2. That Lessees shall at all times during the term hereof maintain on said premises a high standard of service and food.

3. That Lessees shall further during the term hereof obey diligently all laws, regulations and orders of any governmental agency as the same may pertain to the operation of said premises, and, obtain at their expense all permits and licenses as may be necessary.

4. That Lessees shall keep in good condition and replace, when necessary, said items enumerated on said Exhibit A, except as hereinabove otherwise provided.

5. That Lessees shall at all times during the term hereof cause

to be paid all of their expenses in connection with the operation of said premises and hold Lessor harmless therefrom except to the extent the Lessor shall participate therein under the terms of this lease.

6. That after the close of business hours by Lessees with respect to the leased premises, Lessor and its agents shall have the right to open the accordian bar and serve alcoholic beverages in the dining room and coffee shop areas of the leased premises.

7. That Lessees shall pay all personal property taxes upon the leased premises and the personal property covered in Exhibit A hereof.

8. That the Lessees shall pay for janitorial service upon the leased premises within their control and shall at all times keep the same neat and clean.

9. That Lessor shall have the right to sell, assign, or sub-lease its interest in the real and personal property set forth and described in said mortgages, subject to the within and foregoing lease.

10. Lessor as indicated above operates a bar adjoining the premises leased to Lessees and each party hereto shall have ingress and egress over that portion of said building above described in which each party hereto maintains its respective operations.

DEFAULT: The following shall be events of default:

Default in Rent: Failure of Lessees to pay any rent or other charge within ten (10) days after it is due.

Default in other Covenants: Failure of Lessees to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within ten (10) days after written notice by Lessor specifying the nature of the default with reasonable particularity, in which event if Lessees shall cure such default within said ten (10) day period then this lease shall be reinstated.

Insolvency: Insolvency of Lessees; any assignment by Lessees for the benefit of creditors; the filing by Lessees of a voluntary petition in bankruptcy; an adjudication that Lessees are bankrupt or the appointment of a receiver of the properties of Lessees; attachment of or the levying of execution on the leasehold interest and failure of the Lessees to secure discharge of the attachment or release of the levy of execution within ten (10) days.

Abandonment: Failure of the Lessees for two (2) days or more to occupy the property for one or more of the purposes permitted under this lease, provided, however, that failure of the Lessees to occupy the premises on account of any default on the part of the Lessor to perform its obligations under the terms hereof, or on account of damage on destruction, or on account of labor disputes, acts of God and other

matters beyond the control of the Lessees, shall not constitute an abandonment of these premises.

REMEDIES ON DEFAULT: In the event of a default, the lease may be terminated at the option of the Lessor by notice in writing to Lessees. The notice may be given before or within thirty (30) days after the running of the grace period for default and may be included in a notice of failure or compliance given under the above paragraph entitled "Default in Other Covenants". If the property is abandoned by Lessees in connection with a default, termination shall be automatic and without notice.

Damages Without Termination: If the lease is not terminated by election of Lessor or otherwise, Lessor shall be entitled to recover damages from Lessees for the default.

Re-entry After Termination: If the lease is terminated for any reason, Lessees' liability to Lessor for damages shall survive such termination, and the rights and obligations of the parties shall be as follows:

a. Lessees shall vacate the property immediately, remove any property of Lessees including any fixtures which Lessees are required to remove at the end of the lease term, perform any clean up, alterations or other work required to leave the property in the condition required at the end of the term, and deliver all keys to the Lessor.

b. Lessor may re-enter, take possession of the premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages.

Reletting: Following re-entry or abandonment, Lessor may relet the premises and in that connection may:

a. Make any suitable alterations or refurbish the premises, or both, or change the character or use of the premises, but Lessor shall not be required to relet for any use or purpose (other than that specified in the lease) which Lessor may reasonably consider injurious to the premises, or to any tenant which Lessor may reasonably consider objectionable.

b. Relet all or part of the premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

Damages: In the event of termination on default, Lessor shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages:

- a. Any excess of (a) the value of all of Lessees' obligations under this lease, including the obligation to pay rent, from the date of default until the end of the term, over (b) the reasonable rental value of the property for the same period figured as of the date of default, the net result to be discounted to the date of default at a reasonable rate not exceeding four (4) percent per annum.
- b. The reasonable costs of re-entry and reletting including without limitation the cost of any clean up, refurbishing, removal of Lessees' property and fixtures, or any other expense occasioned by Lessees' failure to quit the premises upon termination and to leave them in the required condition, any remodeling costs, attorney fees, court costs, broker commissions and advertising cost.
- c. The loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable efforts could have been secured.

Remedies Cumulative: The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Lessor under applicable law.

SURRENDER AT EXPIRATION:

Condition of Premises: Upon expiration of the lease term or earlier termination on account of default, Lessees shall deliver all keys to the Lessor and surrender the leased premises broom clean and in the condition in which the same now are, reasonable wear and tear, and damage by fire and other casualty excepted. Alterations constructed by Lessees with permission from the Lessor shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the premises were let need not be restored, but all repair for which the Lessees are responsible shall be completed to the latest practical date prior to such surrender. The Lessees' obligations under this paragraph shall be subordinate to the provisions of the section related to destruction.

Fixtures: All fixtures placed upon the leased premises during the term other than Lessees' trade fixtures, shall become the property of the Lessor and shall not be removed. Movable furniture, equipment, machines, decorations, removable carpeting, curtains, blinds, furnishings, trade fixture, china, silverware, glassware, utensils and kitchen equipment other than those items listed on Exhibit A hereof, shall remain the property of the Lessees if placed on the leased premises by the Lessees and the Lessees shall remove the same upon the termination of this lease or any extension or renewal thereof.

OPTION TO RENEW: At any time after ninety (90) days prior to the expiration of the term of this lease, but not later than thirty (30) days prior to the expiration of the term of this lease, the Lessees may elect to exercise an option to renew this lease upon the same terms

and provisions as herein contained. Said option shall be exercised by notice in writing by the Lessees addressed to the Lessor at the address hereinafter provided. Such renewal term shall commence immediately following the expiration of the current term of this lease and shall expire at midnight on the fourteenth day of November, three years thereafter.

RIGHT OF FIRST REFUSAL: In the event that Lessor shall desire to sell the premises during the term of this lease or any renewal thereof, and shall receive a bona fide offer to purchase the same, from a purchaser ready, willing and able to perform such offer, Lessor shall give Lessees fifteen (15) days notice in writing of the identity of the purchaser and the terms of such offer, and in that event, Lessees may purchase the property from the Lessor upon the terms and conditions contained in said offer at any time prior to the expiration of said fifteen (15) day period. In the event the terms of such purchase are subsequently altered, the Lessor shall again give Lessees a similar notice and opportunity to meet the same.

ASSIGNMENT:

ASSIGNMENT WITH CONSENT OF LANDLORD. Lessees shall not voluntarily assign or encumber its interest in this lease or in the premises, or sublease all or any part of the premises, or allow any other person or entity (except Lessees' authorized representatives) to occupy or use all or any part of the premises, without first obtaining Landlord's consent; provided, however, that Landlord shall not arbitrarily or unreasonably refuse to grant its consent to such assignment or subletting. Any assignment, encumbrance, or sublease without Landlord's consent shall be voidable and, at Landlord's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph.

ASSIGNMENT OF SUBLEASE RENTS. Lessees immediately and irrevocably assigns to Landlord, as security for Lessees' obligations under this lease, all rent from any subletting of all or a part of the premises as permitted by this lease, and Lessor, as assignee and as attorney-in-fact for Lessor, or a receiver for Lessees appointed on Lessor's application, may collect such rent and apply it toward Lessees' obligations under this lease; except that, until the occurrence of an act of default by Lessees shall have the right to collect such rent.

INVOLUNTARY ASSIGNMENT. No interest of Lessees in this lease shall be assignable by operation of law (including, without limitation, the transfer of this lease by testacy or intestacy). Each of the following acts shall be considered an involuntary assignment:

- a. If Lessee is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act in which Lessee is the bankrupt; or, if Lessee is a

partnership or consists of more than one person or entity, if any partner of the partnership or other person or entity is or becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors;

b. If a writ of attachment or execution is levied on this lease; or

c. If, in any proceeding or action to which Lessee is a party, a receiver is appointed with authority to take possession of the premises.

BINDING EFFECT: This lease and all of the terms thereof, including the option to renew and the right of first refusal, shall bind and inure to the benefit of the parties hereto, their personal representatives, heirs and assigns.

RIGHT TO RECORD: It is agreed that Lessees shall have a right to record a memorandum of this lease.

ATTORNEY FEES: If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to costs, such sum as the court, including any appellate and/or Supreme Court, may adjudge reasonable as attorney fees.

NOTICE AND ADDRESS: All notices required by this agreement shall be in writing and shall be delivered in person or in the alternative by registered or certified United States mail return receipt requested. Any notice required under this agreement shall be deemed to be delivered by deposit thereof in a property United States mail depository, postage prepaid, such notice shall be effective three (3) days after posting, to the address of the Lessor, or the Lessees, as set forth below, unless and until written notice of change of address is received by the Lessor or Lessees.

LESSOR

Viets & Viets, Inc.
2199 Crest Street
Klamath Falls, OR 97603

LESSEES

T.S.H., Inc.
1812 Holliday Lane
Mt. Shasta, CA 96067

IN WITNESS WHEREOF, the parties have hereunto set their hands

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and seals this, the day and year first hereinabove written.

LESSOR: VIETS & VIETS, INC.

By _____
President

By _____
Secretary

LESSEES: T.S.H., INC.

By *[Signature]* 4/26/88
President

By *[Signature]* 4/26/88
Secretary

GENERAL ACKNOWLEDGMENT

NO. 201

State of California }
County of Siskiyou } ss.

On this the 26 day of April 19 88, before me,

Joan K. Bradbury,
the undersigned Notary Public, personally appeared

Harry Gee and Lai Fun Mah,

XX personally known to me

☐ proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) are subscribed to the
within instrument, and acknowledged that they executed it.
WITNESS my hand and official seal.



[Signature]
Notary's Signature

NATIONAL NOTARY ASSOCIATION • 23012 Ventura Blvd. • P.O. Box 4625 • Woodland Hills, CA 91364

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EXHIBIT A

- 1 each - 8 foot coat rack
- 1 each - cash register counter
- 1 each - 12 ton wall air conditioner
- 7 each - tables
- 17 each - red chairs
- 1 each - (reach down in) ice cream freezer
- 1 each - 6 food grill with 2 burners
- 1 each - 4 x 3 wood table with shelf
- 1 each - meat cutting block
- 1 each - 8 burner stove with 2 ovens
- 1 each - dishwasher
- 1 each - 7 foot tall, two door storage cabinet
- 1 each - 9 foot butcher block top metal table with shelf and hooks for pot and pans
- 3 each - 6 foot butcher block top metal tables with metal shelves

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Edgar L. Veits
of June A.D., 19 88 at 12:55 o'clock P M., and duly recorded in Vol. M88
of Deeds on Page 8933

FEE \$83.00

Evelyn Biehn
By Bernetha A. Hetch County Clerk

Ret-
Hung Wah Restaurant
2765- Lusheng Way.
Chy